China Leason Investment Group Co., Limited
中國聯盛投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8270)

INTERIM RESULTS ANNOUNCEMENT
For the six months ended 30 June 2007

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

This announcement, for which the directors (the "Directors") of China Leason Investment Group Co., Limited (the "Company") collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Exchange for the purpose of giving information with regard to the Company. The Directors of the Company, 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.

- Turnover of the Company together with its subsidiaries (collectively the "Group") for the quarter ended 30th June 2007 (the "Quarterly Period") and the six months ended 30th June 2007 (the "Interim Period") were approximately RMB14,391,000 and RMB19,356,000 respectively, representing an increase of approximately 60.3% and 63.1% respectively compared with corresponding periods in the previous financial year.

- The Group realised a loss attributable to shareholders of approximately RMB1,851,000 for the Interim Period.

- Loss per share of the Group was approximately RMB0.39 cents for the Interim Period.

- The Board does not recommend the payment of any dividend for the Interim Period.

CONDENSED CONSOLIDATED INCOME STATEMENTS

The unaudited consolidated results of the Group for the Quarterly Period and Interim Period, together with the unaudited comparative figures for the corresponding periods in 2006, respectively were as follows:—

(Unless otherwise stated, all financial figures presented in this interim report are denominated in Renminbi ("RMB") thousand dollars)

		Quarterly Period		Interim Period	
		2007	2006	**2007**	2006
	Notes	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Turnover	*2*	**14,391**	8,975	**19,356**	11,869
Cost of sales		**(3,064)**	(2,844)	**(7,642)**	(5,173)
Gross profit		**11,327**	6,131	**11,714**	6,696
Other revenue	*2*	**1,433**	1,225	**2,254**	2,177
Distribution costs		**(935)**	(1,064)	**(2,533)**	(1,572)
Administrative expenses and other operating expenses		**(9,339)**	(5,265)	**(12,329)**	(7,115)
Finance cost		**(565)**	—	**(590)**	—
Profit/(loss) before tax	*3*	**1,921**	1,027	**(1,484)**	186
Income Tax	*4*	**(367)**	(558)	**(367)**	(686)
Profit/(loss) for the period		**1,554**	469	**(1,851)**	(500)
Dividends attributable to the period	*5*	**—**	—	**—**	—
		RMB (cents)	*RMB (cents)*	***RMB (cents)***	*RMB (cents)*
Earnings (loss) per share — basic	*6*	**0.33**	0.10	**(0.39)**	(0.11)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30th June 2007 (unaudited)	31st December 2006 (audited)
Non-current assets			
Property, plant and equipment	*7*	**9,797**	3,710
Land lease prepayments		**1,524**	1,568
Intangible assets		**17,444**	12,625
		28,765	17,903
Current assets			
Trading securities		**6,962**	2,992
Inventories		**176**	120
Trade and other receivables	*8*	**18,328**	20,195
Land lease prepayments		**87**	87
Tax recoverable		**399**	794
Bank balances and cash		**21,077**	15,009
		47,029	39,197
Current liabilities			
Trade and other payables	*9*	**33,157**	12,645
Deferred income		**—**	1,616
Income tax payable		**774**	70
Interest-bearing bank borrowings		**1,960**	—
		35,891	14,331
Net current assets		**11,138**	24,866
Total assets less current liabilities		**39,903**	42,769
Non-current liabilities			
Deferred tax liabilities		**(437)**	(441)
NET ASSETS		**39,466**	42,328
CAPITAL AND RESERVES			
Share capital	*10*	**5,014**	5,014
Reserves		**34,452**	37,314
Total equity attributable to shareholders of the Company		**39,466**	42,328

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six-months ended 30th June	
	2007	2006
	(unaudited)	(unaudited)
CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**13,081**	(11,059)
CASH (OUTFLOW) FROM INVESTING ACTIVITIES	**(7,083)**	(2,605)
CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	**—**	—
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	**5,998**	(13,664)
CASH AND BANK BALANCES AT 1ST JANUARY	**15,009**	32,018
CASH AND BANK BALANCES AT 30TH JUNE	**21,007**	18,354

