



Hopefluent Group Holdings Limited

合富輝煌集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 733

Interim Report
2007



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

		Six months ended 30 June	
		2007	2006
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover	3	300,687	199,749
Other income		2,558	2,067
Selling expenses		(50,056)	(30,597)
Administrative expenses		(188,509)	(120,563)
Finance costs		(249)	(217)
		<hr/>	<hr/>
Profit before taxation		64,431	50,439
Income tax expense	4	(13,534)	(11,381)
		<hr/>	<hr/>
Profit for the period	5	50,897	39,058
		<hr/>	<hr/>
Attributable to:			
– Equity holders of the Company		45,495	34,395
– Minority interests		5,402	4,663
		<hr/>	<hr/>
		50,897	39,058
		<hr/>	<hr/>
Dividends	6	13,574	9,868
		<hr/>	<hr/>
Earnings per share	7		
– Basic		HK18.43 cents	HK15.68 cents
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Notes	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
NON-CURRENT ASSETS			
Investment properties		1,701	1,658
Property, plant and equipment	8	220,168	150,486
Goodwill		5,472	5,472
		227,341	157,616
CURRENT ASSETS			
Trade receivables	9	190,971	148,318
Other receivables and prepayment		48,533	33,098
Bank balances and cash		196,300	253,429
		435,804	434,845
CURRENT LIABILITIES			
Other payables and accruals		93,934	79,436
Tax liabilities		30,285	25,024
Secured bank borrowings – due within one year		7,834	7,828
		132,053	112,288
NET CURRENT ASSETS			
		303,751	322,557
		531,092	480,173
CAPITAL AND RESERVES			
Share capital	10	2,468	2,468
Reserves		472,418	424,805
Equity attributable to equity holders of the Company		474,886	427,273
Minority interests		39,245	36,094
		514,131	463,367
NON-CURRENT LIABILITIES			
Secured bank borrowings – due after one year		194	414
Deferred tax liabilities		16,767	16,392
		16,961	16,806
		531,092	480,173

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the Company								
	Share capital HK\$ '000	Share premium HK\$ '000	Special reserve HK\$ '000	Statutory surplus reserve HK\$ '000	Translation reserve HK\$ '000	Retained profits HK\$ '000	Total HK\$ '000	Minority interests HK\$ '000	Total HK\$ '000
At 1 January 2006	2,193	147,341	5,760	18,921	3,510	115,402	293,127	31,662	324,789
Profit for the period - total recognised income for the period	-	-	-	-	-	34,395	34,395	4,663	39,058
Acquired of additional interest in subsidiaries	-	-	-	-	-	-	-	(72)	(72)
New subsidiaries set up during the year	-	-	-	-	-	-	-	1,273	1,273
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(695)	(695)
Dividends	-	-	-	-	-	(13,158)	(13,158)	-	(13,158)
At 30 June 2006	2,193	147,341	5,760	18,921	3,510	136,639	314,364	36,831	351,195
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	6,822	-	6,822	1,049	7,871
Profit for the period	-	-	-	-	-	39,074	39,074	1,000	40,074
Total recognised income for the period	-	-	-	-	6,822	39,074	45,896	2,049	47,945
Issue of shares by private placing under general mandate	275	78,100	-	-	-	-	78,375	-	78,375
Share issue expenses	-	(1,493)	-	-	-	-	(1,493)	-	(1,493)
Disposal of a subsidiary	-	-	-	-	-	-	-	(1,265)	(1,265)
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	(5,738)	(5,738)
New subsidiaries set up during the year	-	-	-	-	-	-	-	8,048	8,048
Transfer	-	-	-	10,657	-	(10,657)	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(3,831)	(3,831)
Dividends	-	-	-	-	-	(9,869)	(9,869)	-	(9,869)
At 31 December 2006	2,468	223,948	5,760	29,578	10,332	155,187	427,273	36,094	463,367
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	19,394	-	19,394	376	19,770
Profit for the period	-	-	-	-	-	45,495	45,495	5,402	50,897
Total recognised income for the period	-	-	-	-	19,394	45,495	64,889	5,778	70,667
Disposal of subsidiaries	-	-	-	-	-	-	-	(2,590)	(2,590)
New subsidiaries set up during the year	-	-	-	-	-	-	-	773	773
Dividends paid to minority shareholders	-	-	-	-	-	-	-	(810)	(810)
Dividends	-	-	-	-	-	(17,276)	(17,276)	-	(17,276)
At 30 June 2007	2,468	223,948	5,760	29,578	29,726	183,406	474,886	39,245	514,131

