Bright International Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 1163

Annual Report 2008

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Hsu Chen Shen
(Chairman and Chief Executive Officer)
Mr. Hsu Shui Sheng *(Vice-Chairman)*
Mrs. Hsu Wei Jui Yun
Mr. Pak Ping Chun
Mr. Yang Hsien Lin
Mr. Hsu Chiang Lung

Independent Non-executive Directors

Dr. Hsiao Horng Ching
Mr. Cheng Yung Hui
Mr. Lu Zi Chin

REGISTERED OFFICE

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS

Room 09, 19th Floor, Block B,
Ming Pao Industrial Centre, 18 Ka Yip Street,
Chai Wan, Hong Kong

Pu-Jiang Road, Da-Ban-Di
Industrial Zone, Humen Town,
Dongguan, Guangdong, China

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Tsang Yuk Yan, Nicol

AUTHORIZED REPRESENTATIVES UNDER LISTING RULES

Mr. Hsu Chen Shen
Mr. Pak Ping Chun

AUDITORS

Grant Thornton, Certified Public Accountants

STOCK CODE & COMPANY'S WEBSITE

1163
www.big1163.com

AUDIT COMMITTEE MEMBERS

Mr. Lu Zi Chin *(Chairman)*
Dr. Hsiao Horng Ching
Mr. Cheng Yung Hui

REMUNERATION COMMITTEE MEMBERS

Dr. Hsiao Horng Ching *(Chairman)*
Mr. Hsu Chen Shen
Mr. Cheng Yung Hui

PRINCIPAL BANKERS

Bank of SinoPac
Bank of America, N.A.
The Bank of China (Hong Kong) Limited
The Hongkong & Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR & PRINCIPAL TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building, 6 Front Street,
Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRAR & BRANCH TRANSFER OFFICE

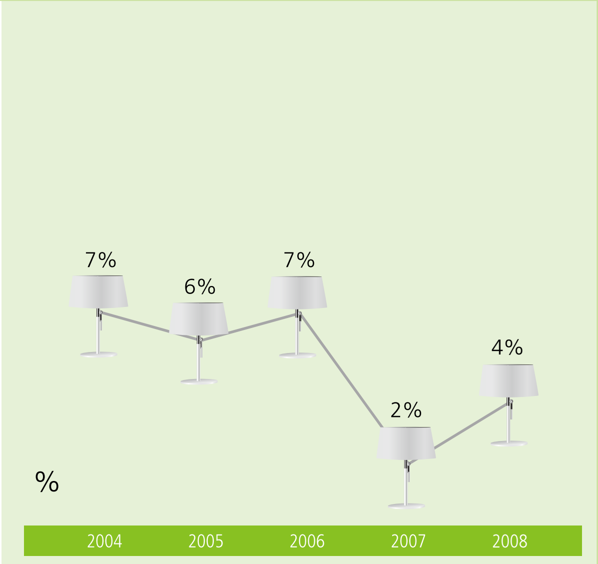
Tricor Tengis Limited
26/F, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

FINANCIAL HIGHLIGHTS

For the year ended 31 December	2004	2005	2006	2007	**2008**
Revenue (HK$'000)	740,654	774,573	806,413	816,863	**683,154**
Net Profit (HK$'000)	51,208	48,004	55,325	18,212	**25,655**
Gross Profit Margin	28%	27%	27%	25%	**27%**
Net Profit Margin	7%	6%	7%	2%	**4%**
Net Asset Value (HK$'000)	367,268	418,788	453,400	517,189	**483,298**
Dividend (HK cents) – annual	5.5	4	5.5	1.7	**3**
Basic Earnings Per Share (HK cents)	10.4	9.8	11.3	3.6	**5.0**

Gross Profit Margin
For the year ended 31 December

Net Profit Margin
For the year ended 31 December



Mr. Hsu Chen Shen, Keen
Chairman

I am pleased to present the annual results of Bright International Group Limited ("Bright" or the "Company", together with its subsidiaries collectively as the "Group") for the year ended 31 December 2008. During the year under review, turnover of the Group amounted to approximately HK$683,154,000, representing a decrease of approximately 16% as compared with HK$816,863,000 in the corresponding period of last year. Profit for the year amounted to approximately HK$25,655,000, representing an increase of approximately 41% as compared to last year. Basic earnings per share was HK5.0 cents (2007: HK3.6 cents).

Final Dividend

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend (2007: HK0.4 cent per share) and the total dividend of the Company for the year amounted to HK3 cents per share (2007: HK1.7 cents per share).

Business Review

In retrospect of 2008, the financial tsunami brought a great impact to the whole world. The Group achieved satisfactory results in the first half of 2008, but performed below expectation in the second half of 2008 under the global economic downturn. However, in general, the Group's results in 2008 had improved as compared with the corresponding period of last year. There are full of uncertainties lying ahead since the impact caused by the economic tsunami has not been fully reflected and the global economy may undergo recession. The Group is mainly engaged in manufacturing and selling lighting and related products, and the Group has not recorded significant growth in its results due to high raw material prices and appreciation of Renminbi ("RMB") in recent years. Currently, though the raw material prices have slumped substantially and the appreciation of RMB has slowed down, the Group is facing a very difficult market condition due to the shrinking global consumption power brought by the financial turmoil. The Group has endeavored to secure new customers so as to increase the Group's market share. Although new customers will not have a significant contribution to the Group's results under the current economic environment, the Group expects that they will become the key to improve the Group's business along with the economic recovery. The Group made appropriate adjustment to production in light of the uncertainties ahead. The current productivity of the Group is able to cope with the orders on hand, but in order to reduce the cost in operating plants and adjust the production capacity in a more flexible manner, the Group plans to seek cooperation with certain manufacturers to meet the Group's development need.

To diversify the risks, the Group entered into a conditional agreement to acquire the entire equity interest of a holding company which owns pieces of forestry land located in Guangdong Province of the People's Republic of China ("PRC") at the beginning of 2009. The Group foresees that apart from the acquisition costs, no significant additional capital injection is required for its operation. Such holding company is mainly engaged in the sale and distribution of plantation products. The Group expects that upon the completion of the acquisition, the Group will be provided with a stable income stream for its business development.

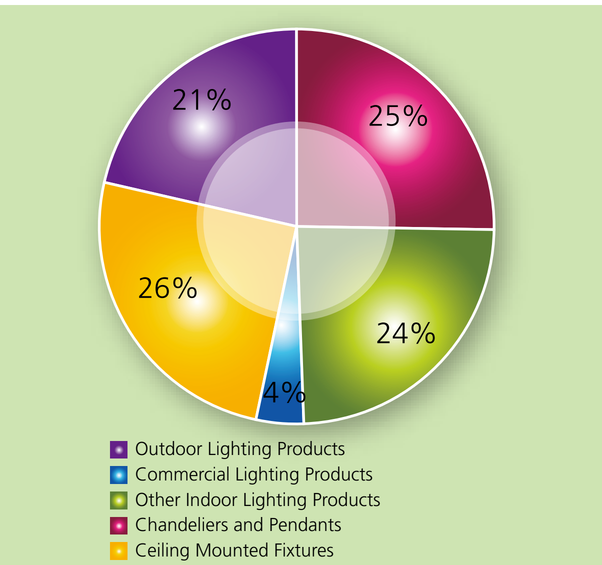
Prospects

Looking ahead, the Group will face a more difficult business environment without any indication of improvements in the short run and it will proactively develop its own lighting business. In addition, if the investment project of acquiring the forestry lands can be completed as scheduled, the Group will be able to diversify the business risks effectively and expects that such business will generate a stable income stream to the Group.

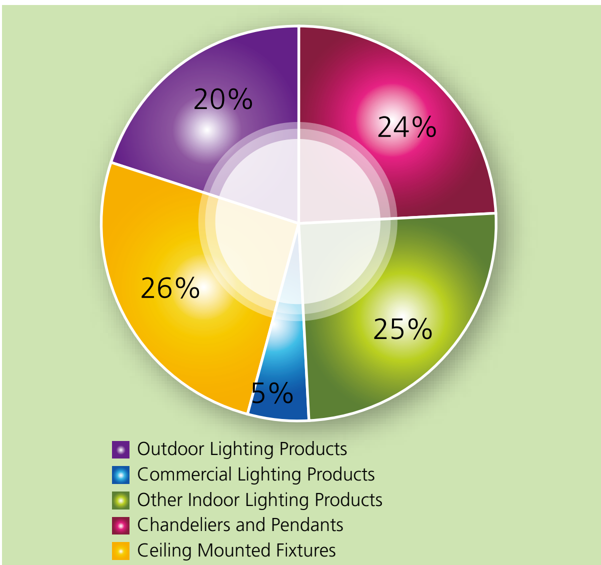
Appreciation

On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, investors and clients for their continuous support to and confidence in the Group. Furthermore, I would like to thank all the staff members for their dedication and exertions, as well as their valuable contribution to the Group's overall development.

Comparison of Turnover by Product 2008



Comparison of Turnover by Product 2007



Business Review

During the year under review, performance of the Group was satisfactory, but the Group maintains a cautious view of the prospects ahead as the impact of the financial tsunami has not been fully reflected. The Group's performance in its major market, the US market, was unsatisfactory during the year under review with a drop in turnover in this market by approximately 19%. During the year under review, the subprime loan crisis in the US continued to have a disruptive impact on its property market and economy. This, coupled with effects of the financial tsunami, caused a sharp decrease in the Group's orders from the US market after the third quarter of 2008. In addition, notwithstanding a decline in raw material prices and the slowing down of RMB appreciation, the poor global economy prompted prudent spending behaviour among clients, which impacted the Group's business. In face of various unfavourable factors and uncertainty in the short term, the Group's performance in the year under review was still satisfactory, mainly due to sound performance in the first half of 2008. Total turnover of the Group during the year under review amounted to approximately HK$683,154,000, representing a decrease of approximately 16% over the corresponding period of last year. However, profit for the year amounted to approximately HK$25,655,000, representing a remarkable growth of approximately 41% as compared to that of last year. Gross profit margin during the year under review was approximately 27%, which rose by 2% as compared to last year. Basic earnings per share amounted to HK5.0 cents, an increase of approximately 39% over the corresponding period of last year.

Export Markets

Home Lighting Division

During the year under review, turnover derived from home lighting division was approximately HK$604,374,000, decreasing by approximately 18% as compared to the corresponding period of last year, and representing about 88% of the Group's total turnover. Performance of the Group's major customers, large-scale DIY chain stores in the US, were directly affected by the slowing down of the US property market, which in turn influenced the Group's performance.

During the year ended 31 December 2008, the performance of some of the Group's customers was unsatisfactory, which led to shrinkage of their business. For customers of the Group who were able to maintain the performance, their approach to placing orders was extremely cautious. Hence, the results of the Group were affected. In the first half of 2008, the Group achieved results because it successfully raised the selling price. However, the situation substantially reversed after the outbreak of the financial tsunami, which caused a significant decrease in orders, such that the results of the second half of the year fell far behind expectations. Nevertheless, the results of the year under review were still desirable. During the year under review, apart from the Group's success in adjusting the selling price, the introduction of energy saving products also achieved substantial increase in turnover. The gross profit of this line of products is higher than that of conventional products and made a considerable contribution to the Group's profit.

The results of the first half of the year in the European market were encouraging, but the results of the second half of the year were impacted by the financial tsunami and the global economic slowdown, thus orders from European customers also shrank. However, the annual turnover in this market in 2008 still achieved approximately HK$12,711,000, representing a satisfactory growth of approximately 42% as compared to HK$8,966,000 of last year.

Commercial Lighting Division

During the year under review, the export market turnover of the commercial lighting division amounted to approximately HK$26,471,000, representing a decrease of approximately 26% as compared to the corresponding period of last year. Although the Group has gained recognition to a certain extent in this market, most of the projects were postponed or suspended and all new projects were basically suspended, leading to unsatisfactory market performance of the Group. Despite this setback, the Group maintained active communication with the customers on an ongoing basis as preparation for the future.

PRC Domestic Market

During the year under review, the Group recorded a total turnover of approximately HK$52,309,000 from the PRC domestic market, representing an increase of about 30% as compared with the corresponding period of last year. This was mainly due to the growth of about 41% in turnover from the consumer lighting division. However, turnover from the commercial lighting projects division decreased by about 79% as compared with the corresponding period of last year.

Consumer Lighting Division (Franchised Chain Store System)

During the year under review, the Group continued its expansion in the PRC domestic market through franchising. Turnover from this division recorded substantial growth during the year under review, mainly because the Group introduced an additional brand "百照王", which was a product designed for medium and small-sized residential units with medium to low price. The new brand operates in the same way as the Group's original brand of "百得詩特". Currently, the number of franchised stores of "百照王" kept going up. In light of the housing rental policy for low-income households put into effect by the PRC government, there should be a great demand for mid/low-cost lighting in the market. The development of "百照王" products is heading in this direction and is expected to make a definite contribution to the Group in future. The Group believes that dual branding can cater for the needs of different customer groupings more effectively, thus bringing greater efficiency to the Group's results.

Commercial Lighting Projects Division

Turnover of the division experienced a significant decline during the year under review, mainly due to a delay of most projects. The Group's principal clients are large-scale foreign-invested supermarket chain stores. Their developments in the PRC were completely suspended in light of the economic recession, which directly affected the Group's results. However, the Group expects performance to be much improved when clients resume their development pace.