UNAUDITED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(Unaudited) 2007	Issued Share Capital	Share Premium	Merger Reserve	General Reserve Fund	Translation reserve	Retained Profit (Accumulated /loss)	Total
As at 1st January	5,014	34,845	(2,351)	4,430	(404)	794	42,328
Net loss for the period	—	—	—	—	—	(1,851)	(1,851)
Exchange differences on translation of financial statements of foreign entities	—	—	—	—	(1,011)	—	(1,011)
As at 30th June	5,014	34,845	(2,351)	4,430	(1,415)	(1,057)	39,466

(Unaudited) 2006	Issued Share Capital	Share Premium	Merger Reserve	General Reserve Fund	Common Welfare Reserve	Share option reserve	Translation reserve	Retained Profit	Total	Minority interest Share	Total
As at 1st January	5,014	34,845	(2,351)	2,903	1,421	603	(97)	6,888	49,226	155	49,381
Net loss for the period	—	—	—	—	—	—	—	(500)	(500)	—	(500)
Forfeiture of share options	—	—	—	—	—	(603)	—	603	—	—	—
Profit appropriations	—	—	—	177	89	—	—	(266)	—	—	—
Closure of a subsidiary during the period	—	—	—	—	—	—	—	—	—	(155)	(155)
As at 30th June	5,014	34,845	(2,351)	3,080	1,510	—	(97)	6,725	48,726	—	48,726

NOTES:

1. Basis of Presentation of Financial Statements

The unaudited accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They are prepared under the historical cost convention.

The unaudited consolidated results for the six months ended 30th June 2007 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results for the six months ended 30th June 2007 are consistent with those used in the Company's annual financial statements for the year ended 31st December 2006.

The Group principally operates in the People's Republic of China (the "PRC") with its business activities principally transacted in RMB, the results of the Group are therefore prepared in RMB.

2. Turnover and Other Revenue

The Company is an investment holding company. The principal activities of the Group are development of computer software, resale of hardware, provision of system integration and maintenance.

Turnover represents the sales value of goods supplied and services provided to customers, which excludes value-added and business taxes, and is after deduction of any goods returns and trade discounts.

An analysis of the Group's unaudited turnover and other revenue is as follows:

(denominated in RMB thousand dollars)

	Quarterly Period		**Interim Period**	
	2007 (unaudited)	2006 (unaudited)	**2007 (unaudited)**	2006 (unaudited)
Turnover				
Sales of software	**8,636**	6,964	**11,312**	8,256
Sales of hardware	**1,120**	96	**1,699**	128
Maintenance and other services fees	**4,635**	1,915	**6,345**	3,485
	14,391	8,975	**19,356**	11,869
Other revenue				
Value added tax refunds	**1,251**	1,013	**1,636**	1,200
Others	**158**	191	**580**	903
Interest income	**24**	21	**38**	74
	1,433	1,225	**2,254**	2,177

3. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax was arrived at after charging and (crediting):

	Quarterly Period		Interim Period	
	2007	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Cost of inventories sold and services rendered	**3,064**	2,844	**7,642**	5,173
Depreciation	**556**	307	**996**	614
Less: Amount capitalised as developments costs	**(25)**	(65)	**(78)**	(130)
	531	242	**918**	484
Amortization of intangible asset	**1,708**	1,683	**3,419**	3,255

4. Income Tax

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not derived any income subject to Hong Kong profits tax during the Interim Period.

(b) Overseas income tax

Taxes on incomes assessable elsewhere were provided for in accordance with the applicable tax legislations, rules and regulations prevailing in the territories in which the Group operates.

There was no significant unprovided deferred taxation for the Quarterly Period and Interim Period.

5. Dividend

The Board does not recommend payment of any interim dividend for the Interim Period (six-month ended 30th June 2006: nil).

6. Earnings Per Share

The calculation of basic earnings per share for the Quarterly Period and Interim Period were based on the respective unaudited data as follows:

	Quarterly Period		Interim Period	
	2007	2006	**2007**	2006
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
Profits/(loss) attributable to shareholders	**1,554**	469	**(1,851)**	(500)
	Shares ('000)	Shares ('000) (Remark)	**Shares ('000)**	Shares ('000) (Remark)
Weighted average number of ordinary share for the purposes of calculating basic earnings per share	**473,000**	473,000	**473,000**	473,000

No dilutive earnings per share was presented because there were no dilutive potential ordinary shares in existence during the quarters and six months ended 30th June 2007 and 2006 respectively.