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net cash from operating activities	22,467	22,847
Net cash used in investing activities	(62,070)	(21,629)
Net cash used in financing activities	(17,526)	(12,983)
Net decrease in cash and cash equivalents	(57,129)	(11,765)
Cash and cash equivalents at beginning of the period	253,429	173,251
Cash and cash equivalents at end of the period, represented by bank balances and cash	196,300	161,486

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs"), which are effective for the Group's financial year beginning on 1 January 2007. The adoption of the new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENTAL INFORMATION

No analysis of the Group's segmental information by business or geographical segments is presented as less than 10% of the Group's activities and operations are contributable by activities other than property brokering services or from markets outside the People's Republic of China (the "PRC").

4. INCOME TAX EXPENSE

The charges for both periods represent PRC Enterprises Income Tax ("EIT") for those periods.

EIT is provided on the estimated assessable profits of the Group's subsidiaries in the PRC in accordance with the laws and regulations in the PRC at 33%.

Subject to the approval by the relevant tax authority, certain of the Group's subsidiaries in the PRC are only required to pay the PRC income tax on predetermined tax rate at 2% to 6.8% on turnover during the period (six months ended 30 June 2006: 2% to 6.8%). The predetermined tax rate is agreed and determined between such enterprises and the PRC tax bureau of local government and is subject to annual review and renewal.

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the subsidiaries have no assessable profits for both periods.

5. PROFIT FOR THE PERIOD

Six months ended 30 June	
2007	2006
HK\$'000	HK\$'000

Profit for the period has been arrived at after charging (crediting):

Depreciation and amortisation	16,115	11,122
Impairment on trade receivables	1,035	532
Interest income	(2,627)	(1,016)
Rental income	(337)	(339)
	_____	_____

6. DIVIDENDS

On 11 September 2007, the Directors have resolved to declare an interim dividend of HK5.5 cents per share for the six months ended 30 June 2007. The interim dividend will be payable on or about 2 November 2007 to shareholders whose names appear on the register of members of the Company on 17 October 2007.

Interim dividend of HK4.5 cents per share was paid for the six months ended 30 June 2006.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit for the period attributable to equity holders of the Company of approximately HK\$45,495,000 (1 January 2006 to 30 June 2006: HK\$34,395,000) and on 246,800,000 (1 January 2006 to 30 June 2006: 219,300,000) ordinary shares in issue during the period.

No diluted earnings per share for the six months ended 30 June 2007 have been presented as there were no potential ordinary shares outstanding during the period.

8. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 June 2007, the Group spent approximately HK\$68,321,000, mainly on leasehold improvement and equipment of offices and branches.

9. TRADE RECEIVABLES

The Group allows its customers with credit period normally ranging from 30 to 120 days.

The aged analysis of trade receivables at the balance sheet date is as follows:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
0 – 30 days	80,330	74,087
31 – 60 days	67,376	30,539
61 – 90 days	25,425	20,505
91 – 120 days	12,295	19,204
Over 120 days	5,545	3,983
	<u>190,971</u>	<u>148,318</u>

10. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at 1 January 2006, 31 December 2006 and 30 June 2007	<u>8,000,000,000</u>	<u>80,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at 1 January 2006	219,300,000	2,193
Issue of shares by private placement under general mandate	<u>27,500,000</u>	<u>275</u>
Ordinary shares of HK\$0.01 each at 31 December 2006 and 30 June 2007	<u>246,800,000</u>	<u>2,468</u>

11. PLEDGE OF ASSETS

At 30 June 2007, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK\$31.5 million to banks to secure bank borrowings of the Group.

BUSINESS REVIEW

The Chinese economy continues to thrive in 2007. According to the National Bureau of Statistics, China's GDP grew 11.5% in the first half of 2007 against the same period last year. The real estate market also grew in line with the booming economy and stood out in resilience hence drawing capital when compared with the highly volatile stock market. More importantly, local housing demand continued to drive the market, reflecting in steady increase in transaction amount and property price. However, the market is still concerned about how austerity measures on the property market would affect demand and sales. In the review period, the Chinese government implemented various measures including raising interest rate and reserve requirement ratio to optimize and regulate the property market.

