



PERFECTECH INTERNATIONAL HOLDINGS LIMITED
(威發國際集團有限公司)*

(the “Company”)

(incorporated in Bermuda with limited liability)

(Stock Code: 765)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

INTERIM RESULTS

The directors of the Company (the “Director”) hereby announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2007 and the comparative figures in 2006 were as follow:–

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30TH JUNE 2007

		(Unaudited)	
		For the six months	
		ended 30th June,	
		2007	2006
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2 & 3	199,917	196,231
Cost of sales		(163,202)	(166,777)
Gross profit		36,715	29,454
Other income	4	11,275	6,317
Distribution costs		(8,830)	(9,357)
Administrative expenses		(19,572)	(20,196)
Impairment loss on goodwill		(175)	–
Other expenses	5	(997)	(1,575)
Finance costs		(109)	(321)
Profit before tax		18,307	4,322
Income tax expenses	7	(2,386)	(268)
Profit for the period		15,921	4,054
Attributable to:			
Equity holders of the Company		15,070	3,740
Minority interests		851	314
Profit for the period		15,921	4,054
Dividends	8	16,608	4,622
Earnings per share	9		
Basic		4.98 cents	1.21 cents
Diluted		4.93 cents	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30TH JUNE 2007 AND 31ST DECEMBER 2006

		(Unaudited) 30th June, 2007 HK\$'000	(Audited) 31st December, 2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		69,416	73,881
Prepaid lease payments		247	284
Goodwill		3,561	3,561
Deferred tax assets		758	1,412
		<u>73,982</u>	<u>79,138</u>
CURRENT ASSETS			
Inventories		115,615	74,170
Trade and other receivables	10	97,424	102,762
Prepaid lease payments		75	75
Amount due from a minority shareholder of a subsidiary		–	175
Taxation recoverable		–	236
Investments held-for-trading		26,200	11,922
Derivative financial instruments		–	715
Pledged bank deposits		49,966	18,813
Bank balances and cash		25,506	63,776
		<u>314,786</u>	<u>272,644</u>
CURRENT LIABILITIES			
Trade and other payables	11	76,611	49,755
Derivative financial instruments		2,562	3,821
Tax liabilities		4,615	2,725
Bank borrowings – due within one year		9,105	–
Bank overdrafts		2,267	–
		<u>95,160</u>	<u>56,301</u>
NET CURRENT ASSETS		<u>219,626</u>	<u>216,343</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>293,608</u>	<u>295,481</u>
NON CURRENT LIABILITIES			
Deferred tax liabilities		2,556	2,950
		<u>2,556</u>	<u>2,950</u>
NET ASSETS		<u>291,052</u>	<u>292,531</u>
CAPITAL AND RESERVES			
Share capital		30,246	30,316
Reserves		252,062	254,322
Equity attributable to equity shareholders of the Company		<u>282,308</u>	<u>284,638</u>
Minority interests		8,744	7,893
TOTAL EQUITY		<u>291,052</u>	<u>292,531</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard (the “HKAS”) 34 Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2006 except as described below:

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2007 as follows:

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁵

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st March, 2006.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

⁵ Effective for annual periods beginning on or after 1st November, 2006

The application of these new HKFRSs has had no significant impact on the Group’s result and financial position for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the following new standard, revision and interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) – INT 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st March, 2007.

³ Effective for annual periods beginning on or after 1st January, 2008.

The Directors of the Company anticipate that the application of the standard, revision and interpretations will have no significant impact on the results and the financial position of the Group.

2 BUSINESS SEGMENTS

For management purposes, the Group's business is currently divided into four segments, namely manufacture and sale of novelties and decorations, manufacture and sale of packaging products, trading of PVC films and plastic materials and manufacture and sale of toys products forming the basis of the Group's business segments reporting.