Prospects

In face of the increasingly difficult business environment, the Group is responding positively with a prudent approach, consolidating its strengths to reduce adverse impacts from external factors. During the year under review, the Group successfully disposed of a piece of land located in Qingpu District of Shanghai Municipality, completing the transaction in April 2009. On top of the considerable profit brought to the Group by the disposal of the land, the huge amount of capital generated could be used to pave the way for the Group's future development. Details of this disposal were set out in the Company's circular dated 21 October 2008.

The core business of the Group is lighting production. The Group will devote its efforts to developing this business, and actively look for new clients to expand its market share. In anticipation of severe conditions for business operation and production, the Group will maintain its current capacity and at the same time, actively identify suitable factories to collaborate in production.

In early 2009, the Group began negotiations on the acquisition of the entire ownership rights of a holding company that owns pieces of forestry land located in Guangdong Province of the PRC. It is expected that the acquisition will be completed in the middle of 2009, and will serve as an investment for the diversification of business risks of the Group. Such holding company's major business is plantation, research and development of technology related to plantation, as well as sale and distribution of plantation products. Once the acquisition is completed, the sale of plantation products is expected to contribute a stable income to the Group. The Group anticipates that apart from the acquisition cost, a large amount of additional capital injection is not required for the operation of this investment. Details of this acquisition were set out in the Company's circular dated 9 April 2009.

Liquidity and Financial Resources

In general, the Group uses internally generated cashflow as its working capital. As at 31 December 2008, the Group's cash on hand and bank balances totalled approximately HK$85,100,000 (2007: HK$74,009,000) with net current assets amounted to HK$223,080,000 (2007: HK$151,196,000). The Group had bank borrowings in the amount of HK$53,511,000 (2007: HK$24,246,000). The gearing ratio of the Group, equivalent to total debts divided by total assets, as at 31 December 2008 was 7.4% (2007: 3.3%). Provision for impairment of trade receivables in the amount of HK$4,439,000 was made during the year under review (2007: HK$5,895,000). Overall, the Group is in a relatively strong financial position, which will facilitate its future business development.

Contingent Liabilities

As at 31 December 2008, the Group had no significant contingent liabilities (2007: Nil).

Charge on Assets

As at 31 December 2008, the Group had no assets pledged for general banking facilities granted to the Group or as security for any debt or borrowings.

Currency Exposure

The Group would continue to monitor closely its foreign currency exposure. During the year under review, the Group did not issue any financial instruments for hedging purpose.

Employees and Remuneration Policy

As at 31 December 2008, the Group had approximately 2,500 employees (2007: approximately 3,000). We remunerate our employees based on their performance and prevailing industry practice and the remuneration policy and packages are reviewed by the Board on a periodical basis. In addition, discretionary year-end bonuses and share options will be awarded to employees based on their performance evaluation, as recognition and drive for enhancing individual performance.

EXECUTIVE DIRECTORS

Mr. Hsu Chen Shen, aged 50, is the founder of the Group. He is the Chairman of the Board, the Chief Executive Officer, a member of Remuneration Committee, chairman of Executive Committee and a substantial shareholder of the Company. He is also a director of various subsidiaries of the Company. Mr. Hsu is responsible for the strategic planning, corporate policy and overall management and marketing aspects of the Group. He has over 30 years of experience in the lighting industry. Mr. Hsu had been the committee member of the Taiwan Lighting Fixture Export Association (台灣區照明燈具輸出業同業公會) for a term of three years from 1989. In 1998, Mr. Hsu was appointed as a consultant to 廣東省台商照明聯誼會 (Taiwan Lighting Businessmen's Association). In 1999, Mr. Hsu was appointed as the director of the third general assembly for 台商協會 (Taiwan Businessmen's Association), Hu Men District of Dongguan. He is the younger brother of Mr. Hsu Shui Sheng *(an executive director and a substantial shareholder of the Company)*, the spouse of Mrs. Hsu Wei Jui Yun *(an executive director of the Company)* and the uncle of Mr. Hsu Chiang Lung *(an executive director of the Company)*. He is a director and a shareholder of Bright International Assets Inc., the former controlling shareholder of the Company, which has ceased to be the controlling shareholder with effect from 29 December 2008.

Mr. Hsu Shui Sheng, aged 62, has been with the Group since its establishment. He is the Vice-Chairman of the Board, a member of Executive Committee and a substantial shareholder of the Company. Mr. Hsu is responsible for the production department of the Group. He has over 30 years of experience in the lighting industry. He is the elder brother of Mr. Hsu Chen Shen *(the Chairman of the Board and a substantial shareholder of the Company)*, the brother-in-law of Mrs. Hsu Wei Jui Yun *(an executive director of the Company)* and the uncle of Mr. Hsu Chiang Lung (*an executive director of the Company*). He is a director and a shareholder of Bright International Assets Inc., the former controlling shareholder of the Company, which has ceased to be the controlling shareholder with effect from 29 December 2008.

Mr. Pak Ping Chun, aged 67, joined the Group in October 1991. Mr. Pak is a member of Executive Committee of the Company and the sales director of the Group. He is responsible for the sales functions of the Group. He has over 28 years of experience in the lighting industry. Before entering the lighting industry, Mr. Pak had worked in an U.S. international bank for over 20 years and had gained experience in international trade and corporate treasury.

Mr. Yang Hsien Lin, aged 46, has been with the Group since its establishment. He is a member of Executive Committee of the Company and the production director of the Group. He is directly responsible for the Group's production as well as purchasing and materials control functions. He has over 26 years of experience in the lighting industry.

Mrs. Hsu Wei Jui Yun, aged 47, has been with the Group since its establishment. She is a member of Executive Committee of the Company and the administration director of the Group. She is responsible for the customer relation functions as well as for the management and administration functions of the Group and has over 25 years of experience in the lighting industry. Mrs. Hsu is the wife of Mr. Hsu Chen Shen *(the Chairman of the Board and a substantial shareholder of the Company)*, the sister-in-law of Mr. Hsu Shui Sheng *(an executive director and a substantial shareholder of the Company)* and the aunt of Mr. Hsu Chiang Lung *(an executive director of the Company)*. Since her spouse, Mr. Hsu Chen Shen, is a substantial shareholder of the Company, she is also deemed as a substantial shareholder of the Company.

Mr. Hsu Chiang Lung, aged 40, joined the Group in October 1991. He is a member of Executive Committee of the Company and a senior manager of the Group. Mr. Hsu is responsible for the quality control and assurance process of the production. He has over 20 years of experience in the lighting industry. He is the nephew of Mr. Hsu Chen Shen *(the Chairman of the Board and a substantial shareholder of the Company)*, Mr. Hsu Shui Sheng *(an executive director and a substantial shareholder of the Company)* and Mrs. Hsu Wei Jui Yun *(an executive director of the Company)*. He is a shareholder of Bright International Assets Inc., the former controlling shareholder of the Company, which has ceased to be the controlling shareholder with effect from 29 December 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Hsiao Horng Ching, aged 53, has been an independent non-executive director of the Company since March 2004. He is also the chairman of Remuneration Committee and a member of Audit Committee of the Company. He is the professor of the Department of Electrical Engineering at the National Taiwan University of Science and Technology (國立台灣科技大學) currently. Dr. Hsiao holds a doctoral degree from the National Taiwan University of Science and Technology and an electrical engineer's professional licence. Dr. Hsiao has over 30 years of experience in electrical engineering and lighting industry. Since 1994, he has been the director of the Taiwan Lighting Council (台灣照明學會) and the consultant of the Taiwan Lighting Fixture Export Association (台灣區照明燈具輸出業同業公會). Furthermore, Dr. Hsiao acted as the consultant and convener at many departments in Taiwan government, such as Environmental Protection Bureau, Energy Ministry and the Investigation Commission and Special Case Team.

Mr. Cheng Yung Hui, aged 67, has been an independent non-executive director of the Company since October 2007. He is also a member of both Audit Committee and Remuneration Committee of the Company. He is the chairman and chief executive officer of World Friendship Company Limited, an unlisted Taiwan company. Mr. Cheng has over 31 years of experience in operating his own company. He often travels between Taiwan, China and United States of America to manage his business. He has extensive experience in international business. Besides, Mr. Cheng has been an independent non-executive director of Eagle Nice (International) Holdings Limited (a company listed on the main board of the Hong Kong Stock Exchange, stock code: 2368) since 30 September 2004.

Mr. Lu Zi Chin, aged 45, has been an independent non-executive director of the Company since March 2009. He is the chairman of Audit Committee of the Company. He is a certified public accountant in the United States of America. Mr. Lu is currently the Chief Financial Officer of Mobizone Holdings Limited (online game service provider and portal). He is also an independent director of Astro Corp. (a company listed on the Taiwan Stock Exchange, stock code: 3064), the chairman and director of Green Power (Baoding) Limited (its business relates to renewable energy) and a managing director of Twin Oaks Capital LLC. He had previously worked as an audit manager in Koo Chow & Co, CPA in the United States of America. Accordingly, Mr Lu has extensive experience in accounting and financial management.

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Tsang Yuk Yan, Nicol, aged 35, is an Associate Member of The Hong Kong Institute of Certified Public Accountants and a Member of The Association of Chartered Certified Accountants. Mr. Tsang graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy. He is the Group financial controller and responsible for all the finance, company secretarial and investors relations matters of the Group. Prior to joining the Group in February 2002, Mr. Tsang had five years of experience in an international accounting and auditing firm in Hong Kong.

SENIOR MANAGEMENT

Mr. Nugraha Soemampauw, aged 39, was appointed as a Vice President in 2004 and is responsible for the sales and marketing of the Group. He has over 18 years of experience in the lighting industry. He joined the Group in 1994.

Mr. Chung Shao Hung, aged 41, is a senior manager of research and development department of the Group. He joined the Group in October 1992. He has over 15 years of experience in the lighting industry.

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2008.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is essential for effective management and enhancement of shareholder value and investor confidence. The Board is committed to strengthening the Group's corporate governance practices, the cornerstone of which is to identify and formulate corporate governance practices appropriate to the Group and to enhance transparency and accountability to the Company's shareholders.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code for the year ended 31 December 2008, except for the code provisions A.2.1 and E.1.2. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. RESPONSIBILITIES AND DELEGATION

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of enhancing value to investors. All the directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

All directors have timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the senior management to discharge its responsibilities.

A2. BOARD COMPOSITION

The Board currently comprises the following members:

Executive directors:

Mr. Hsu Chen Shen	*(Chairman of the Board, Chief Executive Officer, Chairman of the Executive Committee and Member of the Remuneration Committee)*
Mr. Hsu Shui Sheng	*(Vice-Chairman of the Board and Member of the Executive Committee)*
Mrs. Hsu Wei Jui Yun	*(Member of the Executive Committee)*
Mr. Pak Ping Chun	*(Member of the Executive Committee)*
Mr. Yang Hsien Lin	*(Member of the Executive Committee)*
Mr. Hsu Chiang Lung	*(Member of the Executive Committee)*

Independent non-executive directors:

Dr. Hsiao Horng Ching	*(Chairman of the Remuneration Committee and Member of the Audit Committee)*
Mr. Cheng Yung Hui	*(Member of both the Audit Committee and Remuneration Committee)*
Mr. Lu Zi Chin	*(Chairman of the Audit Committee)*

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company.

The relationships among the members of the Board are disclosed under "Directors and Senior Management Profile" in this annual report.

The Board has maintained necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each executive director supervises specific area of the Group's business in accordance with his/her expertise. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board and Board committees' meetings, taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made various contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

Rules 3.10(1) and 3.10(2) of the Listing Rules require that every listed issuer must have a minimum of three independent non-executive directors and at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise. Rule 3.21 of the Listing Rules requires that the audit committee of every listed issuer must comprise a minimum of three members who should all be non-executive directors with a majority thereof being independent non-executive directors and at least one of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Company has not complied with the foregoing requirements for a period of approximately 3 months from 31 December 2008 to 22 March 2009 due to the resignation of Mr. Leung Hok Lim, the then independent non-executive director and chairman of the Audit Committee of the Company who possesses appropriate professional qualifications and accounting and related financial management expertise, with effect from 31 December 2008. After the resignation of Mr. Leung Hok Lim, there were left with two independent non-executive directors and two members in the Audit Committee of the Company, namely Dr. Hsiao Horng Ching and Mr. Cheng Yung Hui. The Company has subsequently fully complied with the aforesaid Listing Rules upon its appointment of Mr. Lu Zi Chin, who has appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules, as an independent non-executive director and chairman of the Audit Committee of the Company on 23 March 2009. Details of the abovementioned changes are set out in the Company's announcements dated 31 December 2008 and 23 March 2009 respectively.

The Company has received annual written confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules.

