

TAI SHING

Tai Shing International (Holdings) Limited

泰盛國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)

INTERIM RESULTS ANNOUNCEMENT 2007

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

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

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The Stock Exchange takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

HIGHLIGHTS

- Turnover for the six months period ended 30 September 2007 amounted to approximately HK\$19 million representing a decrease of approximately 46% over the corresponding period in 2006.
- Loss attributable to the shareholders for the six months ended 30 September 2007 amounted to approximately HK\$3.9 million. Profit attributable to the shareholders for the six months ended 30 September 2006 amounted to approximately HK\$5.6 million.
- Losses per share for the six months ended 30 September 2007 was approximately 4.3 HK cents. Earnings per share for the six months ended 30 September 2006 was approximately 6.2 HK cents.
- The Board does not recommend the payment of any dividend for the six months ended 30 September 2007.

The board of directors (the “Board”) of Tai Shing International (Holdings) Limited (the “Company”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2007, together with the unaudited comparative figures for the corresponding periods in 2006, are as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the three months and six months ended 30 September 2007

		Three months ended		Six months ended	
		30 September		30 September	
		2007	2006	2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	12,090	22,282	19,583	36,554
Cost of services and merchandise sold		(13,494)	(17,206)	(18,175)	(27,771)
Gross profit/(loss)		(1,404)	5,076	1,408	8,783
Other revenue		1,681	1,707	2,055	2,704
Selling expenses		(782)	(719)	(1,686)	(1,372)
General and administrative expenses		(2,601)	(2,365)	(5,272)	(4,292)
Profit/(Loss) before tax	4	(3,106)	3,699	(3,495)	5,823
Income Tax	5	(367)	(74)	(391)	(203)
Profit/(Loss) for the period		<u>(3,473)</u>	<u>3,625</u>	<u>(3,886)</u>	<u>5,620</u>
Attributable to:					
Equity holder to the Company		<u>(3,473)</u>	<u>3,625</u>	<u>(3,886)</u>	<u>5,620</u>
Earnings/(Loss) per share - basic (HK cents)	6	<u>(3.8)</u>	<u>4.0</u>	<u>(4.3)</u>	<u>6.2</u>

CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 September 2007

		Unaudited 30 September 2007 <i>HK\$'000</i>	Audited 31 March 2007 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Fixed assets		6,463	6,894
Intangible asset		2,872	2,804
		<u>9,335</u>	<u>9,698</u>
Current assets			
Inventories		10,238	181
Financial assets at fair value through profit or loss	7	500	328
Gross amount due from customers for contract work		14,422	14,076
Trade and other receivables	8	41,267	35,916
Tax recoverable		233	228
Pledged bank deposits bank and cash balances		4,031	926
		6,177	10,146
		<u>76,868</u>	<u>61,801</u>
Current liabilities			
Gross amount due to customers for contract work		8,372	8,171
Trade and other payables	9	39,239	31,957
Receipts in advance		8,358	2,149
Warranty provision		879	858
Amount due to a substantial shareholder		8,365	4,028
		<u>65,213</u>	<u>47,163</u>
Net current assets		<u>11,655</u>	<u>14,638</u>
Net Assets		<u>20,990</u>	<u>24,336</u>
Capital and Reserves			
Share capital	10	4,550	4,550
Reserves	11	16,440	19,786
		<u>20,990</u>	<u>24,336</u>

**CONDENSED CONSOLIDATED STATEMENT IN CHANGES IN
EQUITY (UNAUDITED)**

for the six months ended 30 September 2007

	Attributable to equity holders of the company						Total HK\$'000
	Share Capital HK\$'000	Share Premium HK\$'000	General Reserve HK\$'000	Capital Reserve HK\$'000	Foreign currency translation Reserve HK\$'000	Accumulated Profits/ (Losses) HK\$'000	
At 1 April 2007	4,550	14,049	1,224	1,200	1,932	1,381	24,336
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	—	540	—	540
Loss for the period	—	—	—	—	—	(3,886)	(3,886)
At 30 September 2007	<u>4,550</u>	<u>14,049</u>	<u>1,224</u>	<u>1,200</u>	<u>2,472</u>	<u>(2,505)</u>	<u>20,990</u>
At 1 April 2006	4,550	14,049	466	1,200	235	4,603	25,103
Exchange differences on translation of foreign operations and net income recognised directly in equity	—	—	—	—	684	—	684
Profit for the period	—	—	—	—	—	5,620	5,620
At 30 September 2006	<u>4,550</u>	<u>14,049</u>	<u>466</u>	<u>1,200</u>	<u>919</u>	<u>10,223</u>	<u>31,407</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)*for the six months ended 30 September 2007*

