JF Household Furnishings Limited
捷豐家居用品有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8310)

SECOND QUARTERLY RESULTS ANNOUNCEMENT 2006

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

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The Stock Exchange takes no responsibility for the contents of this announcement, make 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 (the "Directors") of JF HOUSEHOLD FURNISHINGS LIMITED (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with The Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.

As at this date of this announcement, the directors of the Company are:

Executive Directors:	*Independent non-executive Directors:*
Mr. Yan Siu Wai	Mr. Kwan Kai Cheong
Mr. Leung Kwok Yin	Mr. Garry Alides Willinge
Mr. Bao Jisheng	Mr. Yu Hon Wing Allan

HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2006 amounted to approximately HK$68.8 million (2005: HK$94.8 million), representing a decrease of approximately 27.41% as compared to the corresponding period last year.

- Net profit attributable to equity holders of the Company for the six months ended 30 June 2006 amounted to approximately HK$6.54 million (2005: HK$11.93 million), representing a decrease of approximately 45.1% as compared to the corresponding period last year.

- Earnings per share of the Group was approximately HK3.88 cents (2005: HK9.47 cents) for the six months ended 30 June 2006.

UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE INTERIM PERIOD ENDED 30 June 2006

The board of Directors (the "Board") of the Company is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30 June 2006, together with the unaudited comparative figures for the corresponding periods in 2005 as follows:

		Unaudited Three months ended 30 Jun		**Unaudited Six months ended 30 Jun**	
		2006	2005	**2006**	2005
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*3*	**37,041**	51,196	**68,809**	94,792
Cost of sales		**(30,017)**	(41,838)	**(56,264)**	(76,922)
Gross Profit		**7,024**	9,358	**12,545**	17,870
Other Revenue	*4*	**510**	544	**2,464**	544
Selling and Distribution Costs		**(467)**	(410)	**(763)**	(653)
Administrative expenses		**(2,783)**	(2,097)	**(4,351)**	(3,500)
Profit from Operations		**4,284**	7,396	**9,894**	14,262
Finance costs		**(247)**	(248)	**(426)**	(588)
Profit before taxation		**4,037**	7,148	**9,468**	13,674
Taxation	*5*	**(1,854)**	(797)	**(2,930)**	(1,746)
Profit attributable to the Shareholders		**2,183**	6,351	**6,538**	11,928
Profit Distributions/Dividend	*6*	**0.00**	0.00	**0.00**	0.00
Earnings per share (cents)	*7*	**1.29**	5.04	**3.88**	9.47

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 Jun 2006 HK$	At 31 Dec 2005 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	8	**16,440,826**	13,994,401
Land use rights		**1,040,526**	1,054,752
Deposit paid for land use rights	9	**15,553,308**	15,553,308
		33,034,660	30,602,461
CURRENT ASSETS			
Inventories		**37,281,143**	32,944,923
Trade receivables	10	**26,611,865**	31,205,524
Deposits and other receivables		**4,723,811**	6,891,514
Due from related companies		**0**	139,920
Pledged bank deposit		**0**	1,170,000
Bank and cash balances		**10,502,842**	13,636,669
		79,119,662	85,988,550
TOTAL ASSETS		**112,154,322**	116,591,011
CURRENT LIABILITIES			
Bills Payables		**4,876,312**	0
Trade Payables		**13,360,104**	14,854,039
Other Payables and accruals		**3,569,886**	6,070,846
Dividend Payables		**0**	871,876
Due to Directors		**398,595**	571,720
Provision for taxation		**3,189,146**	3,202,744
Bank borrowings		**13,747,963**	15,865,385
		39,142,006	41,436,610
NET CURRENT ASSETS		**39,977,655**	44,551,940
NET ASSETS		**73,012,315**	75,154,401
CAPITAL AND RESERVES			
Paid-in capital		**1,694,450**	1,680,000
Reserves		**71,317,865**	73,474,401
TOTAL EQUITY		**73,012,315**	75,154,401

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
TOTAL EQUITY		
Balance at beginning of period	**75,154**	25,304
Profit for the period	**6,538**	11,928
Issuance of new shares	**809**	0
Dividend declared on shares	**(9,489)**	0
Balance at end of period	**73,012**	37,232