For the six months ended 30th June, 2007 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	23,153	59,421	44,814	72,529	-	199,917
Inter-segment sales	11	5,309	2,073	710	(8,103)	-
Total revenue	23,164	64,730	46,887	73,239	(8,103)	199,917
RESULT						
Segment results	1,993	220	836	7,895	(686)	10,258
Income from investments						8,840
Unallocated corporate expenses						(682)
Finance costs						(109)
Profit before tax						18,307
Income tax expenses						(2,386)
Profit for the period						15,921

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET

As at 30th June, 2007 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	97,113	92,407	44,354	68,714	302,588
Unallocated corporate assets					86,180
Consolidated total assets					388,768
LIABILITIES					
Segment liabilities	25,472	27,996	2,960	22,228	78,656
Bank borrowings					9,105
Unallocated corporate liabilities					9,955
Consolidated total liabilities					97,716

OTHER INFORMATION

For the six months ended 30th June, 2007 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	1,123	2,457	5	2,238	5,823
Depreciation of property, plant and machinery	2,183	3,735	38	2,865	8,821
Release of prepaid lease payments	–	–	–	37	37

For the six months ended 30th June, 2006 (Unaudited)

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE						
External sales	27,835	70,778	37,821	59,797	–	196,231
Inter-segment sales	3	8,442	3,745	–	(12,190)	–
Total revenue	<u>27,838</u>	<u>79,220</u>	<u>41,566</u>	<u>59,797</u>	<u>(12,190)</u>	<u>196,231</u>
RESULT						
Segment results	<u>1,219</u>	<u>(3,175)</u>	<u>1,013</u>	<u>5,117</u>	<u>(863)</u>	3,311
Income from investments						2,508
Unallocated corporate expenses						(1,176)
Finance costs						<u>(321)</u>
Profit before tax						4,322
Income tax expenses						<u>(268)</u>
Profit for the period						<u>4,054</u>

Inter-segment sales are charged at prevailing market rates.

BALANCE SHEET*As at 31st December, 2006 (Audited)*

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS					
Segment assets	86,402	102,505	38,000	77,343	304,250
Unallocated corporate assets					<u>47,532</u>
Consolidated total assets					<u><u>351,782</u></u>
LIABILITIES					
Segment liabilities	13,708	20,958	1,481	21,682	57,829
Unallocated corporate liabilities					<u>1,422</u>
Consolidated total liabilities					<u><u>59,251</u></u>

OTHER INFORMATION*For the six months ended 30th June, 2006 (Unaudited)*

	Novelties and decorations <i>HK\$'000</i>	Packaging products <i>HK\$'000</i>	PVC films and plastic materials <i>HK\$'000</i>	Toys <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Capital additions	1,440	1,148	84	2,067	4,739
Depreciation of property, plant and machinery	2,594	4,228	32	2,896	9,750
Release of prepaid lease payments	–	–	–	37	37

3 GEOGRAPHICAL SEGMENTS

The following table provides an analysis of the Group's sales by geographical segments:

	(Unaudited)	
	For the six months	
	ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Sales revenue by geographical market:		
Hong Kong	109,477	114,836
Europe	19,243	28,313
America	25,488	21,287
Asia (other than Hong Kong)	42,460	30,567
Others	3,249	1,228
	<u>199,917</u>	<u>196,231</u>

The following is analysis of the carrying amount of segment assets analysed by geographical areas in which the assets are located:

	(Unaudited)	(Audited)
	30th June,	31st December,
	2007	2006
	HK\$'000	HK\$'000
Hong Kong	195,252	193,031
The People's Republic of China (the "PRC")	193,516	158,751
	<u>388,768</u>	<u>351,782</u>

The following is analysis of the additions to property, plant and equipment analysed by geographical areas in which the assets are located:

	(Unaudited)	
	For the six months	
	ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong	88	39
The PRC	5,735	4,700
	<u>5,823</u>	<u>4,739</u>