	Six months ended	
	30 September	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash outflow from operating activities	(3,854)	(2,775)
Net cash inflow/ (outflow) from investing activities	(302)	1,453
Net decrease in cash and cash equivalents	(4,156)	(1,322)
Effects of foreign exchange rate	187	552
Cash and cash equivalents at 1 April	10,146	4,796
Cash and cash equivalents at 30 September	6,177	4,026
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	6,177	4,026
	6,177	4,026

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED RESULTS

1. Basis of presentation

The unaudited condensed consolidated financial results of the Group (the “financial results”) have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance and the GEM Listing Rules of the Hong Kong Stock Exchange.

The accounting policies and methods of computation used in the preparation of the financial results are consistent with those used in the audited annual accounts for the year ended 31 March 2007. These financial statements have been prepared under the historical cost convention, except that financial assets at fair value through profit or loss are carried at their fair values.

2. Turnover

The principal activities of the Group are the provision of systems development, sales of software and hardware products and provision of professional services. Turnover represents income arising from the provision of systems development and consultancy services, provision of IT engineering and technical support services and the sales of software and hardware products.

An analysis of the turnover by principal activities of the operations of the Group during the reporting periods is as follows:

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Systems development	11,049	21,192	18,542	35,464
Professional services fees	1,041	1,090	1,041	1,090
	12,090	22,282	19,583	36,554

3. Segment reporting

(a) Business segments

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

An analysis of the Group's turnover and results for the six months period by business segment is as follows:

	System development		Professional services		Consolidated	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Revenue from external customers	<u>18,542</u>	<u>35,464</u>	<u>1,041</u>	<u>1,090</u>	<u>19,583</u>	<u>36,554</u>
Segment results	1,110	8,026	298	757	1,408	8,783
Interest income					38	60
Unallocated operating income and expenses					<u>(4,941)</u>	<u>(3,020)</u>
Profit/(Loss) before tax					(3,495)	5,823
Income tax					<u>(391)</u>	<u>(203)</u>
Profit/(Loss) for the period					<u>(3,886)</u>	<u>5,620</u>
Assets						
Segment assets	82,098	82,264	3,666	2,188	85,764	84,452
Unallocated assets					<u>439</u>	<u>2,164</u>
Total assets					<u>86,203</u>	<u>86,616</u>
Liabilities						
Segment liabilities	60,340	50,444	3,049	554	63,389	50,998
Unallocated liabilities					<u>1,824</u>	<u>4,211</u>
Total liabilities					<u>65,213</u>	<u>55,209</u>
Other information						
Depreciation & Amortisation for the period	975	923	—	—	<u>975</u>	<u>923</u>

(b) **Geographical segments**

For the period ended 30 September 2007 and 2006, over 90% of the Group's revenue and assets are derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

4. Profit/(Loss) before tax

Profit/(Loss) before tax is stated after charging / (crediting):

	UNAUDITED			
	Three months ended		Six months ended	
	30 September		30 September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Auditors' remuneration	200	170	400	340
Depreciation	486	632	975	923
Operating leases	541	1,054	1,100	1,163
Staff costs	7,560	3,251	11,210	6,843
Net exchange loss	9	—	9	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. Income tax

No Hong Kong profits tax has been provided in the financial statements as the group has no assessable profits arising in Hong Kong during the three months and six months ended 30 September 2007 and 2006.

Pursuant to the relevant laws and regulations in the PRC, Beijing Tongfang Electronic Science & Technology Co., Ltd ("Beijing Tongfang") is subject to PRC Enterprise Income Tax at a rate of 15% on its taxable income and is granted a 50% relief, which is effective from 1 January 2004 to 31 December 2006 ("Tax holidays"). After the Tax Holidays, Beijing Tongfang is subject to a preferential Enterprise Income Tax rate of 10% which is effective from 1 January 2007 to 31 December 2009, as it is qualified as an advanced technology enterprise.

6. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share for the three months and six months ended 30 September 2007 were based on the loss attributable to the shareholders of approximately of HK\$3,473,000 and HK\$ 3,886,000 (2006: earnings of HK\$3,625,000 and HK\$5,620,000) divided by the weighted average number of 90,995,000 shares for the three months and six months ended (2006: 90,995,000 shares) in issue during the period.

There were no potential dilutive ordinary shares in issue during the three months and six months ended 30 September 2007 and 2006.

7. Financial assets at fair value through profit or loss

	Unaudited At 30 September 2007 HK\$'000	Audited At 31 March 2007 HK\$'000
At fair value:		
Equity securities listed in the PRC	<u>500</u>	<u>328</u>

The above financial assets are classified as held for trading. The fair values of these financial assets are based on quoted market price.

8. Trade and other receivables

	Unaudited At 30 September 2007 HK\$'000	Audited At 31 March 2007 HK\$'000
Trade receivables	24,176	20,718
Retention receivables	4,430	4,905
Prepayments, deposits and other receivables	<u>12,661</u>	<u>10,293</u>
	<u>41,267</u>	<u>35,916</u>

An aged analysis of trade receivables is as follows:

	Unaudited At 30 September 2007 HK\$'000	Audited At 31 March 2007 HK\$'000
Within 1 month	3,238	2,585
More than 1 month but within 3 months	4,213	1,310
More than 3 months	<u>16,725</u>	<u>16,823</u>
	<u>24,176</u>	<u>20,718</u>

9. Trade and other payables

	Unaudited	Audited
	At 30 September	At 31 March
	2007	2007
	HK\$'000	HK\$'000
Bills payable	729	—
Trade payable	13,148	12,730
Other payable and accruals	25,362	19,227
	<u>39,239</u>	<u>31,957</u>

An aged analysis of trade payable is as follows:

	Unaudited	Audited
	At 30 September	At 31 March
	2007	2007
	HK\$'000	HK\$'000
Within 1 month	1,766	829
More than 1 month but within 3 months	1,084	189
More than 3 months	10,298	11,712
	<u>13,148</u>	<u>12,730</u>

All bills payable are due within one months.

10. Share capital

	Unaudited		Audited	
	AS at 30 September 2007		AS at 31 March 2007	
	No. of shares	Amount	No. of shares	Amount
	<i>'000</i>	<i>HK\$'000</i>	<i>'000</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of				
HK\$ 0.05 each	4,000,000	200,000	4,000,000	200,000
Issued and fully paid:				
At beginning and				
at end of the period				
ordinary shares of				
HK\$ 0.05 each	90,995	4,550	90,995	4,550

11. Reserves

Movements in reserves for the Group during the period are set out in the unaudited condensed consolidated statement of changes in equity of the financial statement.

12. Commitments under operating leases

At 30 September 2007 the total future minimum lease payments under non-cancellable operating leases payable are as follows:

	Unaudited At 30 September 2007 HK\$'000	Audited At 31 March 2007 HK\$'000
Within 1 year	1,848	179
After 1 year but within 5 years	—	108
	<u>1,848</u>	<u>287</u>

13. Dividend

The Board does not recommend the payment of any dividend for the six months ended 30 September 2007(2006: Nil).

14. Litigation

On 19 April 2006, a High Court Action No.858 of 2006 was commenced by Chan Kar Kui, Wong Calvin Ting Chi, Chan Wai Phan, Chan Man Wan and Kwok King Chuen (the "Plaintiffs") against the Company for specific performance of the agreement entered between the Plaintiffs and the Company's former director, To Cho Kei, on behalf of the Company, in around May/June 2000 to purchase from the Plaintiffs all their shareholdings in Epplication.Net Limited ("Epplication.Net") at a consideration of HK\$6,800,000 being twice of the actual amount that the Plaintiffs expended on Epplication.Net by way of transfer or allotment of the shares of the Company of the equivalent value, or alternatively, damages with interests and costs. The Company has filed a defence denying the allegation as the Company has no record of any agreement for the purchase of the Plaintiffs' shareholdings in Epplication.Net and the Plaintiffs have not produced any documentary evidence to support their claim. The directors believe that the Company has strong defence in this action and therefore, no provision for liabilities was made.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

Turnover for the six months ended 30 September 2007 amounted to approximately HK\$ 19 million representing a decrease of approximately 46% over the corresponding period in 2006.