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
Net cash generated from operating activities	**10,146**	530
Net cash used in investing activities	**(1,611)**	423
Net cash used in financing activities	**(11,669)**	(7,356)
Net increase in cash & cash equivalents	**(3,134)**	(6,404)
Cash and cash equivalents at 1 January	**13,637**	12,640
Cash and cash equivalents at 30 June	**10,503**	6,236

NOTES TO THE FINANCIAL STATEMENTS

1. Company reorganisation and basis of preparation

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 January 2005 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation, further details of which are set out in the paragraph headed "Corporate reorganisation" in the section headed "Further information about the Company" in Appendix V to the prospectus ("Prospectus") of the Company dated 5 October 2005 ("Corporate Reorganisation"), the Company became the holding company of the subsidiaries of the Group. The shares of the Company are listed on GEM.

The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. Accordingly, the unaudited financial statements of the Group made up to 30 June 2006 and 30 June 2005 have been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In the opinion of the Directors, the group financial statements prepared on the above basis present fairly the results and the state of affairs of the Group as a whole.

2. Basis of preparation and principal accounting policies

The unaudited interim results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the HKICPA. They have been prepared under the historical cost convention and in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Cap 32 of the Laws of Hong Kong).

The accounting policies adopted in preparing the unaudited consolidated results for the three months and six months ended 30 June 2006 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

3. Turnover

The Group is principally engaged in manufacturing and sales of furnishings and home products and accessories primarily used in the kitchens and bathroom. Turnover represents invoiced value of goods sold, net of value-added tax, and after allowance for goods returned and trade discounts.

4. Other Revenue

Other revenue include an one-off grant of HK$1.93 million (RMB 2.0 million) by the People's Government of Yuyao for encouraging product development of the Group.

5. Taxation

No provision for profits tax in the Cayman Islands or the British Virgin Islands has been made as the Group had no income assessable for the periods.

Pursuant to the relevant laws and regulations in the People's Republic of China ("PRC"), A.C.R. Equipment Supplies (Ningbo) Co., Ltd. ("JF Ningbo"), a subsidiary of the Company operating in Zhejiang Province, the PRC, is subject to enterprise income tax rate at 26.4% on its taxable profit in accordance with Income Tax Law of People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises.

JF Ningbo is entitled to a 50% tax refund in 2007 for the tax paid in 2006, if it, as a foreign-invested enterprise, exports 70% or more of the total sales during a full financial year.

Under this provision, the Group has to pay a 26.4% tax for a full year and the refund of half of that tax (13.2%) from the government will be made normally in the second quarter of the following year. No provision for this refund has been included in the tax calculation for this reporting.

Pursuant to the relevant laws and regulations in the PRC, Ningbo JF Metal Products Co. Ltd. ("JF Metal"), a subsidiary of the Company operating in Zhejiang Province, the PRC, is subject to enterprise income tax rate at 26.4% on its taxable profit in accordance with Income Tax Law of People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises. JF Metal is entitled to a two-year exemption from enterprise income tax starting from its first profit-making year followed by a 50% reduction for the subsequent three years. JF Metal commenced its business in 2005 and is still exempted from enterprise income tax for the second tax year in 2006.

6. Dividends

The Directors do not recommend the payment of dividend for the six months ended 30 June 2006. (2005: Nil)

7. Earnings per share

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders during the six month period ending 30 June 2006 of HK$6.54 million (2005: HK$11.93 million) and weighted average of 168,311,354 ordinary shares of the Company during the six months ended 30 June 2006 (2005: 126,000,000 ordinary shares of the Company in issue on 9 September 2005, assuming the shares were outstanding for the entire periods).