A3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Hsu Chen Shen currently holds the offices of Chairman and Chief Executive Officer of the Company. He is the founder of the Group and has about 30 years of experience in the lighting industry. The Board believes that this structure provides the Group with strong and consistent leadership and considers that Mr. Hsu is the most capable to guide discussions among Board members on the Group development and planning, leading to more effective and efficient decision making and execution of business strategies on a long-term basis. As such, the structure is beneficial to the business prospects of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

A4. APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Company's bye-laws, all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

Pursuant to the aforesaid, Mr. Lu Zi Chin, having been appointed as an independent non-executive director of the Company on 23 March 2009, submitted himself for re-election at the Company's special general meeting held on 29 April 2009. In addition, Mrs. Hsu Wei Jui Yun, Mr. Pak Ping Chun and Mr. Yang Hsien Lin shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming 2009 annual general meeting of the Company. The Board recommended the re-appointment of all the above directors at the said general meetings. Pursuant to Rule 13.74 of the Listing Rules, the details of Mr. Lu Zi Chin required under Rule 13.51(2) of the Listing Rules have been set out in the Company's circular dated 9 April 2009 in respect of the abovementioned special general meeting; whereas the Company's circular dated 30 April 2009, sent together with this annual report, contains the requisite details of the above latter three retiring directors for shareholders' consideration.

Each of the executive directors of the Company is engaged on a service contract with the Company which will continue unless and until terminated by either party by not less than 3 months' written notice. The term of office of each of the Company's three independent non-executive directors is 2 years.

The Company has not set up a nomination committee and the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. The Company has adopted Directors' Nomination Procedures as written guidelines in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

During the year ended 31 December 2008, the Board, through its meeting held on 2 April 2008 (in which Mr. Hsu Chen Shen, Mr. Hsu Shui Sheng, Mrs. Hsu Wei Jui Yun, Mr. Pak Ping Chun, Mr. Yang Hsien Lin, Mr. Hsu Chiang Lung, Dr. Hsiao Horng Ching and Mr. Cheng Yung Hui were present), performed the following work regarding matters relating to nomination of directors:

(i) review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; and

(ii) recommendation of the re-election of the retiring directors standing for re-election at the 2008 annual general meeting of the Company; and assessment of the independence of all the Company's then independent non-executive directors.

A5. TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

Continuing briefings and professional development to directors will be arranged whenever necessary.

A6. BOARD MEETINGS

A6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with directors in advance to facilitate attendance. In addition, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice of meeting in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and/or financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer, Qualified Accountant, Company Secretary and senior management normally attend regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The Company's bye-laws contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting.

A6.2 Directors' Attendance Records

During the year ended 31 December 2008, 7 Board meetings were held, out of which 6 were regular meetings held at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the meetings of the Board and the Board committees during the year ended 31 December 2008 are set out below:

	Attendance/Number of Meetings held		
Name of Directors	**Board**	**Remuneration Committee**	**Audit Committee**
Executive directors			
Mr. Hsu Chen Shen	6/7	1/1	N/A
Mr. Hsu Shui Sheng	7/7	N/A	N/A
Mrs. Hsu Wei Jui Yun	4/7	N/A	N/A
Mr. Pak Ping Chun	7/7	N/A	N/A
Mr. Yang Hsien Lin	7/7	N/A	N/A
Mr. Hsu Chiang Lung	6/7	N/A	N/A
Independent non-executive directors			
Dr. Hsiao Horng Ching	2/7	1/1	2/2
Mr. Cheng Yung Hui	2/7	1/1	2/2
Mr. Leung Hok Lim (Note 1)	1/7	N/A	2/2
Mr. Lu Zi Chin (Note 2)	N/A	N/A	N/A

Notes:

1. Mr. Leung Hok Lim resigned as an independent non-executive director and the chairman of Audit Committee of the Company on 31 December 2008. Before his resignation, there were a total of 7 Board meetings and 2 Audit Committee meetings held during the year ended 31 December 2008.

2. Mr. Lu Zi Chin was appointed as an independent non-executive director and the chairman of Audit Committee of the Company on 23 March 2009. Accordingly, he was not entitled to attend any Board meetings or Audit Committee meetings held during the year ended 31 December 2008.

A7. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Each director has been given a copy of the Own Code. Specific enquiry has been made of all the Company's directors and they have confirmed their compliance with the Own Code and the Model Code throughout the year ended 31 December 2008.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEES

The Board has established three Board committees, namely, the Executive Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in section A6.1 above.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. EXECUTIVE COMMITTEE

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Mr. Hsu Chen Shen, acting as the Chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. REMUNERATION COMMITTEE

The Remuneration Committee currently comprises three members, being one executive director, Mr. Hsu Chen Shen, and two independent non-executive directors, namely Dr. Hsiao Horng Ching and Mr. Cheng Yung Hui. The chairman of the Remuneration Committee is Dr. Hsiao Horng Ching.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of directors and members of senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

Details of the remuneration of each of the directors of the Company for the year ended 31 December 2008 are set out in note 9 to the financial statements.

The Remuneration Committee met once during the year ended 31 December 2008 and the attendance record is set out under the above section A6.2, "Directors' Attendance Records". In this meeting, the Committee had generally reviewed the remuneration packages of the executive directors and the senior management and made recommendation to the Board.

B3. AUDIT COMMITTEE

The Audit Committee comprises a total of three members, being the three independent non-executive directors, namely Mr. Lu Zi Chin, Dr. Hsiao Horng Ching and Mr. Cheng Yung Hui. The chairman of the Audit Committee is Mr. Lu Zi Chin who possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Group's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee held 2 meetings and had performed the following major tasks:

– Review and discussion of the Group's annual results and annual report for the year ended 31 December 2007, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the report from the management on the Group's internal control and risk management review and processes; and recommendation of the re-appointment of external auditors; and

– Review and discussion of the Group's interim results and report for the six months ended 30 June 2008, the related accounting principles and practices adopted by the Group and the relevant audit findings.

The external auditors were invited to attend one of the meetings without the presence of executive directors to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

The attendance records of the 2 Audit Committee's meetings are set out under the above section A6.2, "Directors' Attendance Records".

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2008.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of shareholders and the Group's assets and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

E. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on pages 36 to 37.

The fees paid/payable to the Company's external auditors in respect of audit services and non-audit services for the year ended 31 December 2008 are analyzed below:

Type of services provided by the external auditors	**Fees paid/payable**
Audit services:	*Audit services:*
Audit fee for the year ended 31 December 2008	HK$1,250,000
Non-audit services:	*Non-audit services:*
Professional services fee for major transaction: Disposal of interests in real property	HK$80,000
TOTAL:	HK$1,330,000

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.big1163.com, as a communication platform with shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. Investors may write directly to the Company's principal place of business for any inquiries.

Shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

Code provision E.1.2 of the CG Code stipulates that the chairman of a listed issuer should attend the issuer's annual general meeting. Mr. Hsu Chen Shen, the Chairman of the Board, was unable to attend the Company's Annual General Meeting held on 19 May 2008 due to other business engagement. However, he had arranged for Mr. Pak Ping Chun, an executive director of the Company who is well versed in all the business activities and operations of the Group, to attend on his behalf and to chair the meeting and communicate with the shareholders of the Company.

G. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, the rights of shareholders for proposing resolutions are contained in the bye-laws.

Upon implementation of the amendments of the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholders' meetings of listed issuers must be voted by poll. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.big1163.com.hk) after a shareholders' meeting.

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2008 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 38 to 103.

An interim dividend of HK3 cents per ordinary share for the year ended 31 December 2008 was paid on 13 October 2008. The directors did not recommend the payment of a final dividend in respect of the year ended 31 December 2008.

SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	**683,154**	816,863	806,413	774,573	740,654
PROFIT BEFORE INCOME TAX	**32,942**	23,114	60,060	53,811	51,823
INCOME TAX EXPENSE	**(7,287)**	(4,902)	(4,735)	(5,807)	(919)
PROFIT FOR THE YEAR	**25,655**	18,212	55,325	48,004	50,904
Attributable to:					
Equity holders of the Company	**25,655**	18,212	55,325	48,004	51,208
Minority interests	**–**	–	–	–	(304)
	25,655	18,212	55,325	48,004	50,904

SUMMARY FINANCIAL INFORMATION (continued)

ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December				
	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TOTAL ASSETS	**723,247**	740,417	660,655	598,700	506,592
TOTAL LIABILITIES	**(239,949)**	(223,228)	(207,255)	(179,912)	(139,324)
MINORITY INTERESTS	**–**	–	–	–	–
	483,298	517,189	453,400	418,788	367,268

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 15 and 16 to the financial statements, respectively.

Further details of the Group's investment properties are set out on page 104.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 29 and 30 to the financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2008, the Company repurchased its own listed shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased	Highest price paid *HK$*	Lowest price paid *HK$*	Aggregate price paid *HK$*
October 2008 *(Note 1)*	426,000	0.405	0.375	168,350
November 2008 *(Note 1)*	222,000	0.405	0.395	88,840
December 2008 *(Note 2)*	2,530,000	0.350	0.310	857,190
	3,178,000			1,114,380

Notes:

1. The repurchased shares were cancelled in November 2008 and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares.

2. As at 31 December 2008, the Company has not completed the cancellation of those repurchased shares. The cancellation of those shares has subsequently been completed in January 2009.

Except as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2008.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 31(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2008, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda, amounted to HK$200,421,000. In addition, the Company's share premium account, in the amount of HK$68,984,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 78% of the total sales for the year and sales to the largest customer included therein amounted to approximately 59%. Purchases from the Group's five largest suppliers accounted for approximately 39% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 29%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in any of the Group's five largest customers and suppliers.

DIRECTORS

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

Executive directors:
Hsu Chen Shen
Hsu Shui Sheng
Hsu Wei Jui Yun
Pak Ping Chun
Yang Hsien Lin
Hsu Chiang Lung

Independent non-executive directors:

Hsiao Horng Ching	
Cheng Yung Hui	
Lu Zi Chin	(appointed on 23 March 2009)
Leung Hok Lim	(resigned on 31 December 2008)

In accordance with clause 87 of the Company's bye-laws, Mrs. Hsu Wei Jui Yun, Mr. Pak Ping Chun and Mr. Yang Hsien Lin will retire by rotation at the Company's forthcoming annual general meeting to be held on 5 June 2009. All the above retiring directors, being eligible, will offer themselves for re-election at the meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 14 of the annual report.

DIRECTORS' SERVICE CONTRACTS

All the executive directors of the Company (except Mr. Hsu Chiang Lung) entered into service contracts with the Company in 1999 which will continue and are subject to termination by either party giving not less than three months' prior notice in writing.

Mr. Hsu Chiang Lung has entered into a service contract with the Company commencing on 1 April 2002, which will continue and is subject to termination by either party giving not less than three months' prior notice in writing.

On 17 March 2003, Mr. Hsu Chen Shen, Mr. Hsu Shui Sheng and Mr. Yang Hsien Lin entered into new service contracts with the Company which ratified as commencing on 21 October 2002. These service contracts will continue and are subject to termination by either party giving not less than three months' prior notice in writing.

Pursuant to Rule 13.69 of the Listing Rules, the aforementioned service contracts between the Company and its executive directors are exempt from the shareholders' approval requirement under Rule 13.68 of the Listing Rules.

On 11 October 2007, Mr. Cheng Yung Hui entered into a service contract with the Company for a term of 2 years commencing on 11 October 2007.

On 19 May 2008, Dr. Hsiao Horng Ching entered into a service contract with the Company for a term of 2 years commencing on 19 May 2008.

On 23 March 2009, Mr. Lu Zi Chin entered into a service contract with the Company for a term of 2 years commencing on 23 March 2009.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 35 to the financial statements, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2008, the interests of the directors of the Company in the shares and underlying shares of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

A. Long position in ordinary shares of the Company:

Name of director	Capacity	Number of ordinary shares interested	Percentage of the Company's issued share capital
Mr. Hsu Chen Shen *(Note)*	Beneficial owner	109,296,000	21.05
Mrs. Hsu Wei Jui Yun *(Note)*	Interest held by spouse	109,296,000	21.05
Mr. Hsu Shui Sheng	Beneficial owner	64,746,000	12.47
Mr. Hsu Chiang Lung	Beneficial owner	23,166,000	4.46

Note:

Mrs. Hsu Wei Jui Yun was deemed to be interested in the 109,296,000 shares of the Company through the interest of her spouse, Mr. Hsu Chen Shen.

B. Long position in underlying shares of the Company – physically settled unlisted equity derivatives:

Name of director	Capacity	Number of underlying shares in respect of the share options granted		Percentage of the underlying shares over the Company's issued share capital
Mr. Pak Ping Chun	Beneficial owner	5,144,000	*(Note)*	0.99
Mr. Yang Hsien Lin	Beneficial owner	5,144,000	*(Note)*	0.99

Note: Details of the above share options granted by the Company are set out in note 30 to these financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (continued)

In addition to the above, a director of the Company holds a share in a subsidiary of the Company in a non-beneficial capacity for the benefit of the Group, solely for the purpose of complying with the previous minimum company membership statutory requirement.