Beijing Tongfang Electronic Science and Technology Company Limited ("Beijing Tongfang"), the main operating unit of the Group, continue to experience strong demand for its power plant operations and management software. In the six months ended 30 September 2007, the group was awarded a number of major projects include the provision of power plant simulation software to Guangdong Electricity Development Co., Ltd Shajiao A Power Plant, and the provision of management software for Panzhihua Panmei Coal Gangue Power Generation Co., Ltd and Shanghai Waigaoqiao The Third Electricity Generation Co., Ltd.

Financial Performance

During the six months ended 30 September 2007, the Group recorded a turnover of HK\$ 19 million (2006: HK\$36 million) representing a decrease of approximately 46% as compared to that of the corresponding period in 2006.

Revenue for the three months ended 30 September 2007 of approximately HK\$ 12 million is about 46% lower than that for the three months ended 30 June 2007. Loss attributable to the shareholders was approximately HK\$ 3.9 million (2006: profit HK\$5.6million).

Liquidity and Financial Resources

As at 30 September 2007, shareholders' funds of the Group amounted to approximately HK\$ 20 million (2006: \$31 million). Current assets amounted to approximately HK\$ 77 million (2006: \$79 million), of which approximately HK\$ 6 million (2006: \$4 million) were cash and cash equivalents. Current liabilities of HK\$ 65 million (2006: \$55 million) were mainly other payables and accruals.

Gearing Ratio

The gearing ratio calculated on the basis of total liabilities over the total shareholders' fund as at 30 September 2007 was 311 % (2006: 176%).

Foreign Currency Exposure

During the six months ended 30 September 2007, the Group experienced only immaterial exchange rate fluctuations as the functional currencies of the Group's operations were mainly Hong Kong dollars and Renminbi. As the risk on exchange rate difference was considered to be minimal, the Group did not employ any financial instruments for hedging purposes.

Capital Structure

There has been no change in the capital structure of the company since 1 April 2007.

New Products and Services

The Group did not launch any new products or services during the period under review.

Material Acquisitions and significant Investments

There has no material acquisitions and significant investment during the period under review.

Employees and Remuneration Policies

As at 30 September 2007, the Group had hired 4 and 208 employees in Hong Kong and PRC respectively (2006: a total of 221) including the executive directors of the Company. Total staff costs including directors' remuneration for the six months period under review amounting to approximately HK\$ 11.2 million (2006: 6.8 million). The Group's remuneration policies are in line with the prevailing market practices and are determined on the basis of performance and experience of individual employees. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Company has conditionally adopted a share option scheme pursuant to which the executive directors of the Company and full-time employees of the Group may be granted options to subscribe for the shares of the Company. During the six months ended 30 September 2007, no option was granted under the share option scheme.

Charges on Group Assets and Contingent Liabilities

As at 30 September 2007, the Group did not have any material charge on assets or any contingent liabilities.

Future Plans to Material Investments or Capital Assets

As at 30 September 2007, the Group had no plans for material investments or capital assets.

Future Prospects

The main operation of the Group, supplying management information system to power plant and power grid in China, is expected to benefit from the building of power plants in the PRC and the improvement of management information system for existing power plants. In addition to expanding into nuclear power station, the Group is actively looking for new growth areas through merger and acquisition.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2007, the relevant interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("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 or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to Rule 5.46 of the GEM Listing Rules relating to securities transactions by the directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of Director	Nature of Shares interested	Number of Shares interested	Approximate Percentage of issued share capital
Mr. Luk Yat Hung (<i>Note</i>)	Corporate	21,542,476	23.67%
Mr. Ho Cho Hang	Personal	1,100,000	1.21%

Note: Mr. Luk Yat Hung will be taken to be interested in 21,542,476 shares in the Company as a result of him being beneficially interested in 100% of the issued share capital of Wide Source Group Ltd. which in turn holds 21,542,476 shares in the Company.