4 OTHER INCOME

	(Unaudited)	
	For the six months	
	ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Rental income	62	214
Interest income	1,935	361
Dividend income from investments held-for-trading	127	84
Gain on disposal of investments held-for-trading	5,681	3,999
Change in value of derivative financial instruments	544	–
Exchange gain on financial instruments	1,692	–
Others	1,234	1,659
	<u>11,275</u>	<u>6,317</u>

5 OTHER EXPENSES

	(Unaudited)	
	For the six months	
	ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Decrease in fair value of investments held-for-trading	997	1,575
	<u>997</u>	<u>1,575</u>

6 PROFIT BEFORE TAX

	(Unaudited)	
	For the six months	
	ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	8,821	9,750
Release of prepaid lease payments	37	37
Loss on disposals of property, plant and equipment	532	–
Share-based payments expenses	–	1,323
	<u>–</u>	<u>1,323</u>

7 INCOME TAX EXPENSES

	(Unaudited)	
	For the six months ended 30th June,	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tax charge comprises:		
Hong Kong Profits tax		
Current year	2,126	598
Deferred taxation	260	(330)
	<u>2,386</u>	<u>268</u>

Hong Kong Profits Tax is stated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period.

8 DIVIDENDS

	(Unaudited)	
	For the six months ended 30th June,	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final paid:		
HK5 cents per share for 2006 (2006: HK1.5 cents per share for 2005)	<u>16,608</u>	<u>4,622</u>

The directors have resolved to declare an interim dividend of HK2.5 cents (2006: HK1 cent) per share.

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the net profit for the period of approximately HK\$15,070,000 (2006: HK\$3,740,000) and the following data:

	(Unaudited)	
	For the six months ended 30th June,	
	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	302,788,829	308,570,590
Effect of dilutive potential ordinary shares:		
Share options	<u>2,955,255</u>	<u>—</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>305,744,084</u>	<u>308,570,590</u>

No diluted earnings per share has been presented because the exercise prices of the Company's options were higher than the average market prices of the shares for the six months ended 30th June, 2006.

10 TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of the Group's trade receivables at end of the period:

	(Unaudited) 30th June, 2007 <i>HK\$'000</i>	(Audited) 31st December, 2006 <i>HK\$'000</i>
0-60 days	66,593	58,013
61-90 days	13,189	9,966
91-120 days	7,740	13,448
over 120 days	6,020	12,886
	<u>93,542</u>	<u>94,313</u>

11 TRADE AND OTHER PAYABLES

The following is an aged analysis of the Group's trade payables at end of the period:

	(Unaudited) 30th June, 2007 <i>HK\$'000</i>	(Audited) 31st December, 2006 <i>HK\$'000</i>
0-60 days	34,648	21,888
61-90 days	6,094	4,724
91-120 days	3,995	1,084
over 120 days	1,360	953
	<u>46,097</u>	<u>28,649</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The directors have resolved to declare an interim dividend for the six months ended 30th June, 2007 of HK2.5 cents per share (2006: HK1 cent) payable on or about 17th October, 2007 to shareholders on the register of members of the Company (the "Register of Members") on 5th October, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 4th October, 2007 to 5th October, 2007, both days inclusive, during which period no share transfer will be registered. In order to qualify for the proposed interim dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 3rd October, 2007.

BUSINESS REVIEW

During the period under review, the total revenue of the Group as a whole remained quite stable at approximately HK\$199,917,000 (2006: HK\$196,231,000), representing a very slight increase of not more than 2%, while the profit attributable to equity shareholders increased substantially to approximately HK\$15,070,000 (2006: HK\$3,740,000), representing a growth of more than 3 times as expected and stated in the Company's last Annual Report to share a more fruitful results of the Group with its shareholders in 2007.

The substantial growth in results in the first half of the year of the Group was mainly due to the improvements in the performance in three out of the four business segments of the Group as a result of global economic recovery together with the efforts made in the enhancement of profit margins of the Group's products. Besides, the Group efficiently utilized its available funds on hand to invest in various types of yield enhancing products, especially in the Hong Kong listed securities, together with some in equity linked high yield deposits and other financial instruments such as hedging for Reminbi and US Dollars. The gross investment income for the period amounted to approximately HK\$8,840,000 (2006: HK\$2,508,000) representing a growth of more than 2.5 times. Details of the investment held by the Group will be discussed further below.