Save as disclosed above and in note 30 to the financial statements, as at 31 December 2008, none of the directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; nor had there been any grant or exercise of rights of such interests to/by them during the year ended 31 December 2008.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in note 30 to these financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2008, the following parties had interests of 5% or more in the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Long/short position	Capacity	Number of ordinary shares held/interested	*Note*	Percentage of the Company's issued share capital
Ho Yueh Ying	Long	Interest held by spouse	64,746,000	*1*	12.47
Lim Mee Hwa	Long	Beneficial owner	3,230,000		
	Long	Interest held by spouse	200,000		
	Long	Interest held by controlled corporations	59,110,000		
			62,540,000	*2*	12.05

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Name of substantial shareholder	Long/short position	Capacity	Number of ordinary shares held/interested	*Note*	Percentage of the Company's issued share capital
Yeo Seng Chong	Long	Beneficial owner	200,000		
	Long	Interest held by spouse	3,230,000		
	Long	Interest held by controlled corporations	59,110,000		
			62,540,000	*3*	12.05
The Bank of New York Mellon Corporation	Long	Interest held by controlled corporation	33,294,000		6.41
The Bank of New York Mellon (formerly known as "The Bank of New York")	Long	Custodian corporation/ approved lending agent	33,294,000	*4*	6.41
Queensland Investment Corporation as Trustee for Queensland Investment Trust No. 2	Long	Beneficial owner	31,000,000		5.97
Yeoman Capital Management Pte Ltd	Long	Beneficial owner	1,000,000		
	Long	Investment manager	55,982,000		
			56,982,000		10.97

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Notes:

1. Ho Yueh Ying was deemed to be interested in 64,746,000 shares of the Company through the interest of her spouse, Mr. Hsu Shui Sheng, an executive director of the Company. The above information was given according to the register of interests kept by the Company pursuant to Section 336 of the SFO.

2. Out of these shares, the interest in 200,000 shares of the Company was the interest of Yeo Seng Chong, spouse of Lim Mee Hwa; and the interest in 59,110,000 shares of the Company was the interest of Yeoman Capital Management Pte Ltd, a controlled corporation of Lim Mee Hwa, being 1,000,000 shares held directly by itself and 58,110,000 shares held by its controlled corporations, namely Yeoman 3-Rights Value Asia Fund (for 23,500,000 shares), BMT Yeoman Client 1 (for 300,000 shares), BMT Yeoman Client 2 (for 1,182,000 shares) and Queensland Investment Corporation (for 33,128,000 shares). The above information was given according to the register of interests kept by the Company pursuant to Section 336 of the SFO.

3. Out of these shares, the interest in 3,230,000 shares of the Company was the interest of Lim Mee Hwa, spouse of Yeo Seng Chong; and the interest in 59,110,000 shares of the Company was the interest of Yeoman Capital Management Pte Ltd, a controlled corporation of Yeo Seng Chong, being 1,000,000 shares held directly by itself and 58,110,000 shares held by its controlled corporations, namely Yeoman 3-Rights Value Asia Fund (for 23,500,000 shares), BMT Yeoman Client 1 (for 300,000 shares), BMT Yeoman Client 2 (for 1,182,000 shares) and Queensland Investment Corporation (for 33,128,000 shares). The above information was given according to the register of interests kept by the Company pursuant to Section 336 of the SFO.

4. Out of these shares, 166,000 shares were in lending pool.

Save as disclosed above, as at 31 December 2008, no person, other than the directors of the Company whose interests are set out in the section headed "Directors' interests and short positions in shares and underlying shares of the Company and its associated corporations" above, had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. During the year ended 31 December 2008, a total of 30,864,000 share options were granted by the Company, details of which are set out in note 30 to these financial statements, and the closing prices of the shares immediately before the date of offer and the date of grant of such options were HK$0.48 and HK$0.56, respectively. No share options were cancelled or lapsed during the year ended 31 December 2008.

The total number of shares of the Company available for issue under the share option scheme is 20,586,000 shares, representing approximately 4.01% of the issued share capital of the Company as at the date of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

CONTINUING CONNECTED TRANSACTIONS

During the year, the Group had related party transactions, as detailed in note 35 to the financial statements. The transaction as detailed in note 35(a) to the financial statements also constituted a continuing connected transaction under the Listing Rules. In the opinion of the directors, such continuing connected transaction was conducted in the normal commercial terms and was exempted from reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

AUDITORS

Grant Thornton have been appointed as auditors of the Company with effect from 29 November 2006 to fill the vacancy left by the resignation of Ernst & Young.

Grant Thornton will retire at the conclusion of the Company's forthcoming annual general meeting and a resolution for their re-appointment as auditors of the Company will be proposed at the said meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 June 2009 to Friday, 5 June 2009 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the annual general meeting of the Company to be held on Friday, 5 June 2009, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 1 June 2009.

ON BEHALF OF THE BOARD
Hsu Chen Shen
Chairman

Hong Kong
21 April 2009

Grant Thornton
均富

Member of Grant Thornton International Ltd

To the members of Bright International Group Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Bright International Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 103, which comprise the consolidated and company balance sheets as at 31 December 2008, 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 financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these 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 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the 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 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 Company and of the Group as at 31 December 2008 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.

Grant Thornton
Certified Public Accountants
13th Floor, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

21 April 2009

Consolidated Income Statement

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
REVENUE	6	**683,154**	816,863
Cost of sales		**(495,790)**	(612,240)
GROSS PROFIT		**187,364**	204,623
Other income and gains	6	**8,371**	8,629
Selling and distribution costs		**(31,247)**	(46,888)
Administrative expenses		**(107,006)**	(112,173)
Other operating expenses		**(23,587)**	(30,772)
Operating profit		**33,895**	23,419
Finance costs	8	**(953)**	(305)
PROFIT BEFORE INCOME TAX	7	**32,942**	23,114
Income tax expense	11	**(7,287)**	(4,902)
PROFIT FOR THE YEAR		**25,655**	18,212
DIVIDENDS	13	**15,589**	9,347
EARNINGS PER SHARE	14		
– Basic		**HK5.0 cents**	HK3.6 cents
– Diluted		**HK5.0 cents**	HK3.6 cents

Consolidated Balance Sheet

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**245,805**	366,163
Investment properties	16	**3,850**	4,570
Goodwill	17	**22,127**	22,127
		271,782	392,860
CURRENT ASSETS			
Inventories	19	**128,797**	133,448
Trade and bills receivables	20	**117,000**	105,984
Financial assets at fair value through profit or loss	22	**3,837**	2,819
Held-to-maturity investments	23	**33,529**	–
Prepayments, deposits and other receivables		**29,009**	31,297
Cash and cash equivalents	24	**85,100**	74,009
		397,272	347,557
Property classified as held for sale	25	**54,193**	–
		451,465	347,557
CURRENT LIABILITIES			
Trade payables	21	**95,747**	95,893
Provision for tax		**36,522**	29,783
Other payables and accruals		**42,137**	45,971
Due to a related company	26	**468**	468
Bank borrowings	27	**53,511**	24,246
		228,385	196,361
NET CURRENT ASSETS		**223,080**	151,196
TOTAL ASSETS LESS CURRENT LIABILITIES		**494,862**	544,056
NON-CURRENT LIABILITIES			
Deferred tax liabilities	28	**11,564**	26,867
Net assets		**483,298**	517,189
EQUITY			
Equity attributable to Company's equity holders			
Share capital	29	**51,899**	51,450
Reserves	31(a)	**431,399**	463,681
Proposed final dividend	13	**–**	2,058
Total equity		**483,298**	517,189

Hsu Chen Shen
Director

Hsu Shui Sheng
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Share capital *HK$'000*	Share premium* *HK$'000*	Contributed surplus* *HK$'000* *(note 31(a))*	Share repurchase reserve* *HK$'000*	Asset revaluation reserve* *HK$'000*	Exchange fluctuation reserve* *HK$'000*	Share based payment reserve* *HK$'000*	Retained profits* *HK$'000*	Proposed final dividend *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2007	49,050	54,252	286	–	39,774	5,892	1,560	290,323	12,263	453,400
Surplus on revaluation	–	–	–	–	39,000	–	–	–	–	39,000
Exchange realignment	–	–	–	–	–	11,578	–	–	–	11,578
Total income and expenses for the year recognised directly in equity	–	–	–	–	39,000	11,578	–	–	–	50,578
Net profit for the year	–	–	–	–	–	–	–	18,212	–	18,212
Total income and expenses for the year	–	–	–	–	39,000	11,578	–	18,212	–	68,790
Exercise of share options	2,400	12,600	–	–	–	–	(1,560)	–	–	13,440
Recognition of equity-settled share based payments	–	–	–	–	–	–	1,111	–	–	1,111
Final 2006 dividend paid	–	–	–	–	–	–	–	(600)	(12,263)	(12,863)
Interim 2007 dividend paid	–	–	–	–	–	–	–	(6,689)	–	(6,689)
Proposed final 2007 dividend	–	–	–	–	–	–	–	(2,058)	2,058	–
Balance at 31 December 2007 and 1 January 2008	**51,450**	**66,852**	**286**	**–**	**78,774**	**17,470**	**1,111**	**299,188**	**2,058**	**517,189**
Deficit on revaluation	**–**	**–**	**–**	**–**	**(51,689)**	**–**	**–**	**–**	**–**	**(51,689)**
Exchange realignment	**–**	**–**	**–**	**–**	**–**	**6,012**	**–**	**–**	**–**	**6,012**
Total income and expenses for the year recognised directly in equity	**–**	**–**	**–**	**–**	**(51,689)**	**6,012**	**–**	**–**	**–**	**(45,677)**
Net profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,655**	**–**	**25,655**
Total income and expenses for the year	**–**	**–**	**–**	**–**	**(51,689)**	**6,012**	**–**	**25,655**	**–**	**(20,022)**
Recognition of equity-settled share based payments	**–**	**–**	**–**	**–**	**–**	**–**	**2,465**	**–**	**–**	**2,465**
Exercise of share options	**514**	**2,324**	**–**	**–**	**–**	**–**	**(411)**	**–**	**–**	**2,427**
Repurchase and cancellation of shares	**(65)**	**(192)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(257)**
Repurchase of shares and pending for cancellation	**–**	**–**	**–**	**(857)**	**–**	**–**	**–**	**–**	**–**	**(857)**
Final 2007 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,058)**	**(2,058)**
Interim 2008 dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(15,589)**	**–**	**(15,589)**
Balance at 31 December 2008	**51,899**	**68,984**	**286**	**(857)**	**27,085**	**23,482**	**3,165**	**309,254**	**–**	**483,298**

* *These reserve accounts comprise the consolidated reserves of HK$431,399,000 (2007: HK$463,681,000) in the consolidated balance sheet.*

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	2008	2007
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before income tax	**32,942**	23,114
Adjustments for:		
Finance costs	**953**	305
Interest income	**(2,050)**	(1,592)
Interest income from held-to-maturity investments	**(843)**	–
Gain on disposal of property, plant and equipment	**(109)**	–
Depreciation	**31,208**	29,927
Fair value loss/(gain) on financial assets at fair value through profit or loss	**2,596**	(2,197)
Impairment of goodwill	**–**	1,779
Share based payment	**2,465**	1,111
Provision for impairment of trade receivables	**4,439**	5,895
Write-off of items of property, plant and equipment	**406**	331
Write down of inventories to net realisable value	**1,725**	9,203
Surplus on revaluation of leasehold land and buildings	**–**	(466)
Fair value loss/(gain) of investment properties	**720**	(1,190)
Operating profit before working capital changes	**74,452**	66,220
Decrease/(increase) in inventories	**2,926**	(27,525)
(Increase)/decrease in trade and bills receivables	**(15,455)**	1,813
Decrease/(increase) in prepayments, deposits and other receivables	**2,288**	(3,122)
(Decrease)/increase in trade payables	**(146)**	15,594
(Decrease)/increase in other payables and accruals	**(3,834)**	9,277
Cash generated from operations	**60,231**	62,257
Interest received	**2,050**	1,592
Interest paid	**(953)**	(305)
Dividends paid	**(17,647)**	(19,552)
Corporate income tax paid	**(861)**	(1,033)
Net cash generated from operating activities	**42,820**	42,959
Cash flows from investing activities		
Purchases of items of property, plant and equipment	**(24,125)**	(31,427)
Proceeds from disposal of property, plant and equipment	**385**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**2,296**	11,780
Purchases of financial assets at fair value through profit or loss	**(5,910)**	(9,031)
Purchases of held-to-maturity investments	**(32,686)**	–
Net cash used in investing activities	**(60,040)**	(28,678)

Consolidated Cash Flow Statement (continued)

For the year ended 31 December 2008

	2008	2007
	HK$'000	*HK$'000*
Cash flows from financing activities		
Increase/(decrease) of discounted bills with recourse	**6,278**	(25,097)
Proceeds from bank loans	**34,170**	21,500
Repayment of bank loans	**(11,670)**	(21,500)
Repurchase of shares	**(1,114)**	–
Proceeds from exercise of share options	**2,427**	13,440
Net cash generated from/(used in) financing activities	**30,091**	(11,657)
Net increase in cash and cash equivalents	**12,871**	2,624
Cash and cash equivalents at 1 January	**74,009**	64,330
Effect of foreign exchange rate changes, net	**(2,267)**	7,055
Cash and cash equivalents at 31 December	**84,613**	74,009
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**82,043**	71,225
Non-pledged time deposits with original maturity of less than three months when acquired	**3,057**	2,784
Bank overdrafts	**(487)**	–
	84,613	74,009

Balance Sheet

As at 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Interests in subsidiaries	*18*	**326,030**	343,677
Current assets			
Prepayments		**229**	224
Cash and cash equivalents	*24*	**1,436**	488
		1,665	712
Current liabilities			
Other payables and accruals		**1,623**	1,554
Financial guarantee contracts	*33*	**2,460**	–
		4,083	1,554
Net current liabilities		**(2,418)**	(842)
Net assets		**323,612**	342,835
EQUITY			
Share capital	*29*	**51,899**	51,450
Reserves	*31(b)*	**271,713**	289,327
Proposed final dividend	*13*	**–**	2,058
Total equity		**323,612**	342,835

Hsu Chen Shen
Director

Hsu Shui Sheng
Director

1. GENERAL INFORMATION

Bright International Group Limited (the "Company") is a limited liability company incorporated and domiciled in Bermuda. The address of the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 18 to the financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

The financial statements for the year ended 31 December 2008 were approved for issue by the board of directors (the "Directors") on 21 April 2009.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2008:

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HKAS 39 (Amendment)	Reclassification of Financial Assets

The new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. Accordingly, no prior period adjustment is required.

2. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

At the date of authorisation of these financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 28	Investments in Associates – Consequential Amendments Arising from Amendments to HKFRS 3[2]
HKAS 31	Investments in Joint Ventures – Consequential Amendments Arising from Amendments to HKFRS 3[2]
HKAS 32, HKAS 39 & HKFRS 7 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedge Items [2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 2 (Amendment)	Members' Shares in Co-operative Entities and Similar Instruments[1]
HK(IFRIC) – Int 9 and HKAS 39 (Amendment)	Reassessment of Embedded Derivatives[6]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[4]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[2]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[7]
Various	Annual Improvements to HKFRS 2008[5]

Notes:

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

2 Effective for annual periods beginning on or after 1 July 2009

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 October 2008

5 Generally effective for annual periods beginning on or after 1 January 2009 unless otherwise stated in the specific HKFRS

6 Effective for annual periods ending on or after 30 June 2009

7 Effective for transfers received on or after 1 July 2009

2. ADOPTION OF NEW OR AMENDED HKFRSs (continued)

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement.

Among these new standards and interpretations, HKAS 1 (Revised) *Presentation of Financial Statements* is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

In addition, HKFRS 8 *Operating Segments* may result in new or amended disclosures. The Directors are in the process of identifying reportable operating segments as defined in HKFRS 8.

The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs is unlikely to have a significant impact on the Group's results and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements on pages 38 to 103 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on the historical cost basis except for:

– investment properties,

– land and buildings,

– financial instruments classified as financial assets at fair value through profit or loss, and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of preparation (continued)

– derivative financial instruments (other than designated as hedging instruments or linked to and must be settled by delivery of unquoted equity instruments whose fair value cannot be reliably measured)

which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

3.3 Subsidiaries

Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are excluded from consolidation from the date that control ceases.

Business combinations (other than for combining entities under common control) are accounted for by applying the purchase method. This involves the estimation of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, subsidiaries are carried at cost less impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency translation

The financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet date retranslation of monetary assets and liabilities are recognised in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the balance sheet date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been dealt with separately in the currency translation reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates. Goodwill arising on the acquisitions of foreign operations before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

Other exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

3.5 Borrowing costs

All borrowing costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The cost of the business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group, plus any costs directly attributable to the business combination.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

3.7 Research and development costs

Costs associated with research activities are expensed in the income statement as they occur. Expenditure incurred on projects to develop new products is capitalised and deferred only when they meet the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) the Group has the intention to complete the development and use or sell the new products;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured

All other development costs are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property, plant and equipment

Leasehold land and buildings (where the fair value of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent impairment losses. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Any surplus arising on revaluation of land and buildings is credited to the revaluation reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss as described in note 3.11. To the extent that any decrease has previously been recognised in income statement, a revaluation increase is credited to income statement with the remaining part of the increase dealt with in the revaluation reserve. A decrease in net carrying amount of land and buildings arising on revaluations or impairment testing is charged against any revaluation surplus in the revaluation reserve relating to the same asset and the remaining decrease is recognised in income statement.

Depreciation is provided to write off the cost or revalued amounts less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land and buildings	The shorter of the lease terms and 20 years
Leasehold improvements	20%
Plant, machinery and moulds	10% – 33%
Furniture, fixtures and equipment	20% – 33%
Motor vehicles	20%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and buildings.

Construction in progress represents factory buildings, plant and machinery under construction and installation, which is stated at cost less any impairment losses and is not depreciated. Cost comprises direct costs of construction, installation and testing. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3.9 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease.

On initial recognition, investment property is measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is stated at fair value. Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised in the balance sheet reflect the prevailing market conditions at the balance sheet date.

Gains or losses arising from changes in the fair value of an investment property is included in the profit or loss for the period in which they arise.

3.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated selling expenses.

Property, plant and equipment once classified as held for sales are not depreciated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of non-financial assets

Goodwill arising on an acquisition of subsidiary, property, plant and equipment and interests in subsidiaries are subject to impairment testing.

Goodwill with an indefinite useful life is tested for impairment at least annually, irrespective of whether there is any indication that it is impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under the Group's accounting policy, in which case the impairment loss is treated as a revaluation decrease according to that policy (refer to note 3.8 for details). The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods including impairment losses recognised in an interim period. In respect of other assets, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Related parties (continued)

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3.13 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3.9); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 3.8). For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Leases (continued)

(ii) *Operating lease charges as the lessee*

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statement in the accounting period in which they are incurred.

(iii) *Assets leased out under operating leases as the lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

Contingent rentals are recognised as income in the accounting period in which they are earned.

3.14 Financial assets

The Group classifies its financial assets into the following categories: Loan and receivables, financial assets at fair value through profit or loss and held-to-maturity investments.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Financial assets (continued)

At each balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(ii) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading, financial assets designated upon initial recognition as at fair value through profit or loss and all derivatives other than hedging instruments.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or

– the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Financial assets (continued)

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in income statement.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each balance sheet date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Financial assets (continued)

Impairment of financial assets (continued)

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

3.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of cash flow statement presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.17 Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Income taxes (continued)

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3.18 Revenue recognition

Revenue comprises the fair value for the sale of goods, rendering of services and the use by others of the Group's assets yielding interest and dividends, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income is recognised on a time-proportion basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Retirement benefit costs and short term employee benefits

Retirement benefits to employees are provided through defined contribution plans.

Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Hong Kong Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Hong Kong Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the Hong Kong Scheme. The assets of the Hong Kong Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Hong Kong Scheme.

Pursuant to the relevant regulations of the government of the People's Republic of China except Hong Kong and Macau (the "PRC"), subsidiaries of the Company operating in the PRC participate in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiaries are required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the income statement as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

Short term employee benefits

(i) Provisions for bonus due are recognised when the Group has a present legal or constructive obligations as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(ii) Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Share-based employee compensation

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in income statement in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally vested.

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

3.21 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Provisions, contingent liabilities and contingent assets (continued)

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

3.22 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

3.23 Financial liabilities

The Group's financial liabilities include bank borrowings, trade payables, other payables and amount due to a related company. They are included in balance sheet line items under current liabilities.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in financial costs in the income statement. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Financial liabilities (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade, other payables and due to a related company

Trade payables, other payables and accruals are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.24 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from the proceeds, net of any related income tax benefits, to the extent that they are incremental costs directly attributable to the equity transaction.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity holders of the Company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2008 was HK$22,127,000 (2007: HK$22,127,000). More details are given in note 17.

(ii) Share-based payment

The fair value of options granted are estimated by independent professional valuer based on the various assumptions of volatility, life of options, dividend yield and annual risk-free rate, excluding the impact of non-market vesting conditions, which generally represent the best estimate of the fair value of the option at the date of granting the options.

(iii) Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers/borrowers and current market conditions. Management reassess the impairment of receivables at the balance sheet date.

(iv) Income taxes

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the amount of the provision for income taxes and the timing of payment of related taxes. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the tax outcome is realisable.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimation uncertainty (continued)

(v) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management will reassess the estimations at the balance sheet date.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts realisable in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

5. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined that business segment be presented as the primary reporting format. Since over 90% of the Group's revenue, results and assets are derived from the design, manufacture and sale of lighting products, no separate analysis of financial information by business segment is presented in the financial statements.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

The Group's operations are located in three main geographical areas. The following table provides an analysis of the Group's sales:

Segment revenue:

	2008	2007
	HK$'000	*HK$'000*
United States of America	**566,977**	703,305
The PRC	**52,309**	39,757
Canada	**26,297**	42,779
Others*	**37,571**	31,022
	683,154	816,863

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located.

	Segment assets		**Capital expenditures**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**492,937**	556,880	**24,060**	31,406
Macau	**152,175**	99,820	**–**	–
Canada	**40,077**	41,010	**65**	21
United States of America	**3,053**	1,437	**–**	–
Others*	**35,005**	41,270	**–**	–
	723,247	740,417	**24,125**	31,427

* Others represents unallocated items.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Revenue – sale of goods	**683,154**	816,863
Other income:		
Gross rental income from investment properties	**756**	620
Bank interest income	**2,050**	1,592
Interest income on held-to-maturity investments	**843**	–
Others	**4,613**	2,564
	8,262	4,776
Gains:		
Gain on disposal of property, plant and equipment	**109**	–
Surplus on revaluation of leasehold land and buildings	**–**	466
Fair value gain on financial assets at fair value through profit or loss	**–**	2,197
Changes in fair value of investment properties	**–**	1,190
	109	3,853
	8,371	8,629

7. PROFIT BEFORE INCOME TAX

	Group	
	2008	2007
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**363,347**	458,045
– including write-down of inventories to net realisable value	**1,725**	9,203
Depreciation	**31,208**	29,927
Minimum lease payments under operating leases:		
Land and buildings	**4,968**	4,517
Office equipment	**17**	2
Auditors' remuneration	**1,250**	1,200
Staff costs (including directors' remuneration *(note 9)*)		
Wages and salaries	**75,600**	84,504
Equity-settled share option expense	**2,465**	1,111
Defined contribution scheme	**5,572**	3,849
	83,637	89,464
Other operating expenses:		
Impairment of goodwill	**–**	1,779
Research and development costs	**3,333**	4,921
Foreign exchange differences, net	**11,104**	14,806
Provision for impairment of trade receivables	**4,439**	5,895
Fair value loss on investment properties	**720**	–
Fair value loss on financial assets at fair value through profit or loss	**2,596**	–
Write-off of items of property, plant and equipment	**406**	331
Gain on disposal of property, plant and equipment	**(109)**	–
Surplus on revaluation of leasehold land and buildings	**–**	(466)

8. FINANCE COSTS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts wholly repayable within five years	**953**	305

9. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Fees:		
Executive directors	**600**	600
Independent non-executive directors	**350**	233
	950	833
Other emoluments:		
Executive directors		
Salaries, allowances and benefits in kind	**5,600**	6,183
Discretionary bonuses	**869**	1,909
Equity-settled share option expense	**–**	740
Contributions to pension schemes	**–**	–
Independent non-executive directors		
Salaries, allowances and benefits in kind	**8**	–
	7,427	9,665

9. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

The emolument paid to independent non-executive directors during the year were as follows:

		Group	
	Fees	Salaries, allowances and benefits in kind	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*
2008			
Mr. Leung Hok Lim	**100**	**–**	**100**
Mr. Hsiao Horng Ching	**100**	**8**	**108**
Mr. Cheng Yung Hui	**150**	**–**	**150**
	350	**8**	**358**
2007			
Mr. Leung Hok Lim	100	–	100
Mr. Chan Nien-Po	33	–	33
Mr. Hsiao Horng Ching	100	–	100
Mr. Cheng Yung Hui	–	–	–
	233	–	233

There were no other emoluments payable to the independent non-executive directors during the year (2007: Nil).

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Equity-settled share option expense HK$'000	Total remuneration HK$'000
2008					
Mr. Hsu Chen Shen	**100**	**1,700**	**267**	**–**	**2,067**
Mr. Hsu Shiu Sheng	**100**	**1,200**	**195**	**–**	**1,495**
Mrs. Hsu Wei Jui Yun	**100**	**400**	**28**	**–**	**528**
Mr. Pak Ping Chun	**100**	**900**	**98**	**–**	**1,098**
Mr. Yang Hsien Lin	**100**	**900**	**201**	**–**	**1,201**
Mr. Hsu Chiang Lung	**100**	**500**	**80**	**–**	**680**
	600	**5,600**	**869**	**–**	**7,069**
2007					
Mr. Hsu Chen Shen	100	1,700	528	–	2,328
Mr. Hsu Shiu Sheng	100	1,200	382	–	1,682
Mrs. Hsu Wei Jui Yun	100	400	50	–	550
Mr. Pak Ping Chun	100	900	264	370	1,634
Mr. Yang Hsien Lin	100	900	511	370	1,881
Mr. Hsu Chin Liang	–	583	40	–	623
Mr. Hsu Chiang Lung	100	500	134	–	734
	600	6,183	1,909	740	9,432

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year were all (2007: all) directors of the Company, details of whose remuneration are set out in note 9 above.

11. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made since the Group had tax losses brought forward which were available to set off against the assessable profit for the year. Taxes on profits assessable elsewhere have been calculated at the prevailing rates of tax based on existing legislation, interpretations and practices.

