權智集團

GROUP SENSE (INTERNATIONAL) LIMITED
權 智（國 際）有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 601)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2007

RESULTS

The Board of Directors (the "Board") of Group Sense (International) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st March, 2007, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2007** *HK$'000*	2006 *HK$'000*
REVENUE	2	**1,237,317**	1,490,757
Cost of sales		**(954,096)**	(1,189,637)
Gross profit		**283,221**	301,120
Other income and gains		**26,621**	43,322
Selling and distribution costs		**(54,942)**	(70,017)
Administrative expenses		**(97,146)**	(100,071)
Research and development expenses		**(74,224)**	(81,860)
Other expenses		**(4,178)**	(15,087)
Finance costs	3	**(178)**	(1,136)
Share of losses of associates		**(1,393)**	—
PROFIT BEFORE TAX	4	**77,781**	76,271
Tax	5	**(17,873)**	(21,880)
PROFIT FOR THE YEAR		**59,908**	54,391
Attributable to:			
Equity holders of the Company		**59,324**	54,391
Minority interests		**584**	—
		59,908	54,391
DIVIDENDS	6		
Interim		**23,952**	23,952
Proposed final		**29,940**	35,928
		53,892	59,880
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK 5.0 cents**	HK 4.5 cents
Diluted		**HK 5.0 cents**	HK 4.5 cents

* *For identification purpose only*

CONSOLIDATED BALANCE SHEET

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**102,856**	106,125
Prepaid lease payments		**8,976**	8,635
Deferred development costs		**6,774**	7,164
Interests in associates		**9,024**	4
Available-for-sale investments		**26,209**	27,984
Deferred tax assets		**—**	300
Long term deposits		**3,490**	3,960
Total non-current assets		**157,329**	154,172
CURRENT ASSETS			
Inventories		**170,899**	181,483
Trade receivables	*8*	**163,706**	182,918
Prepayments, deposits and other receivables		**51,772**	44,152
Amounts due from associates		**1,549**	3,868
Investments at fair value through profit or loss		**41,211**	40,740
Cash and cash equivalents		**272,885**	247,607
Total current assets		**702,022**	700,768
CURRENT LIABILITIES			
Trade and bills payables	*9*	**166,826**	183,843
Other payables and accruals		**56,342**	58,459
Tax payable		**25,005**	11,406
Interest-bearing bank borrowing		**—**	608
Total current liabilities		**248,173**	254,316
NET CURRENT ASSETS		**453,849**	446,452
TOTAL ASSETS LESS CURRENT LIABILITIES		**611,178**	600,624

	2007	2006
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**2,008**	776
Net assets	**609,170**	599,848
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**119,761**	119,761
Reserves	**457,998**	443,312
Proposed final dividend	**29,940**	35,928
	607,699	599,001
Minority interests	**1,471**	847
Total equity	**609,170**	599,848

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK (IFRIC) - Int 4	Determining whether an Arrangement contains a Lease
HK (IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 "Financial Reporting in Hyperinflationary Economies"

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments

HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

2. SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st March, 2007 and 2006.

Year ended 31st March, 2007	**Electronic handheld products** *HK$'000*	**Original design manufacturing ("ODM") products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue:			
Sales to external customers	**779,628**	**457,689**	**1,237,317**
Segment results	**62,066**	**6,380**	**68,446**
Interest and dividend income and unallocated gains			**15,084**
Unallocated expenses			**(4,178)**
Finance costs			**(178)**
Share of losses of associates			**(1,393)**
Profit before tax			**77,781**
Tax			**(17,873)**
Profit for the year			**59,908**
Assets and liabilities			
Segment assets	**331,902**	**170,105**	**502,007**
Interests in associates			**9,024**
Amounts due from associates			**1,549**
Available-for-sale investments			**26,209**
Investments at fair value through profit or loss			**41,211**
Unallocated assets			**279,351**
Total assets			**859,351**
Segment liabilities	**172,462**	**46,840**	**219,302**
Tax payable			**25,005**
Deferred tax liabilities			**2,008**
Unallocated liabilities			**3,866**
Total liabilities			**250,181**