For the six months ended 30 June 2007, the Group recorded a turnover of HK\$300.7 million, up 51% against HK\$199.7 million in the same period last year. Profit attributable to shareholders amounted to HK\$45.5 million, an increase of 32% from HK\$34.4 million in the last corresponding period. Basic earnings per share were HK18.43 cents (2006: HK15.68 cents).

During the review period, the Group's primary and secondary property real estate agency service businesses brought in turnover of HK\$160.8 million and HK\$126.3 million respectively, accounting for 51% and 40% of the Group's total turnover. The remaining 9% or HK\$31.2 million was derived from other businesses such as mortgage referral and property management. By geographical segment, Guangzhou contributed about 63% of the Group's total turnover and about 37% came from outside Guangzhou.

Primary Property Real Estate Agency Service

During the review period, the Group handled approximately 15,500 primary property transactions of total gross floor area of about 16.1 million square feet and total amount more than HK\$13 billion, a 30% increase against the over HK\$10 billion in the corresponding period last year. The Group recorded 36% growth in commission revenue, indicating that the average commission level during the period was higher than that of last year.

To consolidate its market network and expand market share, the Group strived to secure exclusive agency rights for more projects. Currently, the Group's primary real estate agency business covers 20 cities in China. As at the end of June this year, it had exclusive agency rights for over 200 projects, of which 137 contributed turnover to the Group during the review period. By geographical segment, Guangzhou accounted for approximately 50% of the total turnover from primary property real estate agency service. Dongguan and Foshan contributed 15% and 10% respectively, and the remaining 25% came from other cities in China.

During the review period, all the different projects open for sale performed well. In Guangzhou, King Peak Garden (匯峰苑), Parkvista (雋峰苑), Mainland Lake (美林湖) and Tuscany (托斯卡納) were consistently well received by buyers. Sales was also satisfactory for Favorview Palace (匯景新城), Everbright Riverside (光大花園) and Vanke Wonderland (万科四季花城) in Guangzhou, Dong Jun Palace (東駿豪苑) and Changping Vanke Sunshine City (常平万科城) in Dongguan, Gemdale GZ Lakes (金地荔湖城) in Zengcheng, Vanke Golden Home (万科金色家園) in Foshan, and other new projects in Shanghai, Taiyuan, Anhui and Wuhan. The Group also continued to work closely with property developers and secured exclusive agency rights for more projects. A long-time partner of renowned mainland property developer Vanke, the Group is currently the sole agent for 12 of Vanke's projects in Tianjin, Dongguan, Foshan and Guangzhou.

The Group also offers comprehensive initial project planning services to property developers, covering the entire planning process from giving advice on location and market positioning to marketing and sales. During the review period, the Group provided initial project planning services to 48 development projects.

Secondary Property Real Estate Agency Service

As the primary property markets in major cities such as Guangzhou and Shanghai mature and their infrastructure take shape, demand for secondary properties in those cities also increased. In the first half of 2007, the Group handled approximately 14,600 secondary property transactions, a surge of 60% when compared to approximately 9,200 transactions in the same period last year.

During the period under review, the Group expanded its secondary property real estate agency service business markedly, taking the number of branches from 203 at the end of 2006 to approximately 305 as at 30 June 2007. Approximately 200 of these branches are in Guangzhou, approximately 50 in Shanghai and the remaining about 50 in Dongguan, Foshan, Tianjin and other cities. The Group achieved good progress in expanding its secondary property agency service business, which recorded a 66% year-on-year increase in turnover.

Other Businesses

In addition to providing real estate agency service, the Group also offers other property related value-added services including mortgage referral, property management, property valuation and property auction. These services not only provide an additional income source to the Group, but also help to strengthen the Group's brand image.

The Group's mortgage referral business now covers the whole of Guangzhou and Dongguan. It has a comprehensive customer network that allows it to land secondary property agency business and render professional advice and referral services to related clients. As for its property management business, the Group provided property management services during the period to over 30 residential and commercial projects and shopping arcades in Guangzhou, Shanghai and Wuhan involving more than 20,000 units of total gross floor area over 20 million square feet.