	Group	
	2008	2007
	HK$'000	*HK$'000*
Current tax:		
PRC	**7,600**	4,484
Elsewhere	**–**	61
Deferred tax *(note 28)*	**(313)**	357
Income tax expense	**7,287**	4,902

A reconciliation of the tax expense applicable to profit before income tax using the statutory rates for the tax jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates are as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	**32,942**	23,114
Tax at the statutory tax rates	**8,777**	4,680
Tax losses not recognised	**2,269**	5,831
Income not subject to tax	**(6,822)**	(8,400)
Expenses not deductible for tax	**3,102**	2,912
Tax losses utilised from previous period	**(39)**	(121)
Tax charge at the Group's effective rate	**7,287**	4,902

The Hong Kong SAR Government enacted a reduction in the Profits Tax Rate from 17.5% to 16.5% with effect from the year of assessment 2008/2009. In addition, pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress in March 2007, effective from 1 January 2008, the new enterprise income tax rates for domestic enterprise and WOFE is unified at 25%. Certain subsidiaries that previously enjoyed a preferential tax rate prior to 1 January 2008 will gradually transit to the new tax rate over five years from 1 January 2008. Accordingly, the relevant current and deferred tax liabilities have been calculated using the new tax rate.

12. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for the year ended 31 December 2008 include a loss of approximately HK$5,354,000 (2007: loss of approximately HK$3,700,000) which has been dealt with in the financial statements of the Company (note 31(b)).

13. DIVIDENDS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Final dividend paid in respect of the previous financial year on new shares issued subsequent to the balance sheet date and before the close of the Register of Members of the Company of HK2.5 cents per ordinary share in 2007	**–**	600
Interim – HK3 cents (2007: HK1.3 cents) per ordinary share	**15,435**	6,689
Additional interim dividend paid in respect of new shares issued subsequent to the interim date and before the close of the Register of Members of the Company on 2 October 2008	**154**	–
Proposed final – Nil (2007: HK0.4 cents per ordinary share)	**–**	2,058
	15,589	9,347

Dividends recognised as distributions during the year ended 31 December 2008 amounted to HK$17,647,000 (2007: HK$19,552,000) or HK$0.034 per ordinary share (2007: HK$0.038 per ordinary share).

14. EARNINGS PER SHARE

The calculation of basic earnings per share amount is based on the net profit for the year of HK$25,655,000 (2007: HK$18,212,000) attributable to equity holders of the Company, and weighted average of 516,727,529 (2007: 511,738,356) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year is based on the net profit for the year of HK$25,655,000 (2007: HK$18,212,000) attributable to equity holders of the Company and the weighted average of 516,934,677 (2007: 512,280,049) ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share is calculated based on the 516,727,529 (2007: 511,738,356) ordinary shares in issue during the year, plus the weighted average number of 207,148 (2007: 541,693) ordinary shares deemed to be issued at no consideration as if the share options had been exercised.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and buildings# HK$'000	Leasehold improvements HK$'000	Plant, machinery and moulds HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 31 December 2008							
At 31 December 2007 and 1 January 2008:							
Cost or valuation	260,000	26,739	104,709	24,035	12,689	39,587	467,759
Accumulated depreciation	–	(15,901)	(58,106)	(19,345)	(8,244)	–	(101,596)
Net carrying amount	260,000	10,838	46,603	4,690	4,445	39,587	366,163
At 1 January 2008, net of accumulated depreciation	260,000	10,838	46,603	4,690	4,445	39,587	366,163
Additions	–	172	4,390	344	1,826	17,393	24,125
Transfers	1,729	1,618	1,223	–	–	(4,570)	–
Transfers to property classified as held for sale *(note 25)*	–	–	–	–	–	(54,193)	(54,193)
Write-off	–	–	(391)	(10)	–	(5)	(406)
Disposals	–	–	–	(49)	(227)	–	(276)
Deficit on revaluation	(66,679)	–	–	–	–	–	(66,679)
Depreciation provided during the year	(13,317)	(3,058)	(11,322)	(2,486)	(1,025)	–	(31,208)
Exchange realignment	5,867	(5)	(18)	102	15	2,318	8,279
At 31 December 2008, net of accumulated depreciation	187,600	9,565	40,485	2,591	5,034	530	245,805
At 31 December 2008:							
Cost or valuation	187,600	28,488	109,669	23,488	13,824	530	363,599
Accumulated depreciation	–	(18,923)	(69,184)	(20,897)	(8,790)	–	(117,794)
Net carrying amount	187,600	9,565	40,485	2,591	5,034	530	245,805
Analysis of cost or valuation:							
At cost	–	9,565	40,485	2,591	5,034	530	58,205
At 2008 valuation	187,600	–	–	–	–	–	187,600
	187,600	9,565	40,485	2,591	5,034	530	245,805

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

	Leasehold land and buildings# HK$'000	Leasehold improvements HK$'000	Plant, machinery and moulds HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
At 31 December 2007							
At 31 December 2006 and 1 January 2007:							
Cost or valuation	211,630	26,201	94,629	22,678	12,527	21,235	388,900
Accumulated depreciation	–	(12,703)	(44,870)	(15,659)	(6,993)	–	(80,225)
Net carrying amount	211,630	13,498	49,759	7,019	5,534	21,235	308,675
At 1 January 2007, net of accumulated depreciation	211,630	13,498	49,759	7,019	5,534	21,235	308,675
Additions	2,203	497	8,972	1,205	–	18,550	31,427
Transfers	350	–	588	–	–	(938)	–
Write-off	–	–	(41)	(35)	–	(255)	(331)
Surplus on revaluation	51,796	–	–	–	–	–	51,796
Depreciation provided during the year	(9,124)	(3,170)	(12,705)	(3,738)	(1,190)	–	(29,927)
Exchange realignment	3,145	13	30	239	101	995	4,523
At 31 December 2007, net of accumulated depreciation	260,000	10,838	46,603	4,690	4,445	39,587	366,163
At 31 December 2007:							
Cost or valuation	260,000	26,739	104,709	24,035	12,689	39,587	467,759
Accumulated depreciation	–	(15,901)	(58,106)	(19,345)	(8,244)	–	(101,596)
Net carrying amount	260,000	10,838	46,603	4,690	4,445	39,587	366,163
Analysis of cost or valuation:							
At cost	–	10,838	46,603	4,690	4,445	39,587	106,163
At 2007 valuation	260,000	–	–	–	–	–	260,000
	260,000	10,838	46,603	4,690	4,445	39,587	366,163

As the prepaid land premium cannot be allocated reliably between the land and buildings elements, the entire land premium are included in the cost of land and buildings as finance leases in property, plant and equipment in accordance with HKAS 17.

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Group (continued)

The Group's leasehold land and buildings included above are held under the following lease terms:

2008

	Hong Kong *HK$'000*	**PRC** *HK$'000*	**Total** *HK$'000*
At valuation:			
Medium term leases	**2,000**	**176,600**	**178,600**
Long term lease	**–**	**9,000**	**9,000**
	2,000	**185,600**	**187,600**

2007

	Hong Kong *HK$'000*	PRC *HK$'000*	Total *HK$'000*
At valuation:			
Medium term leases	3,000	247,000	250,000
Long term lease	–	10,000	10,000
	3,000	257,000	260,000

The Group's leasehold land and buildings were revalued individually as at 31 December 2008 by Asset Appraisal Limited ("Asset Appraisal") (2007: Asset Appraisal), an independent professional qualified valuer, at an aggregate open market value of HK$187,600,000 (2007: HK$260,000,000) based on their existing use. A revaluation deficit of HK$51,689,000 (2007: a surplus of HK$39,000,000) and net of deferred tax credit of HK$14,990,000 (2007: deferred tax liabilities of HK$12,330,000) (note 28) resulting from the above valuations have been debited to the asset revaluation reserve.

Had these leasehold land and buildings been carried at historical cost less accumulated depreciation, their carrying values would have been approximately HK$141,166,000 (2007: HK$149,054,000).

16. INVESTMENT PROPERTIES

	Group 2008 HK$'000	2007 HK$'000
Carrying amount at 1 January	**4,570**	3,380
Net (loss)/gain from fair value adjustments	**(720)**	1,190
Carrying amount at 31 December	**3,850**	4,570

The Group's investment properties are held under medium term leases and were revalued as at 31 December 2008 by Asset Appraisal (2007: Asset Appraisal) at HK$3,850,000 (2007: HK$4,570,000). Valuations were based on the investment method by taking into account the net rental incomes of the properties derived from the existing tenancies with due allowance for the reversionary value of the properties. A deficit of HK$720,000 (2007: a surplus of HK$1,190,000) so arising has been debited to the consolidated income statement. The investment properties are situated in the PRC and leased to third parties under operating leases, further details of which are included in note 34 to the financial statements.

Further particulars of the Group's investment properties are included on page 104 of this annual report.

17. GOODWILL

	Group 2008 HK$'000	2007 HK$'000
At 1 January		
Cost	**35,309**	35,309
Accumulated impairment	**(13,182)**	(11,403)
Net carrying amount	**22,127**	23,906
Year ended 31 December		
Opening net book amount	**22,127**	23,906
Impairment during the year	**–**	(1,779)
Net carrying amount	**22,127**	22,127
At 31 December		
Cost	**35,309**	35,309
Accumulated impairment	**(13,182)**	(13,182)
Net carrying amount	**22,127**	22,127

17. GOODWILL (continued)

Impairment testing of goodwill

The carrying amount of goodwill has been allocated to the cash-generating units for impairment test, i.e. sale of light products.

The recoverable amount has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period and approved by senior management. The key assumptions include stable profit margins, which have been determined based on past experience in this market. The management believes that this is the best available input for forecasting this mature market. The discount rate applied to cash flow projection is 6% (2007: 8.5%) and cash flows beyond five-year period are extrapolated using a growth rate of zero percent (2007: 2%) which is similar to the long term average growth rate of the lighting industry.

No impairment of goodwill was recognised during the year (2007: HK$1,779,000).

18. INTERESTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**43,715**	43,715
Fair value of financial guarantee granted to subsidiaries *(note 33)*	**2,460**	–
Due from subsidiaries	**279,855**	299,962
	326,030	343,677

The balances with subsidiaries for the year ended 31 December 2008 are unsecured, interest-free and are repayable at least twelve months after the balance sheet date.

18. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Bright Group (BVI) Ltd.	BVI/Hong Kong	US$702 Ordinary	100	–	Investment holding
Full Scene Developments Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
Whole Bright Industries (HK) Limited	Hong Kong	HK$1,000 Ordinary HK$100,000 Non-voting deferred	–	100	Investment and property holding
Whole Bright Industries Limited	BVI/PRC	US$1 Ordinary	–	100	Trading of lighting products
Dongguan Bright Yin Huey Lighting Co., Ltd.#	PRC	HK$15,240,000	–	100	Design, manufacture and sale of lighting products
Willy Garden Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
Whole Bright Industries (Macao Commercial Offshore) Limited	Macau	MOP100,000	–	100	Trading of lighting products
Everprofit Enterprise Co., Ltd.	BVI/Hong Kong	HK$11,610,000 Ordinary	–	100	Investment holding
東莞嘉盛照明科技有限公司#	PRC	HK$71,000,000	–	100	Design, manufacture and sale of lighting products
Ticko Inc.	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
Newgreat Asia Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
Sinograce Holdings Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding

18. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Oriental Bright Holdings Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
Perfect Rich Holdings Limited	BVI/Hong Kong	US$50,000 Ordinary	–	100	Investment holding
上海瑩輝照明科技有限公司#	PRC	US$12,000,000	–	100	Design, manufacture and sale of lighting products
上海瑩輝照明工程有限公司#	PRC	US$2,000,000	–	100	Trading of lighting products
永瑩輝貿易(上海)有限公司#	PRC	US$2,500,000	–	100	Trading of lighting products
Bright Lighting Inc.	United States of America	US$722 Ordinary	–	100	Design and sale of lighting products
Bright and Best Co., Ltd	BVI/PRC	US$1 Ordinary	–	100	Trading of lighting products
Bright China Investments Holdings Limited	BVI/Hong Kong	US$1 Ordinary	–	100	Investment holding
Profitmark Investments Limited	BVI/Hong Kong	US$1 Ordinary	–	100	Investment holding
R.A.M. Lighting Holdings Ltd.	Canada	C$1,560,100 Common	–	100	Investment holding
R.A.M. Lighting Ltd.	Canada	C$3 Common C$3,000,000 Preference	–	100	Design and distribution of lighting products

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Registered as a wholly-owned foreign investment enterprise in the PRC.

19. INVENTORIES

	Group	
	2008	2007
	HK$'000	*HK$'000*
Raw materials	**64,793**	75,754
Work in progress	**781**	1,215
Finished goods	**63,223**	56,479
	128,797	133,448

20. TRADE AND BILLS RECEIVABLES

An ageing analysis of the trade and bills receivables as at the balance sheet date, based on invoice date and net of provisions, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**42,274**	61,353
31 – 90 days	**65,316**	32,721
91 – 180 days	**5,234**	5,123
181 – 360 days	**2,132**	2,644
Over 360 days	**2,044**	4,143
	117,000	105,984

20. TRADE AND BILLS RECEIVABLES (continued)

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the provision for impairment of trade receivables is as follows:

	2008 HK$'000	2007 HK$'000
At 1 January	**11,560**	5,665
Amount written off	**(158)**	–
Impairment loss recognised	**4,439**	5,895
At 31 December	**15,841**	11,560

At each of the balance sheet date, the Group's provision for impairment of trade receivables were individually determined based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment provision was recognised.

The Group allows a credit period from 30 to 90 days (2007: 30 to 90 days) to its customers.