Year ended 31st March, 2007	**Electronic handheld products** *HK$'000*	**ODM products** *HK$'000*	**Consolidated** *HK$'000*
Other segment information:			
Depreciation and amortisation	**22,321**	**7,631**	**29,952**
Unallocated depreciation	**—**	**—**	**3,320**
			33,272
Capital expenditure	**19,458**	**4,067**	**23,525**
Unallocated capital expenditure	**—**	**—**	**1,180**
			24,705
Gain on disposal of items of property, plant and equipment	**(123)**	**(65)**	**(188)**
Provision for inventories	**14,267**	**1,800**	**16,067**
Impairment of trade and other receivables	**330**	**—**	**330**

Year ended 31st March, 2006	Electronic handheld products *HK$'000*	ODM products *HK$'000*	Consolidated *HK$'000*
Segment revenue:			
Sales to external customers	851,022	639,735	1,490,757
Segment results	38,885	26,466	65,351
Interest and dividend income and unallocated gains			27,143
Unallocated expenses			(15,087)
Finance costs			(1,136)
Profit before tax			76,271
Tax			(21,880)
Profit for the year			54,391

Year ended 31st March, 2006	Electronic handheld products HK$'000	ODM products HK$'000	Consolidated HK$'000
Assets and liabilities			
Segment assets	301,990	232,325	534,315
Interests in associates			4
Available-for-sale investments			27,984
Deferred tax assets			300
Investments at fair value through profit or loss			40,740
Unallocated assets			251,597
Total assets			854,940
Segment liabilities	128,001	113,598	241,599
Tax payable			11,406
Deferred tax liabilities			776
Unallocated liabilities			1,311
Total liabilities			255,092
Other segment information:			
Depreciation and amortisation	24,317	7,202	31,519
Capital expenditure	34,539	11,578	46,117
Impairment of deferred development costs recognised in the income statement	3,500	—	3,500
Loss on disposal of items of property, plant and equipment	702	—	702
Provision for inventories	34,641	5,200	39,841
Impairment of trade and other receivables	2,710	—	2,710

(b) Geographical segments

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31st March, 2007 and 2006.

	Hong Kong *HK$'000*	Mainland China *HK$'000*	Other Asian markets *HK$'000*	North America *HK$'000*	Europe *HK$'000*	Middle East *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Year ended 31st March, 2007								
Segment revenue:								
Sales to external customers	**114,597**	**29,350**	**937,330**	**44,762**	**87,986**	**23,292**	**–**	**1,237,317**
Other segment information:								
Segment assets	**558,020**	**301,117**	**214**	**–**	**–**	**–**	**–**	**859,351**
Capital expenditure	**5,418**	**19,287**	**–**	**–**	**–**	**–**	**–**	**24,705**
Year ended 31st March, 2006								
Segment revenue:								
Sales to external customers	139,606	42,714	1,231,376	47,630	14,230	14,679	522	1,490,757
Other segment information:								
Segment assets	601,314	253,415	211	–	–	–	–	854,940
Capital expenditure	18,927	27,190	–	–	–	–	–	46,117

3. FINANCE COSTS

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on interest-bearing bank borrowing	**178**	1,136

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**938,030**	1,149,796
Depreciation	**29,203**	23,952
Recognition of prepaid lease payment	**251**	223
Auditors' remuneration	**1,550**	2,050
Impairment of interests in associates	**3,928**	2,822
Impairment of trade and other receivables	**330**	2,710
Provision for inventories	**16,067**	39,841
Product warranty provision	**500**	500
Waiver of an amount due from a fellow subsidiary	**—**	664
Impairment of an available-for-sale investment	**—**	10,000
Fair value losses/(gains) on investments at fair value through profit or loss, net	**(471)**	2,265
Loss/(Gain) on disposal of items of property, plant and equipment (other than a leasehold property), net	**(188)**	702

5. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2007	2006
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong		
Charge for the year	**11,727**	9,670
Underprovision in prior years	**3,980**	1,086
Current — Elsewhere	**634**	650
Deferred	**1,532**	10,474
Total tax charge for the year	**17,873**	21,880

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Interim — HK2.0 cents (2006: HK2.0 cents) per ordinary share	**23,952**	23,952
Proposed final — HK2.5 cents (2006: HK3.0 cents) per ordinary share	**29,940**	35,928
	53,892	59,880

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculations of basic and diluted earnings per share are based on:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	**59,324**	54,391

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculations	**1,197,613,029**	1,200,919,429
Weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options with dilutive effects	**576,947**	568,237
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculations	**1,198,189,976**	1,201,487,666

8. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 60-90 days.

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date and net of provisions, is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 — 60 days	**155,670**	172,534
61 — 90 days	**505**	2,089
Over 90 days	**7,531**	8,295
	163,706	182,918

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the payment due date is as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
0 — 60 days	**161,843**	177,367
61 — 90 days	**3,660**	2,802
Over 90 days	**1,323**	3,674
	166,826	183,843

FINAL DIVIDEND

The Board proposes a final dividend of HK2.5 cents per share in respect of the year ended 31st March, 2007 (2006: HK3.0 cents), payable on or about Thursday, 6th September, 2007 to shareholders whose names appear on the Register of Members on Thursday, 23rd August, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 20th August, 2007 to Thursday, 23rd August, 2007, both days inclusive, during this period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 17th August, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Review

Electronic Dictionary

The SBU's (strategic business unit) turnover in the financial year 2006-2007 has slightly dropped as compared with the last financial year. Due to some technical problems faced by the technological partners, the new products could not be launched in the market on schedule. As a result, the SBU has missed the timing of launching its new products, and this has affected its sales performance in the financial year 2006-2007. Nevertheless, the SBU's continuous fine-tuning of the product development strategy to meet the market demand, and technological investment in medium and high end products have contributed in meeting the set targets on both gross profit and net profit margins.

Sales in major markets have been growing steadily. The SBU's new products, which are equipped with rich learning contents as well as wide-ranged multi-media functions, have received positive market response. Our continuous effort and investment in building up a rich learning content library has enhanced our competitiveness in the market. Although the English-Chinese and Chinese-English bi-directional full-sentence translation dictionary has been launched into market for just two years, it has been significantly contributing to an increase in our market share. We believe the sentence translation feature will continuous be a major feature of our products.

There has been little changes in the electronic dictionary market in the Mainland China. There has been little growth momentum in sales and the average retail price keeps relative low and cannot provide reasonable profit margin. However, both the demand and supply for medium to high end products has slightly increased.

Original Design Manufacturing

The SBU has experienced a considerable drop in sales revenue and profit, despite that continuous growth has been made in the financial year 2006-2007. The slowdown has been the result of a decrease in sales of electronic dictionaries to major customers who have been encountering intense competition in the market. Overall, the market growth has come to a halt. Decrease in sales has been mainly in the area of conventional electronic dictionary models, while the business of high value added dictionaries with distinctive features such as digital TV or high quality TFT display has been performing quite satisfactorily and become a major product line of the financial year. In such business environment, the SBU has unshakably continued its investment in researching and developing new projects based on the SBU's long term strategy and requirements proposed by new customers.

In the non-dictionary categories, the SBU would successfully launch new products such as eBook for the China market, Bluetooth audio products for the USA market, and would complete its research and development project for the Japanese mobile phone market. These new products are expected to contribute larger sales revenue in the second half of the financial year 2007-2008.

Personal Communication Products

With the continuous development and wide application of the wireless communication technology, the SBU diversifies the product range from Smartphone to other personal communication products. As such, the SBU will change its name to Personal Communication Products SBU starting from the new financial year. Personal communication products are those electronic products by which people could get in touch with others or acquire information through wireless communication technology. The products must be equipped with personalized functions so as to suit different types of consumers.