PROSPECTS

The property industry in China is the stage of rapid growth, evolving in scale and toward more structured operation and with proven brands gaining consumer support. The Group expects overall transaction volume and property price in the PRC real estate market to sustain stable growth, and in turn support development of its businesses.

The Group will continue to promote sales of existing projects and actively explore other exclusive agency rights opportunities with property developers. In addition, the Group will strive to develop other markets to open room for expansion. In the second half of the year, it expects to expand its primary real estate agency business to Huhehaote, Shenyang, Chengdu, Qingdao and Baotou, bringing the number of cities where it has presence to 25.

As for the secondary real estate agency business, the Group will focus on expanding its market share in Guangzhou as well as developing the secondary real estate agency business in Shanghai. The overheated property market in Shanghai has cooled down as a result of austerity measures implemented by the government in the past few years. To capitalize on the recovering property market, the Group will step up expansion of its secondary property agency business in Shanghai. It had already markedly increased the number of branches in Shanghai from 15 at the end of last year to the current 62. The Group has in all 350 secondary property agency service branches in current, already meeting the full year target for the year. The Group will continue to strengthen the branch network by adding new ones in Beijing, aiming to increase the number of branches across the country to 500 by the end of 2008.

Looking to the future, as China's property market continues to grow, the real estate agency sector will also continue to see bright prospects. Boasting a considerable business scale, stable relationship with property developers and long term support from customers, the Group will continue to expand its primary and secondary property real estate agency service businesses and strive to seize different business opportunities that can enable it to achieve steady growth and maximize shareholder value.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee"), comprising the three existing independent non-executive directors, which has reviewed the unaudited interim results for the six months ended 30 June 2007 including the accounting, internal control and financial reporting issues.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$196.3 million (31 December 2006: HK\$253.4 million) and 3.30 (31 December 2006: 3.87) respectively. Total borrowings amounted to approximately HK\$8.0 million (31 December 2006: HK\$8.2 million), comprising secured bank loans. The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 1.21% (31 December 2006: 1.39%). The Group's borrowings are primarily denominated in Renminbi. The Group had no material contingent liabilities as at 30 June 2007.

PLEDGE OF ASSETS

At 30 June 2007, the Group pledged its investment properties and leasehold land and buildings with an aggregate amount of approximately HK\$31.5 million to banks to secure bank borrowings of the Group.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions are denominated in either Hong Kong dollars or Renminbi. As such, the Group had no significant exposure to foreign exchange fluctuations.

EMPLOYEES

As at 30 June 2007, the Group had approximately 6,700 full time employees. Around 7 staff were based in Hong Kong and the rest were employed in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2007, the interests of the directors, chief executives and their associates in the share capital of the Company or its associated corporations (within the meaning as defined in the Securities and Futures Ordinance [Chapter 571 of the Laws of Hong Kong] ("SFO")) as recorded in the register maintained 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 for Securities Transactions by Directors of the Listed Companies (the "Model Code") in the Listing Rules were as follows:-

(i) Ordinary shares of HK\$0.01 each in the Company

Name	Nature of interest	Number of shares interested	Percentage of shareholding
Fu Wai Chung ("Mr. Fu")	Corporate	96,730,000 <i>(Note)</i>	39.19%

Note: These 96,730,000 shares are registered in the name of Fu's Family Limited which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan (Mr. Fu's wife) and the remaining 15% by Ms. Fu Man (Mr. Fu's sister).

All interests in shares stated above represent long position.

In addition to the interests above, Mr. Fu also has non-beneficial personal equity interest in certain subsidiaries of the Company all held in trust solely for the purpose of complying with the previous statutory minimum shareholders requirement in Hong Kong.

(ii) Ordinary shares of US\$1.00 each in Fu's Family Limited, the associated corporation of the Company

Name of director	Number of shares interested	Percentage of shareholding
Fu Wai Chung	70	70%

Save as disclosed above, as at 30 June 2007, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code of the Listing Rules.

Subsequent to 30 June 2007, the total deemed corporate interests of Mr. Fu increased to 39.23% due to acquisition of shares by Fu's Family Limited.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Pursuant to the written resolutions passed by the then shareholders on 24 June 2004 the Company had adopted a share options scheme (the "Scheme"). Under the Scheme, the directors of the Company may, at their discretion, invite full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisors, consultants of the Group to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval.