7. Additions to property, plant and equipment

During the Interim Period, the Group invested approximately RMB7,083,000 (2006: RMB215,000) on the acquisition of property, plant and equipment.

8. Trade and other receivable

The Group's trade receivable relates to sales of goods to third party customers. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on trade receivables.

The Group's trade and other receivables are as follows:

	2007	2006
	(unaudited)	(audited)
Trade receivables	**3,474**	4,280
Rental and other deposits	**1,236**	111
Prepayments and other receivables	**12,646**	7,440
Due from a securities broker firm	**—**	6,646
Advances to suppliers	**—**	498
Others	**972**	1,220
	18,328	20,195

The following is an aged analysis of trade receivables

	30th June 2007 (unaudited)	31st December 2006 (audited)
Within 3 months	**3,012**	2,279
More than 3 months but less than 6 months	**130**	2,001
More than 6 months but less than 12 months	**332**	1,179
More than 12 months	**1,679**	2,932
	5,153	8,391
Less: Impairment loss for bad and doubtful debts	**(1,679)**	(4,111)
	3,474	4,280

9. Trade and other payables

	30th June 2007 (unaudited)	31st December 2006 (audited)
Trade payables	**17**	26
Amount due to a director *(note (a))*	**19,228**	1,549
Deposits received from customers	**7,440**	6,111
Employees welfare payable	**478**	609
Accrued expenses and other payable	**5,975**	3,997
Other tax payables	**19**	353
	33,157	12,645

Included in trade and other payables are trade payable with the following aged analysis:

	30th June 2007 (unaudited)	31st December 2006 (audited)
After 1 month but less than 3 months	**2**	26
After 6 months but less than 12 months	**—**	—
After 12 months	**15**	—
	17	26

Note:

(a) The amount due to the director Wang Zhong Sheng is unsecured, repayable on demand and interest bearing at 10% per annnum (31 December 2006: non-interest bearing).

10. Share capital

	30th June 2007 (unaudited)		31st December 2006 (audited)	
	Number of shares	**Total nominal value**	Number of shares	Total nominal value
	'000	***RMB'000***	*'000*	*RMB'000*
Authorized	**5,000,000**	**53,000**	5,000,000	53,000
Issued and fully paid Ordinary shares of HK$0.01 each	**473,000**	**5,014**	473,000	5,014

11. Segment information

(a) Business segments

For management purposes, the Group is currently organised into four operating divisions, namely, software sales, hardware sales and provision for maintenance and other services. These divisions are the basis on which the Group reports its primary segment information.

(i) Segment information about these businesses for the Interim Period is presented below:

Income statement

	Software sales (unaudited)	**Hardware sales (unaudited)**	**Provision for maintenance and other services (unaudited)**	**Consolidated (unaudited)**
Turnover	**11,312**	**1,699**	**6,345**	**19,356**
Segment result	**1,701**	**(854)**	**2,039**	**2,886**
Unallocated corporate expenses				**(3,818)**
Net interest income				**38**
Finance cost				**(590)**
(Loss) before taxation				**(1,484)**
Taxation				**(367)**
Net loss before minority interests				**(1,851)**

No business segment information for the assets, liabilities, capital contributions, depreciation and other non-cash expenses of the Group is shown as all the assets and liabilities are shared by the business segments and cannot be separately allocated.

(ii) Segment information about these businesses for the six-month ended 30th June 2006 is presented below:

Income statement

	Software sales (unaudited)	**Hardware sales (unaudited)**	**Provision for maintenance and other services (unaudited)**	**Consolidated (unaudited)**
Turnover	8,256	128	3,485	11,869
Segment result	1,855	28	1,137	3,020
Unallocated corporate expenses				(2,908)
Net interest income				74
Profit before taxation				186
Taxation				(686)
Net loss before minority interest				(500)

(b) Geographicals segments

No geographical segments information of the Group is shown as the operating business of the Group is solely carried out in the PRC and the Group's assets are substantially located in the PRC.

12. Charges on group assets

As at 30th June 2007, the secured bank borrowings of RMB1,960,0000 were secured by legal charges on property, plant and equipment with an aggregate carrying value of approximately RMB2,900,000 (2006: nil).