The carrying value of trade and bills receivables is considered as reasonable approximation of fair value. Impairment of trade and bills receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade and bills receivables is impaired. All of the Group's trade and bills receivables have been reviewed for indicators of impairment. As at 31 December 2008, the Group has determined trade receivables of HK$158,000 (2007: Nil) as individually written off and certain trade and bills receivables were found to be impaired and bad debts of HK$4,439,000 (2007: HK$5,895,000) has been recognised accordingly. The impaired trade receivables are due from customers experiencing financial difficulties that were in default or delinquency of payments.

In addition, some of the unimpaired trade and bills receivables are past due as at the balance sheet date. Ageing analysis of trade and bills receivables past due but not impaired is as follows:

	Group	
	2008 HK$'000	2007 HK$'000
Neither past due nor impaired	**107,590**	94,074
1 – 90 days past due	**5,234**	5,123
91 – 270 days past due	**2,132**	2,644
Over 270 days	**2,044**	4,143
Total trade and bills receivables, net	**117,000**	105,984

20. TRADE AND BILLS RECEIVABLES (continued)

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

The Group's management considers that trade receivables that are past due but not impaired as at the balance sheet date are of good credit quality. The Group does not hold any collateral over these balances.

Included in trade and bills receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	2008	2007
	HK$'000	*HK$'000*
US dollars	**103,653**	85,121

21. TRADE PAYABLES

An ageing analysis of the trade payables as at the balance sheet date, based on invoice date, is as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
0 – 90 days	**83,657**	88,315
91 – 180 days	**1,910**	1,747
181 – 360 days	**1,760**	1,958
Over 360 days	**8,420**	3,873
	95,747	95,893

The trade payables are non-interest bearing and are normally settled on 60-day terms.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2008	2007
	HK$'000	*HK$'000*
Listed equity investments, at market value:		
Hong Kong	**2,635**	2,642
Elsewhere	**1,202**	177
	3,837	2,819

The above equity investments at 31 December 2008 and 2007 were classified as held for trading. The fair value of the Group's investments has been determined by reference to their quoted closing prices at the balance sheet date.

23. HELD-TO-MATURITY INVESTMENTS

Group

Held-to-maturity investments are principal guaranteed short-term investments with banks in the PRC. These investments have interest rates ranging from 4% to 6.8% per annum and will mature within one year. As at 31 December 2008, the entire held-to-maturity investments were held on trust for the benefit of the Group.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash and bank balances	**82,043**	71,225	**1,436**	488
Time deposits	**3,057**	2,784	**–**	–
	85,100	74,009	**1,436**	488

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately HK$35,537,000 (2007: HK$50,881,000). The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. PROPERTY CLASSIFIED AS HELD FOR SALE

Group

Property classified as held for sale included leasehold land and construction works located in the PRC and were held under medium term leases.

On 9 September 2008, 上海瑩輝照明科技有限公司, a wholly-owned subsidiary of the Company, entered into an asset purchase agreement with an independent third party to dispose its entire interest in the leasehold land and construction works at a consideration of approximately of HK$94,000,000 (RMB83,000,000). As at 31 December 2008, the carrying amount of this asset amounted to approximately HK$54,193,000.

Accordingly, this asset is classified as "property held for sale". The transaction is subsequently completed in early April 2009.

26. DUE TO A RELATED COMPANY

	Group 2008 HK$'000	Group 2007 HK$'000
瑩輝興業股份有限公司	**468**	468

The amount due to a related company is unsecured, non-interest bearing and is repayable on demand. The amount represents reimbursement payable to the related company, 瑩輝興業股份有限公司, for expenses and purchases paid on behalf of the Group. The carrying amount approximates to the fair value at the balance sheet dates. The related company is a company which is beneficially owned by certain directors of the Company.

27. BANK BORROWINGS

	Notes	Group 2008 HK$'000	Group 2007 HK$'000
Current			
Bank overdrafts – unsecured	*(a)*	**487**	–
Bank loans – unsecured	*(b)*	**22,500**	–
Discounted bills with recourse – secured	*(c)*	**30,524**	24,246
		53,511	24,246

Notes:

(a) The Group's bank overdrafts were supported by the corporate guarantees provided by the Company and repayable within one year and bear effective interest at 6.13% per annum.

(b) At the balance sheet date, the Group's interest-bearing bank loans were supported by the corporate guarantees provided by the Company and repayable within one year and bear fixed interest ranging from 2.2% to 3.7% per annum.

(c) Balance represented proceeds from banks on discounted bills at 31 December 2008 which were secured by the related bills receivable and bear interests ranging from 2.28% to 5% (2007: 5.9% to 6.2%) per annum. All bank loans were repayable within one year and were supported by the corporate guarantees provided by the Company.

27. BANK BORROWINGS (continued)

The Group's bank borrowings are denominated in the following currencies:

	Group	
	2008	2007
	HK$'000	*HK$'000*
HK dollars	**22,500**	–
US dollars	**31,011**	24,246
	53,511	24,246

The carrying amounts of the Group's bank borrowings approximate to their fair value at the balance sheet date.

The Group's bank borrowing facilities amounting to HK$163 million (2007: HK$134 million), of which approximately of HK$54 million (2007: HK$24 million) has been utilised as at the balance sheet date, are supported by the corporate guarantees provided by the Company.

28. DEFERRED TAX

The movement in the Group's deferred tax liabilities during the year is as follows:

	Revaluation of investment properties	**Revaluation of leasehold land and buildings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2007	444	13,736	14,180
Deferred tax charged to income statement during the year *(note 11)*	357	–	357
Deferred tax debited to equity during the year *(note 15)*	–	12,330	12,330
At 31 December 2007	801	26,066	26,867
Deferred tax credited to income statement during the year *(note 11)*	(313)	–	(313)
Deferred tax credited to equity during the year *(note 15)*	–	(14,990)	(14,990)
At 31 December 2008	488	11,076	11,564

The Group has not recognised deferred tax assets in respect of cumulative tax losses in certain subsidiaries of HK$38,302,000 as at 31 December 2008 (2007: HK$30,114,000), as it is not probable that future profits against which the losses can be utilised will be available in the relevant subsidiaries.

28. DEFERRED TAX (continued)

At the balance sheet date, deferred tax liabilities amounted to HK$871,000 (2007: Nil) in respect of the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of its subsidiaries and it is probable that such differences will not be reversed in the foreseeable future.

29. SHARE CAPITAL

	2008 Number of shares *'000*	**2008** *HK$'000*	2007 Number of shares *'000*	2007 *HK$'000*
Authorised, issued and fully paid:				
Ordinary shares of HK$0.1 each				
At 1 January and 31 December	**1,000,000**	**100,000**	1,000,000	100,000
Issued and fully paid:				
Ordinary shares of HK$0.1 each				
At 1 January	**514,500**	**51,450**	490,500	49,050
Repurchase and cancellation of shares *(note a)*	**(648)**	**(65)**	–	–
Exercise of share options *(note b)*	**5,144**	**514**	24,000	2,400
At 31 December	**518,996**	**51,899**	514,500	51,450

29. SHARE CAPITAL (continued)

Notes:

(a) An ordinary resolution was passed on 19 May 2008 to permit the repurchase of issued ordinary shares of the Company. During the current year under review, the Company repurchased a total of 3,178,000 (2007: Nil) of its listed shares on the Stock Exchange for the purpose of enhancing the net asset value per share of the Company. Details of the repurchases are summarised as follows:

Month/Year	Number of ordinary shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate purchase consideration
		HK$	*HK$*	*HK$*
October 2008[1]	426,000	0.405	0.375	168,350
November 2008[1]	222,000	0.405	0.395	88,840
December 2008[2]	2,530,000	0.350	0.310	857,190
Total	3,178,000			1,114,380

1 The cancellation of the shares has subsequently been completed in November 2008;

2 As at 31 December 2008, the Company has not completed the cancellation of those repurchased shares. The cancellation of those shares has subsequently been completed in January 2009.

In January 2009, the Company had also repurchased a total of 3,552,000 shares of its listed shares on the Stock Exchange. Details of the repurchases are summarised as follows:

Month/Year	Number of ordinary shares repurchased	Purchase price per share Highest	Purchase price per share Lowest	Aggregate purchase consideration
		HK$	*HK$*	*HK$*
January 2009[3]	3,552,000	0.350	0.325	1,232,330

3 The cancellation of the shares has subsequently been completed in January 2009.

(b) On 18 July 2008, 5,144,000 ordinary shares of HK$0.1 were issued in respect of the exercise of share options by employees under the share option scheme at an exercise price of HK$0.472 per share.

30. SHARE OPTION SCHEME

Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, employees, whether full-time or part-time, of the Group or any Invested Entity (as defined in the Scheme), suppliers of goods or services to the Group or any Invested Entity, customers of the Group or any Invested Entity, person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or holder of securities issued by any member of the Group or any Invested Entity. The Scheme became effective on 25 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date on which the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the shares to be issued pursuant to the exercise of options under the Scheme.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes adopted by the Company must not exceed 30% of the total number of shares in issue from time to time. The maximum entitlement of each eligible participant (including both exercised and outstanding options) under the Scheme is 1% of the shares of the Company in issue within any 12-month period. Any grant or further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting of the Company.

Each grant of share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, is subject to approval in advance by the independent non-executive directors of the Company. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, resulting in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person, in a 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million, is subject to shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted within 28 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such period shall not be more than 10 years from the date of the offer of the share options, subject to the provisions for early termination set out in the Scheme. There is no specific requirement that an option must be held for any minimum period before it can be exercised but the board of directors is empowered to impose at its discretion any such minimum period at the time of offering any particular option.

The exercise price of the share options is determined by the directors, but shall not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

30. SHARE OPTION SCHEME (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

All shares option expense will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

The particulars in relation to the share option scheme of the Company are disclosed as follows:

2008

				Number of share options			
	Date of grant	Exercise price	Exercisable period	Outstanding at 1 January 2008	Granted during the year	Exercised during the year	Outstanding at 31 December 2008
Directors:							
Mr. Pak Ping Chun	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	5,144,000	–	–	5,144,000
Mr. Yang Hsien Lin	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	5,144,000	–	–	5,144,000
				10,288,000	–	–	10,288,000

30. SHARE OPTION SCHEME (continued)

2008

	Date of grant	Exercise price	Exercisable period	Number of share options: Outstanding at 1 January 2008	Granted during the year	Exercised during the year	Outstanding at 31 December 2008
Employees:							
Mr. Chung Shao Hung	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	–	5,144,000
Mr. Leung Wing Shing	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	(5,144,000)	–
Mr. Chang Ming Chi	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	–	5,144,000
Mr. Chiang Yu Lung	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	–	5,144,000
Mr. Hsieh Yen Chu	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	–	5,144,000
Mr. Lo Chi Yi	29 May 2008	HK$0.472	29 May 2008 to 28 May 2010	–	5,144,000	–	5,144,000
Mr. Nugraha Soemampauw	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	5,144,000	–	–	5,144,000
				5,144,000	30,864,000	(5,144,000)	30,864,000
				15,432,000	**30,864,000**	**(5,144,000)**	**41,152,000**

30. SHARE OPTION SCHEME (continued)

2007

	Date of grant	Exercise price	Exercisable period	Number of share options: Outstanding at 1 January 2007	Granted during the year	Exercised during the year	Outstanding at 31 December 2007
Directors:							
Mr. Pak Ping Chun	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	4,500,000	–	(4,500,000)	–
	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	–	5,144,000	–	5,144,000
Mr. Yang Hsien Lin	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	4,500,000	–	(4,500,000)	–
	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	–	5,144,000	–	5,144,000
				9,000,000	10,288,000	(9,000,000)	10,288,000
Employees:							
Mr. Lin Hua-Yin, Alex	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	4,000,000	–	(4,000,000)	–
Mr. Nugraha Soemampauw	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	4,000,000	–	(4,000,000)	–
	18 Dec 2007	HK$0.54	18 Dec 2007 to 17 Dec 2009	–	5,144,000	–	5,144,000
Mr. Cheung Yau Man	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	3,500,000	–	(3,500,000)	–
Mr. Chiang Yu Lung	2 Mar 2006	HK$0.56	3 Mar 2006 to 2 Mar 2007	3,500,000	–	(3,500,000)	–
				15,000,000	5,144,000	(15,000,000)	5,144,000
				24,000,000	**15,432,000**	**(24,000,000)**	**15,432,000**

30. SHARE OPTION SCHEME (continued)

Share options and weight average exercise price are as follows for the reporting periods presented:

	2008		2007	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
		HK$		*HK$*
Outstanding at 1 January	**15,432,000**	**0.540**	24,000,000	0.560
Granted	**30,864,000**	**0.472**	15,432,000	0.540
Exercised	**(5,144,000)**	**0.472**	(24,000,000)	0.560
Outstanding at 31 December	**41,152,000**	**0.498**	15,432,000	0.540

There were 41,152,000 (2007: 15,432,000) share options exercisable as at 31 December 2008.

The fair value of the share options granted during the year was calculated using the Black-Scholes option pricing model. The inputs into the model are as follows:

	2008	2007
Share price per share at grant date	**HK$0.47**	HK$0.54
Exercise price	**HK$0.472**	HK$0.54
Expected volatility	**40.75%**	31.03%
Expected life	**2 years**	2 years
Risk free rate	**1.08%**	1.84% to 2.07%
Expected dividend yield	**3.62%**	5.36%
Fair value per option	**HK$0.079**	HK$0.072

Expected volatility was determined by using the historical volatility of the Company's share price over past year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations including early exercise. Risk free rate was reference to the approximate yield to maturity of Hong Kong Exchange Fund Note.

