首長科技集團有限公司
SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 521)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

INTERIM RESULTS

The Board of Directors of Shougang Concord Technology Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007. These interim results have been reviewed by the Company's Audit Committee and its Auditor.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2007	2006
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	3	**287,499**	239,619
Cost of sales		**(292,098)**	(258,126)
Gross loss		**(4,599)**	(18,507)
Other income		**2,757**	9,720
Selling and distribution costs		**(9,555)**	(6,729)
Administrative expenses		**(44,175)**	(26,484)
Gain on dilution of interest in an associate	4	**64,246**	–
Gain on disposal of an associate		**183**	–
Share of results of associates		**8,605**	6,769
Share of results of jointly controlled entities		**1,141**	6,221
Finance costs	5	**(10,736)**	(9,323)
Profit (loss) before tax	6	**7,867**	(38,333)
Income tax (expense) credit	7	**(2,397)**	94
Profit (loss) for the period		**5,470**	(38,239)
Attributable to:			
Equity holders of the Company		**3,610**	(40,118)
Minority interests		**1,860**	1,879
		5,470	(38,239)
Earning (loss) per share	9		
Basic		**HK0.21 cents**	(HK2.73 cents)
Diluted		**HK0.20 cents**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	NOTES	**30 June 2007 HK$'000 (unaudited)**	31 December 2006 HK$'000 (audited)
NON-CURRENT ASSETS			
Investment properties	10	**9,550**	9,550
Property, plant and equipment	10	**237,441**	265,094
Prepaid lease payments		**9,581**	9,779
Goodwill		**138,144**	138,144
Intangible assets		**3,250**	3,250
Interests in associates		**140,963**	68,684
Investments in jointly controlled entities		**179,780**	178,639
Available-for-sale investments		**13,761**	6,250
Club debentures		**445**	445
Deferred tax assets		**2,147**	2,147
		735,062	681,982
CURRENT ASSETS			
Prepaid lease payments		**393**	393
Inventories		**90,756**	106,545
Trade and bills receivables	11	**185,930**	189,951
Prepayments, deposits and other receivables		**102,100**	74,579
Amounts due from customers for contract work		**155,938**	157,599
Tax recoverable		**158**	126
Pledged bank deposits		**18,063**	20,049
Bank balances and cash		**23,508**	37,214
		576,846	586,456
CURRENT LIABILITIES			
Trade and bills payables	12	**110,205**	137,942
Other payables, deposits received and accruals		**76,538**	79,172
Amounts due to customers for contract work		**45,402**	19,445
Amount due to a related company		**159,358**	143,483
Amount due to a jointly controlled entity		**11,722**	7,471
Tax liabilities		**11,091**	9,192
Bank borrowings – due within one year		**147,190**	134,905
Obligations under finance leases – due within one year		**16,132**	22,446
Bank overdraft		**6,684**	6,283
		584,322	560,339

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	30 June 2007 *HK$'000* **(unaudited)**	31 December 2006 *HK$'000* (audited)
NET CURRENT (LIABILITIES) ASSETS	**(7,476)**	26,117
TOTAL ASSETS LESS CURRENT LIABILITIES	**727,586**	708,099
NON-CURRENT LIABILITIES		
Bank borrowings – due after one year	**13,271**	23,698
Obligations under finance leases – due after one year	**2,572**	6,859
Deferred tax liabilities	**150**	150
	15,993	30,707
NET ASSETS	**711,593**	677,392
CAPITAL AND RESERVES		
Share capital	**438,566**	428,867
Reserves	**210,987**	189,783
Equity attributable to equity holders of the Company	**649,553**	618,650
Minority interests	**62,040**	58,742
TOTAL EQUITY	**711,593**	677,392

Notes

1. BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis because Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a private company incorporated in Hong Kong and the controlling shareholder of the Company, has agreed to provide adequate funds for the Group to meet in full its financial obligations as they fall due for the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

The Group has not early applied the following new standards or 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 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008

The Directors are in the process of assessing the potential impact and expect that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segments. The following table presents the unaudited figures of revenue and results for the Group's business segments for the six months ended 30 June 2007 and the comparative figures:

Inter-segment sales are charged at prevailing market rates.