13. Commitments

At 30th June 2007, the total future minimum lease payments under operating leases are payable as follows:

	30th June 2007 (unaudited)	31st December 2006 (audited)
Within 1 year	**—**	246
After 1 year but within 5 years	**—**	—
	—	246

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to four years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually increased annually to reflect market rentals. None of the leases includes contingent rentals.

At the balance sheet date, the Group had the following capital commitments:

	30th June 2007 (unaudited)	31st December 2006 (audited)
Capital expenditure in respect of acquisition of property, plant and equipment:		
— contracted but not provided for in the financial statements	**150,150**	—

14. Contingent Liabilities

As at 30th June 2007, the Group did not have any material unprovided contingent liabilities.

15. Post balance sheet event

(1) Reference is made to the circular of the Company dated 28 June 2007 regarding the placing of new shares. The ordinary resolution as set out in the circular relating to the allotment and issue of the 94,600,000 shares (the "Placing Shares") of par value of HK$0.01 each at a placing price of HK$0.77 per share was duly passed by the shareholders by way of poll at the extra ordinary meeting held on 13 July 2007. Completion of the placing of new shares took place on 24 July 2007 and the placing agent, Kingsway Financial Services Group Limited has successfully placed the Placing Shares to not less than six placees, who are individual and institutional investors at a placing price of HK$0.77.

(2) Reference is made to the circular of the Company dated 30 June 2007 regarding a very substantial acquisition. The ordinary resolution as set out the circular relating to the purchase of new coalbed-gas liquefying facilities amounting to RMB153,150,000 was duly passed by the shareholders by way of poll at the extra ordinary meeting held on 16 July 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a consolidated turnover of approximately RMB19,356,000 for the Interim Period, representing an increase of approximately 63.1% compared with the corresponding period last year. The increase was mainly attributable to:

— During the first half in 2007, the PRC securities market continues have a very good performance with active trading. The number of active investors and securities firm in PRC continues to increase sharply in the first half. As a result, the demand of the Group's securities clearing system products and the system maintenance services increased greatly during the period.

— the launch of the new securities clearing system products - the Shine Securities Integrated Management Platform 6.0 (the "Shine 6.0") during the Interim Period. In order to cope with increasing securities trading volume and comply with the latest requirements imposed by the regulatory authorities, the Group developed Shine 6.0 to replace the old products. Shine 6.0 was launched in the market in the first half of 2007 and its sale was very good during the Interim Period.

Gross profit margin for the Interim Period was approximately 60.5%, compared with approximately 56.4% for the corresponding period last year.

The gross profit margin remained stable as the Group implemented cost control measures during the Interim Period.

Distribution cost increased by approximately 37.9% in the Interim Period as the Group increased the number of sales person and incurred more promotion expenses to promote the new products. Administrative expenses increased by 73.3% in the Interim Period due to the opening up of new offices in Beijing and Shanxin provinces to develop the coalbed gas business in July 2006. As a result, the salaries and rental expenses increased largely by comparing with the corresponding period last year.

Loss attributable to shareholders for the Interim Period was approximately RMB1,851,000, representing an increase of approximately 2.7 times compared with the corresponding period last year.

The increase in lost was mainly due to:

(1) the increase in distribution cost to promote and sell the new products during the Interim Period; and

(2) the tremendous increase in administrative expenses to develop the coalbed gas business.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Interim Period, there was no change in the capital structure of the Company. The Group generally financed its operations and investing activities through internally generated cash flows and financing activities.

As at 30th June 2007, the Group had net assets of approximately RMB39,466,000, including cash, bank and deposit balances of approximately RMB21,077. To minimise financial risks, the Group implements stringent financial and risk management strategies and avoids the use of highly-geared financing arrangements. The Group's gearing ratio, calculated by the Group's total external borrowings divided by its shareholders' fund, was approximately 5%.

Taking into consideration of the existing financial resources available to the Group, it is anticipated that the Group will have adequate financial resources.

EMPLOYEES

As at 30th June 2007, the Group has an aggregate of 200 employees, of which 113 are research and development staff, and 27 are engineering and customer service staff. During the Interim Period, the staff costs (including directors' remuneration) was approximately RMB9,240,000 (corresponding period of 2006: approximately RMB4,989,000).