8. Property, plant and equipment

	Buildings	Machinery	Motor Vehicles	Office Equipment	Construction in progress	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 1 January 2006	7,167,268	4,243,813	789,384	333,445	3,340,697	15,874,607
Additions	453,171	797,979	92,269	154,932	2,280,135	3,778,487
Transfers	—	—	—	—	(930,140)	(930,140)
At 30 June 2006	7,620,440	5,041,791	881,654	488,377	4,690,693	18,722,954
Accumulated depreciation						
At 1 January 2006	927,863	546,458	316,006	89,878	—	1,880,205
Charge for the period	90,986	202,669	72,947	35,320	—	401,923
At 30 June 2006	1,018,849	749,127	388,954	125,198	—	2,282,128
Net book value						
At 30 June 2006	6,601,590	4,292,664	492,700	363,179	4,690,693	16,440,826
At 31 December 2005	6,239,405	3,697,355	473,378	243,567	3,340,697	13,994,402

9. Deposit paid for land use rights

As at 30 June 2006, the Group has paid HK$15,553,308 (31 December 2005: HK$15,553,308) as the consideration for acquisition of the land use rights of a parcel of land located in Yaobei district in Yuyao, Zhejiang Province, the PRC for a term of 50 years. The Group is in the process of obtaining the relevant Land Use Rights Certificate.

10. Trade receivables

The Group normally granted customers with credit terms of 30 to 90 days. The ageing analysis of the Group's trade receivables is as follows:

	At 30 June 2006	At 31 December 2005
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 - 30 days	**13,968**	18,508
31 - 90 days	**8,714**	10,946
61 - 90 days	**1,416**	1,752
> 90 days	**2,514**	—
	26,612	31,206

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's turnover for the six months ended 30 June 2006 amounted to HK$68.8 million, representing a drop of 27.4% over the same period of 2005. The result of the drop was mainly due to a major inventory reduction exercise by the Group's major customer. Orders from this particular customer for the first half of 2006 was generally lower than the same period in 2005. The Group's management is confident that the impact was one-off and turnover will be normalized in the second half of the year.

Gross profit margin of the Group for the six months ended 30 June 2006 was approximately 18.2% (2005: approximately 18.9%). The decrease in gross profit margin was mainly attributable to the drop of prices by an average of about five percent by the Group's key customer, mostly offset by the Group's cost reduction exercise.

Total expenses increased from approximately HK$4.74 million for the six months ended 30 June 2005 to approximately HK$5.54 million for the six months ended 30 June 2006, representing an increase of 16.9%, mainly due to the higher staff costs and additional expenses as a result of listing of the Group.

Tax expenses increased from approximately HK$1.75 million for the six months ended 30 June 2005 to approximately HK$2.93 million for the six months ended 30 June 2006, even though income before taxes dropped from HK$13.67 million to HK$9.47 for the corresponding periods. The tax increase was due to the increase of income tax rate from 13.2% in 2005 to 26.4% in 2006.

For the six months ended 30 June 2006, the Group recorded a net profit attributable to equity holders of Company of approximately HK$6.54 million (2005: approximately HK$11.93 million), representing a drop of approximately 45.1%. The drop was mainly due to lower turnover from the inventory reduction program from the major customer, higher administrative costs attributed to listing on GEM, and higher income tax rate of 26.4%.

As at 30 June 2006, the Group had bank and cash balances of approximately HK$10.5 million (as at 31 December 2005: approximately HK$13.6 million) and short terms bank borrowings of approximately HK$13.7 million (as at 31 December 2005: approximately HK$15.9 million) respectively.

Business Review

Year 2006 has been a year of investments and transformation for the Group, as the Group continued to expand its production space, to acquire new production lines, and to add additional staff. Management structure has been reorganized to cater for the new challenge of diversified customers, diversified production lines and higher level of corporate governance and internal controls.

After the completion of the new 5,000 m^2 building in February this year, the Group has already begun to construct a new 30,000 m^2 plant in the new land site acquired last year with the fund from the listing proceeds. The new plant will be used for housing a new production line of timber products.

The Group is pleased to report that the plan for a timber production line has to be accelerated as requested by the Group's key customer. The pilot production line for timber products from Italy has been fully tested and product samples have been approved by the customer. Actual product delivery is expected to begin in August 2006.

Outlook

The Group's turnover in stainless steel products is expected to return to the normal level in the second half of the year after the Group's key customer had completed its inventory reduction program. The impact of the inventory reduction program by the key customer is expected to be one-off. Research and development of new stainless steel products continues. Orders for some new models of stainless steel product have been confirmed and are expected to make positive contribution to the sales of the Group in the second half of the year.