Long positions in underlying shares of equity derivatives and debentures of the Company

As at 30 September 2007, no long positions of directors and chief executive in the underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in shares, underlying shares of equity derivatives and debentures of the Company

During the period under review, no short positions of the directors and chief executive in the shares, underlying shares of equity derivatives and debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, as at 30 September 2007, none of the directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares of equity derivative and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 30 September 2007, the following persons who had an interest or short positions in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:-

Long positions in shares of the Company

Name of Shareholders	Note	Number of shares held	Approximate Percentage of shareholding
Wide Source Group Ltd.	1	21,542,476	23.67%
Mr. Luk Yat Hung	2	21,542,476	23.67%
Resuccess Investments Ltd.	3	15,890,000	17.46%
Tongfang Co.Ltd	4	15,890,000	17.46%
Tsinghua Holdings Co.Ltd	5	15,890,000	17.46%
Best Jade Ltd.	6	7,190,000	7.90%
Ms.Li Luyuan	7	7,190,000	7.90%

Notes:

1. Wide Source Group Ltd. ("Wide Source") is a company incorporated in the British Virgin Islands with limited liability and is ultimately and beneficially owned as to 100% by Mr. Luk Yat Hung.
2. Mr. Luk Yat Hung will be taken to be interested in 21,542,476 shares in the Company as a result of him being beneficially interested in 100% of the issued share capital of Wide Source which in turn holds 21,542,476 shares in the Company.
3. Resuccess Investments Ltd. is a company incorporated in the British Virgin Islands with limited liability and is owned by Tongfang Co.Ltd.
4. Tongfang Co.Ltd will be taken to be interested in 15,890,000 shares in the Company as a result of it being beneficially interested in 100% of the issued share capital of Resuccess Investments Ltd.
5. Tsinghua Holdings Co.Ltd will be taken to be interested in 15,890,000 shares in the Company as a result of it being beneficially interested in 33.06% of the issued share capital of Tongfang Co.Ltd.
6. Best Jade Ltd. ("Best Jade") is a company incorporated in the British Virgin Islands with limited liability and is 100% ultimately and beneficially owned by Ms. Li Luyuan.
7. Ms. Li Luyuan will be taken to be interested in 7,190,000 shares in the Company as a result of her being beneficially interested in the entire issued share capital of Best Jade which in turn holds 7,190,000 shares in the Company.

Long positions in underlying shares of the Company

As at 30 September 2007, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

Short positions in shares of the Company

As at 30 September 2007, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

Short positions in underlying shares of the Company

As at 30 September 2007, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

Save as disclosed above, as at 30 September 2007, the directors were not aware of any other person who had an interest or short position in the shares or underlying shares (including interests in options, if any) of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the six months ended 30 September 2007 or at any time during such period.

DIRECTORS' COMPETING INTERESTS

As of 30 September 2007, none of the directors, substantial shareholders or management shareholders of the Company or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

Pursuant to the written resolutions of the shareholders, the Company has conditionally adopted and approved a share option scheme on 22 October 2003 (“New Share Option Scheme”) to replace the share option scheme adopted on 26 August 2000 (“Old Share Option Scheme”). The principal terms of the New Share Option Scheme were set out in the Appendix I to the circular of the Company dated 30 September 2003. No option has been granted by the Company under both the Old Share Option Scheme and New Share Option Scheme during the period under review or outstanding as at 30 September 2007.

The purpose of the New Share Option Scheme is to enable the Company to grant share options to selected participants as incentives or rewards for their contribution and prospective contribution to and stronger business relationship between the selected participants and the Group.

Save as disclosed above, as at 30 September 2007, none of the directors, chief executive or management shareholders or their respective associates (as defined under the GEM Listing Rules) had any interests or rights to subscribe for any shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

AUDIT COMMITTEE

The Company has established an audit committee on 18 May 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.28 to 5.30 of the GEM Listing Rules. The primary duties of audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board.

The audit committee comprises four independent non-executive directors, namely, Mr. Chung Shui Ming Timpson, Professor Ip Ho Shing Horace and Mr. Yan Yonghong, and Mr. Chung Shui Ming Timpson is the chairman of the audit committee. Mr. Yan Yonghong and Mr. Peng Ijun, and Mr. Chung Shui Ming Timpson is the chairman of the audit committee.

The audit committee has reviewed this interim results and has provided advice and comments thereon.

BOARD PRACTICES AND PROCEDURES

Up to the six months period ended 30 September 2007, the Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

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

During the six months period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board.
Li Wenli
Chairman

Hong Kong, 9 November 2007

* *for identification purpose only*

As at the date hereof, the Board comprises the following directors:

Executive directors:

Mr. Ho Cho Hang

Ms. Li Wenli

Non-executive director:

Mr. Luk Yat Hung (*Chairman*)

Independent non-executive directors:

Mr. Chung Shui Ming, Timpson

Professor Ip Ho Shing, Horace

Mr. Yan Yonghong

Mr. Peng Lijun

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its publication.