The salary and bonus policy of the Group is principally determined by the performance of the individual employee. The Group will on an ongoing basis, provides opportunity for professional development and training to its employees.

RISK IN FOREIGN EXCHANGE

The revenue and expenses of the Group were denominated in Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant.

BUSINESS REVIEW

Software Business

During the first half in 2007, the PRC securities market continues have a very good performance with heavy trading volume. The Stock indexes in Shenzhen and Shanghai rose to their historic height, with Shanghai stock market index soaring to over 4,000 points. The number of active investors and securities firm in PRC continues to increase sharply in the first half.

The Group is currently one of the predominant software solution providers of security community in PRC. The Group's business in research and development of software solutions for the financial and securities sectors in PRC definitely benefited from such excellent market environment and recorded a substantial increase in turnover during the Interim Period. The Group recorded a consolidated turnover of approximately RMB19,356,000 for the Interim Period, representing an increase of 63.1% compared with the correspondent period last year. The increase in turnover was mainly driven by the increase in the sales of software and income from the maintenance and other services.

Income from sales of software increase by 37.0% to RMB11,312,000, compared with RMB8,256,000 for the corresponding period in the last years. The increase is due to the increase in market demand for the securities clearing system software as a result of increase in active investors and securities broker firms in PRC. The Group got a very good sales result in launching the new securities clearing system product - Shine Securities Integrated Management Platform 6.0 (the "Shine 6.0") in the first half of 2007. By leveraging on its capacity in handling huge trading volumes and amounts while in compliance with the latest requirements of the regulatory authorities, the Group was managed to achieve a satisfactory performance in term of the sales of such products in the second half in 2007.

Income from the maintenance and other services also achieved a growth in the first half of 2007, with the turnover increased by 82.1% to RMB6,345,000, compared to RMB3,485,000 for the corresponding period last year. With the strong increase in the sale of software, the number of customers under our maintenance and other services also increased sharply in the Interim Period.

Liquefied Coalbed Gas Business

In pursuance to the Group's plan to set up two coalbed gas-liquefying plants as announced by the Group on 14 June 2007 to develop liquefied coalbed gas business in the PRC, the Group has entered into two separate equipment purchase agreements for purchase liquefied equipment amounting to RMB153,150,000. It is expected that the construction of two coalbed gas-liquefying plants will be completed in the first half of 2008.

It is believed that the liquefied coalbed gas industry has good business potential in light of the increasing domestic demands for fuel and energy in the PRC with its continuous economic growth. It is believed that the liquefied coalbed gas industry would provide the Group with a new and steady stream of income, therefore enhancing the value of the Company and returns to the Shareholders. The Company's tapping into this new business line will broaden its revenue base and help to diversify the overall business risks of the Group.

OUTLOOK

With the continuous flourish in PRC securities market, the Group is optimistic on its software business. On the other hand, with the increasing domestic demands for fuel and energy in the PRC, It is believed that our new liquefied coalbed gas business will serve as the drive for the Group's profit growth in the coming year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June 2007, the interests and 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 ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(a) Long positions in shares, underlying shares and debentures of the Company

Name	Capacity	Nature of Interest	Number of shares/ underlying shares	Approximate % of shareholdings
Mr. Wang Zhong Sheng	Interest of controlled corporation	Corporate interest	354,750,000 *(Note 1)*	73.94%
Mr. Wang Zhong Sheng	Beneficial owner	Personal	5,000,000	1.06%

Notes:

1. Such shares are owned by Jumbo Lane Investments Limited.

   Mr. Wang Zhong Sheng owns 87.23% interest in the issued share capital of Jumbo Lane Investments Limited and he is taken to be interested in the shares owned by Jumbo Lane Investments Limited pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

(b) Associated corporations — interests in shares

Director	Name of associated corporation	Nature of Interest	Percentage of interests in the registered capital of the associated corporation
Mr. Wang Zhong Shen	Jumbo Lane Investments Limited *(Note 1)*	Personal	87.23%
Mr. Kwok Shum Tim	Jumbo Lane Investments Limited	Personal	7.1%
Mr. Chang Jian	Jumbo Lane Investments Limited	Personal	5.67%

Notes:

1. Jumbo Lane Investments Limited is a holding Company of the Group, owns 73.94% of the shareholding of the Group. Mr. Wang Zhong Sheng owns 87.23% interest in the issued share capital of Jumbo Lane Investments Limited. Mr. Chang Jian and Mr. Kwok Shun Tim each own 5.67% and 7.1%, respectively in the issued share capital of Jumbo Lane Investments Limited.