During the year, 5,144,000 (2007: 24,000,000) options were exercised, the weighted average exercise price of these shares was HK$0.472 (2007: HK$0.56). The weighted average share price of these shares at the date of exercise was HK$0.56 (2007: HK$0.76). All share options have been accounted for under HKFRS 2. The options outstanding at 31 December 2008 had weighted average exercise prices of HK$0.498 (2007: HK$0.54) and a weighted average remaining contractual life of 1.4 years (2007: 2 years).

The Group recognised the total expenses of approximately HK$2,465,000 for the year ended 31 December 2008 (2007: HK$1,111,000) in relation to the share options granted by the Company, of which all expenses (2007: HK$371,000) are related to options granted to the Group's employees and shown as staff costs. As there was no option granted to directors, no option expense for directors was recognised during the year (2007: HK$740,000).

31. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 40 of the financial statements.

The Group's contributed surplus represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1999 over the nominal value of the Company's shares issued in exchange therefor.

(b) Company

	Share based payment reserve *HK$'000*	Share premium account *HK$'000*	Share repurchase reserve *HK$'000*	Contributed surplus *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
At 1 January 2007	1,560	54,252	–	43,515	190,896	290,223
Net loss for the year	–	–	–	–	(3,700)	(3,700)
Final 2006 dividend	–	–	–	–	(600)	(600)
Interim 2007 dividend	–	–	–	–	(6,689)	(6,689)
Proposed final 2007 dividend	–	–	–	–	(2,058)	(2,058)
Exercise of share options	(1,560)	12,600	–	–	–	11,040
Recognition of equity-settled share based payments *(note 30)*	1,111	–	–	–	–	1,111
At 31 December 2007 and 1 January 2008	1,111	66,852	–	43,515	177,849	289,327
Net loss for the year	–	–	–	–	(5,354)	(5,354)
Interim 2008 dividend	–	–	–	–	(15,589)	(15,589)
Exercise of share options	(411)	2,324	–	–	–	1,913
Repurchase of shares						
– Repurchase and cancellation of own shares *(note 29a)*	–	(192)	–	–	–	(192)
– Repurchase of own shares and pending for cancellation *(note 29a)*	–	–	(857)	–	–	(857)
Recognition of equity-settled share based payments *(note 30)*	2,465	–	–	–	–	2,465
At 31 December 2008	**3,165**	**68,984**	**(857)**	**43,515**	**156,906**	**271,713**

31. RESERVES (continued)

(b) Company (continued)

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1999, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda, the Company may make distributions to its members out of its contributed surplus in certain circumstances.

32. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had no significant contingent liabilities (2007: Nil).

33. FINANCIAL GUARANTEE CONTRACTS

Company

The Company provided corporate guarantees to certain banks for bank borrowings granted to certain of its subsidiaries.

The fair value of the financial guarantee contracts, valued by Asset Appraisal, recognised in the Company's balance sheet was HK$2,460,000 during the year ended 31 December 2008 (2007: Nil).

34. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had the following outstanding commitments:

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms of one year and renewable yearly. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet date, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2008	2007
	HK$'000	*HK$'000*
Within one year	**745**	525

34. OPERATING LEASE COMMITMENTS (continued)

As lessee

The Group leases certain of its office equipment, office premises, staff quarters and warehouses under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group					
	2008			2007		
	Office equipment	**Office premises, staff quarters and warehouses**	**Total**	Office equipment	Office premises, staff quarters and warehouses	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	**71**	**3,715**	**3,786**	235	2,011	2,246
In the second to fifth years, inclusive	**51**	**1,448**	**1,499**	148	1,342	1,490
	122	**5,163**	**5,285**	383	3,353	3,736

The Company did not have any lease arrangements at 31 December 2007 and 2008.

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with related parties detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(a) Purchase of services from a related party

The Group paid hotel room charges and food and beverage charges to a related company for an aggregate amount of approximately HK$450,000 (2007: HK$716,000) for the provision of services to the Group's business partners and business associates during their visits to the Group's factory in the PRC.

In the opinion of the directors, the transactions were made in the normal course of business and according to the prices and terms similar to those charged to and contracted with other major customers of the supplier.

The related party is a company which is beneficially owned by certain directors of the Company.

(b) Compensation of key management personnel of the Group:

The remuneration of directors and other members of key management during the year were as follows:

	2008	2007
	HK$'000	*HK$'000*
Short term employee benefits	**7,427**	8,925
Share-based payment	**–**	740
	7,427	9,665

Further details of directors' emoluments are included in note 9 to the financial statements.

36. DERIVATIVE FINANCIAL INSTRUMENTS

As at the year end date, the Group has certain outstanding foreign currency forward contracts in the total amount of approximately HK$245 million (2007: HK$321 million). These contracts have maturity dates varying from 20 January 2009 to 22 July 2009 (2007: 8 January 2008 to 15 October 2008).

The fair value of the foreign forward exchange contracts are not material to these financial statements.

The fair value gains and losses of the derivatives are not material to these financial statements because of the immaterial fluctuation of the contracted forward exchange rates.

37. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates, currency exchange rates, credit risk and liquidity risk. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes.

The Group's principal financial instruments comprise cash and cash equivalents, trade and bills receivables, other receivables, financial assets at fair value through profit or loss, held-to-maturity investments, amount due to a related company, trade payables, other payables and bank borrowings. The most significant financial risks to which the Group is exposed are described below.

Interest rate risk

The Group does not have material exposure to interest rate risk, as the Group has no financial assets and liabilities of material amounts with floating interest rates except for certain discounted bills with recourse and bank overdrafts. A reasonably possible change in interest rate in the next twelve months is assessed, which could have immaterial change in the Group's profits after tax and retained earnings. Changes in interest rates have no impact on the Group's other components of equity. The Group adopts centralised treasury policies in cash and financial management and focuses on reducing the Group's overall interest expense.

Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales that are denominated in a currency other than the functional currency of the operations to which they related. The Group is also exposed to immaterial foreign currency risk arising from certain outstanding foreign currency forward contracts as at the year end date. The currency giving rise to this risk is United States dollar ("US$"). The Group reviews its foreign currency exposures regularly and does not consider its foreign exchange risk to be significant.

Foreign currency risk exposure

The following table details the Group's exposure at the balance sheet date to foreign currency risk from the financial assets and financial liabilities denominated in a currency other than the functional currency to which the operating entities relate:

	2008 ***US$'000***	2007 *US$'000*
Trade and bills receivables	**13,323**	10,941
Trade payables	**(478)**	(66)
Bank borrowings	**(3,986)**	(3,116)

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Foreign currency risk sensitivity analysis

The Group is mainly exposed to the fluctuation in US$ against RMB.

The following table indicates the approximate change in the Group's profit after tax and retained earnings in response to the reasonable possible strengthening/weakening in US$ against RMB. There is no impact on other components of consolidated equity.

	2008		2007	
	Increase/ (Decrease) in foreign exchange rates	**Effect on profit after tax and retained earnings**	Increase/ (Decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
	%	***HK$'000***	*%*	*HK$'000*
US$	**6.58%**	**4,847**	6.44%	4,143
	(6.58%)	**(4,847)**	(6.44%)	(4,143)

The sensitivity rate of 6.58% (2007: 6.44%) is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 6.58% (2007: 6.44%) change in foreign currency rates. The functional currency of the Group's major operating subsidiaries is in RMB. A strengthening/ weakening of the above foreign currencies against RMB at each balance sheet date would have had a profit/ loss effect respectively to the amounts shown above, on the basis that all other variables remain constant.

The Company is not exposed to any foreign currency risk.

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group's exposure to credit risk is mainly limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

Group

	2008 HK$'000	2007 HK$'000
Classes of financial assets		
Financial assets at fair value through profit or loss	**3,837**	2,819
Held-to-maturity investments	**33,529**	–
Cash and cash equivalents	**85,100**	74,009
Trade and bills receivables	**117,000**	105,984
Other receivables	**6,059**	7,883
	245,525	190,695

Company

	2008 HK$'000	2007 HK$'000
Classes of financial assets		
Cash and cash equivalents	**1,436**	488

The Group is also exposed to credit risk as the Group has certain outstanding foreign currency forward contracts, further details of which are disclosed in note 36 to the financial statement.

The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 33 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group closely monitors the concentration of credit risk on individual customers based on their credit worthiness. The Group has certain concentrations of credit risk as 69% (2007: 70.4%) of the Group's trade receivables were due from the Group's two largest customers.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 20 to the financial statements.

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

As at 31 December 2008 and 31 December 2007, the remaining contractual maturity of the Group's and the Company's financial liabilities which are based on undiscounted cash flows are summarised below:

Group

	On demand	**Less than 3 months**	**3 to less than 6 months**	**6 to less than 12 months**	**Over 1 year**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2008					
– Trade payables	**–**	**93,327**	**2,420**	**–**	**–**
– Other payables	**–**	**12,344**	**–**	**–**	**–**
– Bank borrowings	**487**	**53,024**	**–**	**–**	**–**
– Due to a related company	**468**	**–**	**–**	**–**	**–**
	955	**158,695**	**2,420**	**–**	**–**
At 31 December 2007					
– Trade payables	–	93,666	2,227	–	–
– Other payables	–	13,221	–	–	–
– Bank borrowings	–	24,246	–	–	–
– Due to a related company	468	–	–	–	–
	468	131,133	2,227	–	–

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	On demand	Less than 3 months	3 to less than 6 months	6 to less than 12 months	Over 1 year	Not determinable
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2008						
– Financial guarantee contracts	**–**	**–**	**–**	**–**	**–**	**2,460**
– Other payables	**–**	**373**	**–**	**–**	**–**	**–**
	–	**373**	**–**	**–**	**–**	**2,460**
At 31 December 2007						
– Other payables	–	354	–	–	–	–

The carrying amounts of the Group's and the Company's financial assets and liabilities recognised at the balance sheet dates may also be categorised as follows. See notes 3.14 and 3.23 for explanations on how the category of financial instruments affects their subsequent measurement.

Financial assets

	Group	
	2008	2007
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss	**3,837**	2,819
Held-to-maturity investments	**33,529**	–
Loans and receivables:		
– Trade and bills receivables	**117,000**	105,984
– Other receivables	**6,059**	7,883
Cash and cash equivalents	**85,100**	74,009
	245,525	190,695

37. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial assets (continued)

	Company	
	2008	2007
	HK$'000	*HK$'000*
Loans and receivables:		
Cash and cash equivalents	**1,436**	488

Financial liabilities

	Group	
	2008	2007
	HK$'000	*HK$'000*
Financial liabilities measured at amortised cost		
– Trade payables	**95,747**	95,893
– Other payables	**12,344**	13,221
– Due to a related company	**468**	468
– Bank borrowings	**53,511**	24,246
	162,070	133,828

	Company	
	2008	2007
	HK$'000	*HK$'000*
Financial liabilities measured at amortised cost		
– Other payables	**373**	354
Financial guarantee contracts	**2,460**	–
	2,833	354

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;

(b) To support the Group's stability and growth; and

(c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 December 2008 and 2007 amounted to approximately HK$483,298,000 and HK$517,189,000 respectively which the management considers as optimal having consider the projected capital expenditures and the projected strategic investment opportunities.

39. POST BALANCE SHEET EVENTS

Except as those disclosed elsewhere in the financial statements, the Group has the following significant events which took place subsequent to the balance sheet date:

On 11 February 2009, Bright Group (BVI) Ltd, a wholly-owned subsidiary of the Company, entered into a supplemental acquisition agreement with a third party in relation to a very substantial acquisition of the entire equity interest in Asiacorp Universal Limited and the amount due to Knight Asia Investments Limited of approximately HK$25,477,000 at an aggregate consideration of approximately HK$300 million which will be satisfied at completion as to HK$200 million by procuring the Company to issue Promissory Note and as to HK$100 million by procuring the Company to issue Convertible Notes.

Details of this transaction are included in the Company's circular dated 9 April 2009.

Saved as disclosed above, no other significant events have taken place subsequent to 31 December 2008.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 21 April 2009.

Summary of Investment Properties

Particulars of the investment properties held by the Group as at 31 December 2008 are as follows:

	Location	Use	Group's interest	Tenure of lease
1.	Portion of Level 1 of Dormitory Building, Bright Yin Huey Factory Complex, (Factory No. 1) Chuangxin Road, Dapandi Industrial Zone, Daning Management District, Humen Town, Dongguan City, Guangdong Province, The People's Republic of China	Industrial	100%	Medium term lease
2.	Level 1 of Dormitory A, Bright Yin Huen Factory Complex, (Factory No. 2) Pujiang Road, Dapandi Industrial Zone, Daning Management District, Humen Town, Dongguan City, Guangdong Province, The People's Republic of China	Industrial	100%	Medium term lease
3.	Level 1 of Domitory B, Phase 3, Bright Yin Huey Factory Complex, (Factory No. 2) Pujiang Road Dapandi Industrial Zone, Daning Management District, Humen Towm, Dongguan City, Guangdong Province, The People's Republic of China	Industrial	100%	Medium term lease