In this first half of the financial year 2006-2007, the SBU has launched the first GPS product for car navigation which is designed and manufactured for European customers. In the second half of the financial year 2006-2007, the SBU will launch new GPS products which are solely developed by the SBU specially catering for the Asian and China markets. For new products, the SBU will focus on exploring WiFi technology, and develop personal communication products that for voice, data and multimedia communication through WiFi network. These include WiFi VoIP Phone, WiFi PMP which is specially designed for content providers, and also WiFi data terminals which are used for industrial applications. These new products are close to the manufacturing stage, and are expected to be marketed in the first quarter of the financial year 2007-2008.

Outlook

Electronic Dictionary

Despite that the competition in the electronic dictionary market is getting more intense, it is believed that with the Group's well-established brand name and distribution networks in China, Hong Kong and Asian markets, the SBU can still manage to command a good business prospect in the financial year 2007-2008 and the years after. There has been significant upward pressure on the material and labor costs, especially with the continuous appreciation of Reminbi. Nevertheless, through strong strategic partnership with the components vendors and continuous efforts in containing the costs, the SBU is optimistic that its gross profit margin can be sustained in the financial year 2007-2008.

The SBU continues to focus on developing medium and high end products with more innovative designs, better functional features, richer learning contents and leading speech and translation technology. In view of continuous demand for different varieties of learning contents for different age of user groups, the SBU will co-operate with several important content partners for development of new products for different target user segments in the coming year. It is believed that these new products will bring in favorable sales revenue and reasonable profit margin in the financial year 2007-2008.

In order to sustain the business growth, the SBU has started its new business in producing "e-learning" products with multi-media and wireless applications. In addition, the SBU will strive for building strong partnership with external technology parties and components suppliers in multi-media and wireless communications areas, with an aim to develop unique technology for our new products and maintain our leading position in the market. In view of the increasing importance in diversifying our sales channel, besides selling our products through retail stores, the SBU will invest more resources on promoting its products via online shopping, TV direct sales and education institutions in some overseas markets.

Despite various uncertainties and unstable business environment in the mainland market, the SBU will monitor the market closely and adopt appropriate product and market strategies and branding plan. At the same time, to cater for the expected high demand for language products for coming 2008 Beijing Olympic Game, the SBU will plan for the development of high value-added language translation products and communicators to grasp this good business opportunity and enhance our brand image in China.

Original Design Manufacturing

The difficult business environment is expected to continue through the first half of the financial year 2007-2008, due to seasonal factors of the Japanese electronic dictionary market and that the SBU is focusing on developing new products for recouping revenue in the second half of the financial year 2007-2008. Intensive efforts are being made to launch new distinctive products which are equipped with unique features. These are expected to be the SBU's new major products line.

In order to capture the increasing number of new business opportunities in Japan, the Group has set up a subsidiary in Tokyo of Japan, for marketing and developing new products. The operation has begun since the end of March this year. Combined with the SBU's strength in product design and quality manufacturing, and also its profound understanding of business and Japanese customers, the Japan office will play a major role in enhancing the partnership with product distributors, technology/IP companies, and network/contents service providers, etc., as well as developing new businesses in Japan.

While the SBU continues its efforts in regaining the market share of the Japanese electronic dictionary market, new focus shall be brought to new categories of products such as eBook for worldwide markets, and mobile phone related products and vertical application products for Japanese market, which are both unique and profitable. Some of the new products will carry our own brand in Japanese market. These new products are expected to contribute to an increase in sales revenue and profit in the second half of the financial year 2007-2008. This will carry on in the following years and bring to the SBU the next growth momentum.

Personal Communication Products

Internet has brought enormous changes to humans' lives, as well as immense business opportunities for various industries. The development of various wireless communication networks enables customers more ways to connect to the internet to get and share information, at anytime, anywhere. Wireless internet will bring colossal business opportunities to the industry. It is believed that in the near future, most electronic handheld products could connect with the internet through wireless network.