Orders have been placed for three series of timber products (Aneboda, Kullen and Flarke). They will definitely make contribution to the sales of the Group in the second half of the year. The management is confident that business in this new area will increase substantially with the new timber plant completion in early 2007.

The Group's diversification effort has also made progress as expected as new customers in Europe have started to place orders. Through participation in various promotional activities, the Group has the opportunity to select potential customers and trading partners in an orderly manner which brings a fair reward for the Group's diversification effort.

The management is optimistic that the year 2007 will be a year of significant growth for the Group after a year of preparation in 2006.

COMPARISON OF THE BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

In compliance with the GEM Listing Rules, the Company sets out below a summary of actual business progress as measured against the business objectives set out in the Prospectus for the period from 1 January 2006 to 30 June 2006 (the "Relevant Period").

Business Objectives for the Relevant Period as stated in the Prospectus	Actual Business Progress
Expand production plant and facilities	
• Construct the 1st phase of the new production plant with total gross floor area of approximately 15,000 sq.m. on the new piece of land	— A new production plant with 30,000 m^2 to be completed by end of 2006 is being built on the new 44,105 m^2 land site.
Product diversification	
• Purchase new production machineries and facilities and furnishings and home products and accessories using both stainless steel and other types of steel	— A new PET welding machine has been bought to improve the welding process of the stainless steel product. — A pilot run wooden furniture production line capable of batch type production has been in place and already in production.
Explore new business opportunities	
• Expand sales department to handle the expanding PRC market	— A separate marketing department had been set up to handle new customers group. Has started discussion with more than seven furniture retailers and wholesalers in North America and across Europe, including UK, Germany and Italy.
• Participate in home furnishings trade fairs	— Participated in the Italian furniture trade show and the Guangzhou trade fair.
Improve the overall management systems	
• Strengthen the production management system and implement the ISO9000 Standard	— Engaged a Chinese consultant firm to implement the ISO 9000 system
• Purchase new computer hardware and software to facilitate better internal control	— Purchased 17 new computers and set up a new LAN system linking all computers in the Yuyao Factory.

Application of Proceeds from Capital Raising

The Group raised approximately HK$23.3 million from the issue of 42,000,000 new shares of the Company at HK$0.80 per share in October 2005. The Company's shares were successfully listed on GEM with effect from 13 October 2005. Up to 30 June 2006, the Group has applied part of the proceeds totaling approximately HK$10.34 million for the following purposes:

(i) approximately HK$8.235 million for the expansion of production capacity;

(ii) approximately HK$1.435 million for product diversification;

(iii) approximately HK$0.426 million for strengthening the sales and marketing team; and

(iv) approximately HK$0.249 million for improving overall management system.

Consistent with the disclosure in the Prospectus, the Group intends to apply the remaining proceeds of approximately HK$12.955 million for the following purposes:

(i) as to approximately HK$9.565 million for the further expansion of production capacity;

(ii) as to approximately HK$2.265 million for the further diversification;

(iii) as to approximately HK$0.474 million for strengthening the sales and marketing team; and

(iv) as to approximately HK$0.651 million for improving overall management system.

OTHER INFORMATION

1. Interests and Short Positions of Directors and Substantial Shareholders in Shares, Underlying Shares

The Directors who held office on 30 June 2006 had the following interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transaction by the Directors on the listing of the shares:

(a) Aggregate long positions in shares of the Company

Name of Director	Ordinary shares of HK$0.01 each Personal interests	Family interests	Corporate interests	Total
Mr. Yan Siu Wai	12,600,000	—	63,000,000	75,600,000 *(Note 1)*
Mr. Leung Kwok Yin	15,120,000	—	35,280,000	50,400,000 *(Note 2)*

Notes:

1. Among these 75,600,000 shares, (i) 34,020,000 shares were registered in the name of Excel Strength Investments Limited ("Excel Strength") and (ii) 28,980,000 shares were registered in the name of Willhero Investments Limited ("Willhero"); and (iii) the remaining 12,600,000 shares were registered in the name of Mr. Yan Siu Wai directly. Each of Excel Strength and Willhero is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Yan Siu Wai. By virtue of the SFO, Mr. Yan Siu Wai was deemed to be interested in 63,000,000 shares through his shareholdings in Excel Strength and Willhero.