Novelties and decorations

The revenue of the novelties and decorations segment decreased by about 17% amounting to approximately HK\$23,153,000, while the contribution of the segment stood at approximately HK\$1,993,000, representing a growth of about 63%. It is the present practice of the customers to delay their shipment date more closer to the date of the festivals, such as Halloween and Christmas, as such the revenue of the segment continued to drop in the first half of the year. However, it is optimistic that the revenue for the whole year will keep stable while a reasonable level of profit margin is maintained.

Packaging products

The revenue in the packaging segment decreased by about 16% amounting to HK\$59,421,000, and recorded a small contribution of approximately HK\$220,000, while the segment results were negative for the past two years. As stated in previous financial reports of the Company, certain old business lines/products, especially the sales and manufacture of PVC-film packaging products, were no longer profitable and the Group has terminated the business line at the end of 2006, and led to the loss of certain customers in other related products, such as PVC folding box, as a result, the revenue dropped as stated above. Nevertheless, the segment has started to resume a break-even position, after the implementation of the process of repositioning the product mix.

Trading activities

The revenue of the segment increased by about 18% to approximately HK\$44,814,000, but the results of the segment dropped by about 17% to approximately HK\$836,000. Faced with keen competition in the business together with the fluctuations of the price of oil and petroleum, the profit margin of the segment became thinner and thinner. Nevertheless, since the materials are the major components of the Group's products, maintaining the business is strategically beneficial to the Group as a whole.

Toy products

Continuing the growth in the second half of the year 2006, both the revenue and contribution of the segment continued to increase and stood at approximately HK\$72,529,000 and HK\$7,895,000 respectively, representing growth of about 21% and 54% respectively. Since the final acquisition of the segment in mid-2005, the benefits of synergy effects completely reflect in the segment results from the second half of 2006. Both sub-divisions of the segment, businesses of toys products and moulding products grow steadily and profitably.

Investments

To better utilize the available cash on hand, the Group has invested in the listed securities of Hong Kong and related derivative products, including but not limited to equity linked deposits, together with the financial instruments for hedging foreign exchanges. During the period, the gross investment income from aforesaid transactions amounted to approximately HK\$8,840,000 (2006: HK\$2,508,000) representing a growth of more than 2.5 times as a result of the booming stock market conditions.

Investment held for trading is usually held for short-term purposes for capital gain in the value of the assets held. As at the balance sheet date, the market value of investment in securities was approximately HK\$10,600,000 (31st December, 2006: HK\$4,198,000), while the remaining HK\$15,600,000 (31st December, 2006: HK\$7,724,000) were held as equity linked deposits.

As at 30th June, 2007, the Group carried outstanding forward contracts which entailed a commitment for purchase of listed securities of notional amount of approximately HK\$174,280,000 (31st December, 2006: HK\$36,267,000). The commitment will be settled monthly with an amount ranging from approximately HK\$13 million to HK\$18 million. Usually the securities acquired will be disposed of shortly, and thus the commitment is not expected to have a material adverse impact on cash flow.

FUTURE PLAN AND PROSPECT

As usual the Group will adopt a prudent policy in the expansion of existing businesses where reasonable profitability is expected, and the Group will continue to search for other investment opportunities for further growth and expansion of the Group as a whole.

In view of the efforts made by the Group in improving the performance of the various segments of the Group and the results achieved in the first half of the year 2007, even though contributions from the segment of trading activities dropped while other 3 segments showed a substantial improvement in contributions made as expected, further growth in the toys segment and seasonal improvement in the performance of the novelty and festival decoration segment are expected in the second half of the year. The Directors are optimistic and confident that the results of the Group for the whole year of 2007 will be satisfactory to its shareholders.