In the financial year 2007-2008, the SBU will continue focusing on developing personal communication products which are able to connect to internet through WiFi network. The characteristics of WiFi network are that the speed is high, and the price is affordable. WiFi network is suitable for multimedia broadcasting and sharing. Watching movies or TV, sharing photos or video clips through WiFi network will be the major features of our new products. Also, the SBU will continue developing WiFi VoIP phone, so that customers could handily use VoIP services through WiFi network. The applications of WiFi data terminal in various industries are also another development direction of the SBU. In the next one year, the SBU will continue searching for collaborative partners, and launch into markets new products through various channels.

The SBU has shifted its focus from the highly competitive mobile phone market to the personal communication market which is more variable and with higher value added. This should better match the capability of the SBU and will be conducive to its future long-term development.

Liquidity and Financial Resources

On 31st March, 2007, the bank balances and cash (including bank deposits) were approximately HK$273 million in total, which was approximately HK$25 million or 10% higher than that at 31st March, 2006. Total bank borrowings have decreased from approximately HK$1 million to approximately zero in the twelve months' period.

As at 31st March, 2007, the gearing ratio, defined as total bank borrowings divided by shareholders' equities, has maintained in approximately 0% in the twelve months' period. As a result, the interest expenses in the twelve months' period have reduced from approximately HK$1.1 million to approximately HK$0.2 million.

Contingent Liabilities

As at 31st March, 2007, there was no trade bills discounted with recourse (2006: nil).

Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars or Renminbi. A small portion of the Group's raw material purchase is denominated in Japanese Yen. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. The Group does not engage in any interest rate or currencies speculations.

Employees

As at 31st March, 2007, the Group has on its payroll 262 (2006: 258) employees in Hong Kong and 3,674 (2006: 4,269) employees in the Mainland China, representing an increase of about 1.6% and a decrease of about 13.9% respectively as compared with prior year. In addition to salary remuneration and usual fringe benefits such as annual leave, medical insurance and provident fund, the Group also provides Share Incentive Plans for executive directors and senior staff.

Appreciation

On behalf of the Board, I wish to thank all our shareholders, customers, suppliers and bankers for their continual support. I would also like to extend my appreciation to all the staff for their dedicated work and their contribution throughout the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the financial year ended 31st March, 2007.

AUDIT COMMITTEE

The Audit Committee comprises independent non-executive directors, Mr. Yung Wing Ki, Samuel MH (Chairman of the Audit Committee), Mr. Ho Kwok Shing, Harris and Mr. Wong Kon Man, Jason and a non-executive director, Mr. Lo Chi Chung, William. During the financial year ended 31st March, 2007, the Audit Committee has held four meetings with 93.75% attendance to review the accounting principles and practices adopted by the Group and discuss internal control and financial reporting matters. The Audit Committee has reviewed the annual results for the year ended 31st March, 2007.

The Audit Committee has made positive contribution to enhancing the Company's corporate governance.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31st March, 2007, with deviation from the first part of the first sentence of the code provision E.1.2 of the Code.

Under the first sentence of the code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. Dr. Tam Wai Ho, Samson JP, the chairman of the Board and the chairman of the Remuneration Committee, was unable to attend the annual general meeting of the Company held on 29th September, 2006 due to other business engagement. Dr. Tam has arranged the other members of the Board and Remuneration Committee to attend the annual general meeting and to be available to answer questions at the annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have complied with the required standard set out in the Model Code throughout the financial year ended 31st March, 2007.

By order of the Board
Group Sense (International) Limited
Dr. Tam Wai Ho, Samson JP
Chairman

Hong Kong, 18th July, 2007

As at the date of this announcement, the Board comprises Dr. Tam Wai Ho, Samson JP, Mr. Tam Wai Tong, Thomas, Mrs. Tam Mui Ka Wai, Vivian, Mr. Kazuhiro Otani, Mr. Lee Koon Hung, Dr. Fok Ting Yeung, James and Ms. Luk Chui Yung, Judith as executive directors; Mr. Lo Chi Chung, William as non-executive director; Mr. Yung Wing Ki, Samuel MH, Mr. Ho Kwok Shing, Harris and Mr. Wong Kon Man, Jason as independent non-executive directors.

Website: http://www.gsl.com.hk