2. Among these 50,400,000 shares, (i) 22,680,000 shares were registered in the name of Hero Talent Investments Limited ("Hero Talent") and (ii) 12,600,000 shares were registered in the name of Joyday Consultants Limited ("Joyday"); and (iii) the remaining 15,120,000 shares were registered in the name of Mr. Leung Kwok Yin directly. Each of Hero Talent and Joyday is a company incorporated in the BVI and whose entire issued capital is solely owned by Mr. Leung Kwok Yin. By virtue of the SFO, Mr. Leung Kwok Yin was deemed to be interested in 35,280,000 shares through his shareholdings in Hero Talent and Joyday.

(b) Aggregate long positions in equity derivatives in, or in respect of, underlying shares

As at 30 June 2006, three executive Directors have been granted options to subscribe for shares, details of which are set out as follows:

Name of Director	Number of Underlying Shares	Date of Grant	Exercise Period *(Note)*	Exercise price per share
Mr. Yan Siu Wai	4,435,200	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80
Mr. Leung Kwok Yin	2,956,800	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80
Mr. Bao Jisheng	3,360,000	8 September 2005	13 April 2006 to 12 October 2010	HK$0.80

Note:

The exercise of the options by the Directors is, however, subject to a moratorium period of 12 months. Please see details set out in paragraph headed "Share Options" below.

2. Substantial Shareholders

As at 30 June 2006, other than the interests disclosed above in respect of certain Directors, the Directors were not aware of any other persons who had an interests or a short positions in the shares or the underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

3. Share Options

By written resolutions passed on 8 September 2005, the then shareholders of the Company approved and adopted a share option scheme entitling the board of Directors to grant share options at its discretion before the listing of the shares (the "**Pre-IPO Share Option Scheme**"), and conditionally adopted a post-IPO share option scheme (the "**Post-IPO Share Option Scheme**"). Details of the share options granted on 8 September 2005 pursuant to the Pre-IPO Share Option Scheme and remained outstanding as at 30 June 2006 are as follows:

		Options held as at 8 September 2005	Options held as at 30 June 2006	Exercise price *(HK$)*	Exercisable in April 2006	Exercisable in September 2006 *(Note 1)*
(A)	**Employees**	2,688,000	2,688,000	0.80	2,688,000	
		6,720,000	5,275,000 *(Note 2)*	0.56	6,720,000 *(Note 2)*	
(B)	**Directors**	10,752000	10,752,000	0.80		10,752,000
		20,160,000	18,715,000		9,408,000	10,752,000

Notes:

1. Taking into account the moratorium period of 12 months, the Directors may only exercise the options in September 2006.

2. Save as disclosed above, no options had been granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. 1,445,000 share options granted to employees were exercised before 30 June 2006.

4. Competing Interests

None of the Directors, management shareholders or their respective associates (as defined in GEM Listing Rules), had any interests in any business which compete or may compete with the Company or any other conflicts of interest which any such person may have with the Company.

5. Compliance Adviser

Deloitte & Touche Corporate Finance Ltd. ("DTCF") has terminated its appointment as the Group's compliance adviser with effect from 2 June 2006. The Board is in its final process of appointing a new compliance adviser.

6. Audit Committee

The Company has established an audit committee on 8 September 2005 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit.

It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The audit committee comprises three independent non-executive directors, namely Mr. Garry Alides Willinge, Mr. Yu Hon Wing Allan and Mr. Kwan Kai Cheong (chairman).

The unaudited interim results for the six months ended 30 June 2006 have been reviewed by the audit committee.

7. Purchase, Sale or Redemption of Shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

8. Corporate Governance Practices

The Group is committed to ensuring high standards of corporate governance and business practices. The Group has complied throughout the six months ended 30 June 2006 with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules. The Board will continue to commit itself to achieving a high quality of corporate governance.

9. Directors' Securities Transactions

The Group has adopted a code of conduct regarding directors' securities transactions as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all Directors have fully complied with the required standard set out in the Rules for the six months ended 30 June 2006.

By order of the Board
Yan Siu Wai
Chairman

Hong Kong, 11 August 2006

This announcement will remain on the "Latest Company Announcements" page of the GEM website for at least seven days from the day of its posting.