Save as disclosed above, as at 30th June 2007, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange. The Group had not issued any debentures during the year.

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES AND OPTIONS UNDER SFO

As at 30th June 2007, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares

Name		**Number of Shares**	**Nature of Interest**	**Percentage of shareholding**
Jumbo Lane Investments Limited		349,750,000	Beneficial owner	73.94%
Mr. Wang Zhong Sheng	*(Note 1)*	349,750,000	Interest of controlled corporation	73.94%
Mr. Wang Zhong Sheng		5,000,000	Personal	1.06%
Ms. Zhao Xin	*(Note 2)*	354,750,000	Interest of spouse	75%

Notes:

1. Such Shares represent the same parcel of Shares owned by Jumbo Lane Investments Limited. Mr. Wang Zhong Sheng is the beneficial owner of the 87.23% of the total issued share capital of Jumbo Lane Investments Limited. Mr. Wang is taken to be interested in the Shares owned by Jumbo Lane Investments Limited pursuant to the SFO.

2. Ms. Zhao Xin (the spouse of Mr. Wang Zhong Sheng) is deemed to be interested in her spouse's interest in the Company which represent the same parcel of Shares held by Jumbo Lane Investments Limited pursuant to the SFO.

   Save as disclosed above, as at 30th June 2007 no other person (other than the Directors or chief executive of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Save as disclosed above, no share options had been granted, cancelled, lapsed or exercised during the period.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause any significant competition with the business of the Group.

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

During the Interim Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules on 28th July 2003. The primary duties of the audit committee are, among others, to review and oversee the financial reporting principles and practices adopted as well as internal control procedures and issues of the Group. It also reviews quarterly, interim and the final results of the Group prior to recommending the same to the Board for consideration.

The audit committee, comprising of the three independent non-executive Directors, namely Mr. Luo Wei Kun, Mr. Yan Chang ming and Ms. Pang Yuk Fong (Chairman).

During the Interim Period, the audit committee has held two meetings. The Group's unaudited consolidated results for the Interim Period have been reviewed and commented by the audit committee members.

CORPORATE GOVERNANCE

During the Interim Period, the Group has complied with the code provisions in the Code of Corporate Governance Practices set out in Appendix is of the GEM Listing Rules ("HKSE Code") except for the deviations mentioned below.

Under the Code Provision A.2.1 of the HKSE Code, the roles of chairman and CEO should be separate and should not be performed by the same individual, Currently, the Company does not comply with such Code Provision since the company does not have any person holding the title of CEO. Mr. Wang Zhong Sheng is the Chairman of the Board and is also performing the functions of CEO. The Board meets rogularly to consider major matters affecting the business and operations of the Group. The Board considers that this structure will not Impair the balance of power and authority between the Board and management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

Under Code Provision A.4.1 of the HKSE Code, non-executive directors should be appointed for specific terms, subject to re-election, Currently, the Non-executive Directors and the Independent Non-executive Directors have no set term of office but are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Articles of Association. The Board considers the current arrangement will allow flexibility to the Board in terms of appointment of Directors."

The Company has adopted a code of conduct regarding securities dealings by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry of all Directors, the Company was not aware of any non-compliance with such code of conduct during the Interim Period.

The Company has received from each of the independent non-executive Directors a confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of its independent non-executive Directors are independent.

By order of the Board
China Leason Investment Group Co., Limited
Wong Zhong Sheng
Chairperson

China, 10 August 2007

As at the date of this report, the executive directors of the Company are Mr. Wang Zhong Sheng, and Mr. Shi Liang; the non-executive directors of the Company are Mr. Chang Jian, Mr. Kwok Shun Tim and Mr. Ye Jinxing and the independent non-executive directors of the Company are Mr. Luo Wei Kun, Mr. Yan Chang ming and Ms. Pang Yuk Fong.