Liquidity and financial resources

As at 30th June, 2007, the Group had no long-term finance lease obligations and bank borrowings (31st December, 2006: nil), while the short-term bank borrowings were approximately HK\$9,105,000 (31st December, 2006: nil), and none of the Group's plant and machinery (31st December, 2006: nil) was held under a finance lease. The gearing ratio of the Group, measured by total bank and other borrowings divided by equity, was approximately 4.03% (31st December, 2006: nil).

Finance costs

The Group's finance cost amounted to approximately HK\$109,000 (2006: HK\$321,000).

Pledge of Assets

At 30th June, 2007, the following assets were pledged to secure the margin loan facilities granted to the Group:

- (i) Investments held-for-trading with a carrying value of approximately of HK\$18,400,000 (31st December, 2006: HK\$11,922,000); and
- (ii) Bank balances and cash of approximately HK\$49,966,000 (31st December, 2006: HK\$18,813,000).

No margin loan facilities was utilised by the Group at the balance sheet date. The margin loan facilities were charged at interest rate of Hong Kong Prime Rate plus 1%.

Employees and remuneration policies

As at 30th June, 2007, the Group employed approximately 4,300 full time employees. The Group remunerates its employees by reference to the prevailing industry practice as well as individual merits. The Group has also established a share option scheme for its full time employees.

Foreign currency exposure

The Group's sales and purchases are mainly denominated in Hong Kong Dollar and US Dollar. While all the Group's factories are located in the PRC, expenses incurred there are denominated in Renminbi.

At the balance sheet date, the Group has entered into several financial instruments with its major bankers for the hedging of exposure in US Dollars and Renminbi, especially for the gradual and continuous appreciation of the latter since recent years.

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

During the period under review, the Company purchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of shares of HK\$0.10 each	Price per share		Aggregate
		Highest HK\$	Lowest HK\$	consideration paid HK\$
March 2007	1,200,000	0.820	0.790	970,480
June 2007	500,000	0.860	–	432,802
	<u>1,700,000</u>			<u>1,403,282</u>

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (“Code Provisions”) contained in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange as its own code of corporate governance.

During the period under review, the Company had complied with the Code Provisions except for the following deviations:

Code A.2.1

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

While the Company does not have the position of chief executive officer, the responsibilities normally assumed by such a role is taken by the Managing Director. Mr. Poon Siu Chung is the Chairman and Managing Director of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Poon and believes that having Mr. Poon performing the roles of Chairman and Managing Director is beneficial to the business prospects of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms not less exacting than the required standard set out in Appendix 10 to the Listing Rules (“Model Code”).

After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions during the six months ended 30th June, 2007.

Audit Committee

The Company has established an audit committee which comprises all independent non-executive Directors ("INEDs"), Mr. Choy Wing Keung, David, Mr. Yip Chi Hung and Mr. Lam Yat Cheong, who is also the chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing internal controls and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2007 of the Company now reported on.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on the Company's policy and structure of remuneration for the Directors and senior management.

The Committee comprises Mr. Choy Wing Keung, David, Mr. Lam Yat Cheong, Mr. Yip Chi Hung, who is also the chairman of the Committee, Mr. Poon Siu Chung as an Executive Director, and Mr. Yuen Che Wai, Victor, the Financial Controller of the Company.

The Committee is governed by its terms of reference, which are in line with the Code on Corporate Governance contained in Appendix 14 to the Listing Rules.

DIRECTORS OF THE COMPANY

As at the date of this announcement, Mr. Poon Siu Chung, Mr. Leung Ying Wai, Charles, Mr. Ip Siu On and Mr. Tsui Yan Lee, Benjamin are the executive directors of the Company, Mr. Yip Chi Hung, Mr. Lam Yat Cheong and Mr. Choy Wing Keung, David are the independent non-executive directors of the Company.

On behalf of the Board

Poon Siu Chung

Chairman & Managing Director

Hong Kong, 6th September, 2007

* *For identification purpose only*