Up to the date hereof, no share options were granted pursuant to the Scheme.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors and chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares and/or debt securities, including debentures of the Company or any other body corporate.

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

As at 30 June 2007, the interests or short positions of the substantial shareholders in the shares or underlying shares of the Company which have been disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO have been recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Number of shares interested	Percentage of shareholding
Fu's Family Limited <i>(Note 1)</i>	96,730,000	39.19%
Mr. Fu <i>(Note 2)</i>	96,730,000	39.19%
Arisaig Greater China Fund Limited <i>(Note 5)</i>	35,274,000	14.29%
Arisaig Partners (Mauritius) Limited <i>(Note 5)</i>	35,274,000	14.29%
Cooper Lindsay William Ernest <i>(Note 5)</i>	35,274,000	14.29%
Value Partners Limited <i>(Note 3)</i>	24,234,000	9.81%
Cheah Cheng Hye <i>(Note 4)</i>	24,234,000	9.81%
NewSmith Capital (Cayman) Limited <i>(Note 6)</i>	12,574,000	5.09%
NewSmith Capital Partners LLP <i>(Note 6)</i>	12,574,000	5.09%

Notes:

1. These 96,730,000 shares are registered in the name of Fu's Family Limited, the entire issued share capital of which is held as to 70% by Mr. Fu, 15% by Ms. Ng Wan and 15% by Ms. Fu Man. Under the SFO, Mr. Fu is deemed to be interested in all the shares registered in the name of Fu's Family Limited.
2. Under the SFO, Mr. Fu is deemed to be interested in the shares held by Fu's Family Limited.
3. Value Partners Limited is in its capacity as an investment manager. The shares are held by the funds under its management.
4. Mr. Cheah Cheng Hye is deemed to be interested in the shares through his 35.65% interest in Value Partners Limited.
5. The shares of Arisaig Greater China Fund Limited are held by the funds under management by Arisaig Partners (Mauritius) Limited in its capacity as an investment manager and Mr. Cooper Lindsay William Ernest is deemed to be interested in the shares of the Company through 33.33% interests in Arisaig Partners (Mauritius) Limited.
6. The shares are deemed to be held by NewSmith Capital Partners LLP as the shares are held by its controlled corporation and such shares are under management by NewSmith Capital (Cayman) Limited in its capacity as an investment manager.

All the interests in shares stated above represent long position.

Save as disclosed above, as at 30 June 2007, the Company had not been notified of any person's interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register required to be kept under section 336 of Part XV of the SFO.

Subsequent to 30 June 2007, Fu's Family Limited increased its shareholding in the Company to 39.23%.

Subsequent to 30 June 2007, Value Partners Limited decreased its shareholding in the Company to 6.63%.

Subsequent to 30 June 2007, NewSmith Capital Partners LLP decreased its shareholding in the Company to 4.97%.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 October 2007 to 17 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the abovementioned interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 12 October 2007.

SHARE OPTION

No option has been granted under the company's share option scheme since its adoption.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date, the Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the Company's Shares.

CORPORATE GOVERNANCE

None of the Directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not during the six months ended 30 June 2007 in compliance with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except the following deviation (Code Provision A.2.1):

Further Information About Chairman and Chief Executive Officer

Mr. Fu is the chairman of the Company and co-founder of the Company. Mr. Fu has extensive experience in the industry which is beneficial and of great value to the overall development of the Company.

The Company has no such title as the chief executive officer and therefore the daily operation and management of the Company is looked after by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meetings between the directors and the management are held from time to time to discuss issues relating to operation of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE") OF THE LISTING RULES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code for the period ended 30 June 2007 and they all confirmed that they have fully complied with the required standard set out in the Model Code.

By Order of the Board of Directors
FU Wai Chung
Chairman

As at the date of this report, the Board of Directors comprises four executive directors, namely Mr. FU Wai Chung, Ms. NG Wan, Ms. FU Man and Mr. LO Yat Fung and three independent non-executive directors, namely, Mr. LAM King Pui, Mr. NG Keung and Mrs. WONG LAW Kwai Wah, Karen.

Hong Kong, 11 September 2007