For the six months ended 30 June 2007

	Traditional business	Printed circuit boards	High precision metal components	Photomask business	Intelligent information business	Others	Eliminations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE								
External sales	**131,367**	**–**	**26,106**	**25,203**	**96,784**	**8,039**	**–**	**287,499**
Inter-segment sales	**–**	**–**	**–**	**–**	**–**	**5,100**	**(5,100)**	**–**
Total revenue	**131,367**	**–**	**26,106**	**25,203**	**96,784**	**13,139**	**(5,100)**	**287,499**
RESULTS								
Segment results	**(5,871)**	**–**	**(1,682)**	**(30,421)**	**7,678**	**(10,141)**		**(40,437)**
Unallocated corporate expenses								**(15,912)**
Unallocated corporate income								**777**
Gain on disposal of an associate								**183**
Gain on dilution of interest in an associate								**64,246**
Share of results of associates		**8,598**			**7**			**8,605**
Share of results of jointly controlled entities					**(1,240)**	**2,381**		**1,141**
Finance costs								**(10,736)**
Profit before tax								**7,867**
Income tax expense								**(2,397)**
Profit for the period								**5,470**

For the six months ended 30 June 2006

	Traditional business *HK$'000*	Printed circuit boards *HK$'000*	High precision metal components *HK$'000*	Photomask business *HK$'000*	Intelligent information business *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Total *HK$'000*
REVENUE								
External sales	130,434	15,675	31,374	20,656	36,752	4,728	–	239,619
Inter-segment sales	–	55	48	–	–	9,025	(9,128)	–
Total revenue	130,434	15,730	31,422	20,656	36,752	13,753	(9,128)	239,619
RESULTS								
Segment results	(7,250)	(7,029)	128	(31,089)	2,406	365		(42,469)
Unallocated corporate expenses								(867)
Unallocated corporate income								1,336
Share of results of associates		6,872			(103)			6,769
Share of results of jointly controlled entities					(9,080)	15,301		6,221
Finance costs								(9,323)
Loss before tax								(38,333)
Income tax credit								94
Loss for the period								(38,239)

4. GAIN ON DILUTION OF INTEREST IN AN ASSOCIATE

The amount represents gain on dilution of the Group's interest in an associate, Tianjin Printronics Circuit Corporation ("TPC"), which is a joint stock limited company established in the People's Republic of China and is principally engaged in the manufacture of printed circuit boards from approximately 28.17% to 21.01% of the issued capital of TPC upon the issuance of 50 million new shares in TPC on 23 April 2007 at a price of RMB8.28 (equivalent to HK$8.28) each by the way of an initial public offering on a fully underwritten basis. Details of which was set out in the Company's announcement dated 24 April 2007.

5. FINANCE COSTS

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on:		
Bank borrowings wholly repayable within five years	**5,996**	5,081
Finance lease	**748**	1,758
Amount due to a related company	**3,992**	2,484
	10,736	9,323

6. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit (loss) before tax has been arrived at after charging:		
Amortisation of intangible assets (included in distribution costs)	**–**	267
Release of prepaid lease payments charged to income statement	**198**	174
Depreciation of property, plant and equipment	**33,998**	33,982
Impairment loss on golf club membership	**–**	100
Share of tax of associates (included in share of results of associates)	**6,124**	943
Share of tax of a jointly controlled entity (included in share of results of jointly controlled entities)	**10**	116
Net foreign exchange loss	**4,667**	592
and after crediting:		
Gain on disposal of property, plant and equipment	**–**	267
Gain on disposal of assets classified as held for sale	**–**	5,885
Gain on disposal of an associate	**183**	–
Income from insurance claim in relation to a flooding	**1,143**	–
Interest income from bank deposits	**349**	220

7. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong	**–**	118
Other regions in the PRC	**2,407**	1,402
	2,407	1,520
Under (over) provision in prior year:		
Hong Kong	**(10)**	76
PRC (note)	**–**	(1,574)
	(10)	(1,498)
Deferred tax	**–**	(116)
	2,397	(94)

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for prior period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Certain subsidiaries operating in PRC are qualified as advanced technology enterprises and operate in one of the approved high and new technology industrial development zones of PRC and are thus subject to tax rate of 15% to 16.5%, being the preferential tax rate applicable to companies operating in approved high and new technology industrial development zones of the PRC.

Pursuant to the new PRC Enterprise Income Tax Law promulgated on 16 March 2007, the enterprise income tax will be unified at 25% effective from 1 January 2008. However, the detailed implementation rules regarding the new Enterprise Income Tax Law have not yet been issued and therefore it is premature for the Group to determine whether the Company's PRC subsidiaries will still be entitled to the tax relief above.

Note: During prior period, one of the newly acquired subsidiaries of the Company was designated as one of the Most Outstanding Software Enterprises of year 2005 as defined by the National Development Bureau of the PRC and was subject to corporate income tax rate of 10% for the year ended 31 December 2005, being a preferential tax rate applicable to the Most Outstanding Software Enterprises. This resulted in a tax refund of approximately HK$1,574,000.

8. DIVIDENDS

No dividends were paid during the period. The Directors do not recommend payment of an interim dividend.

9. EARNING (LOSS) PER SHARE

The calculation of the basic and diluted earning (loss) per share attributable to the ordinary equity holders of the parent is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Earning (loss)		
Earning (loss) for the purposes of basic and diluted earning (loss) per share (Profit (loss) for the period attributable to equity holders of the Company)	**3,610**	(40,118)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earning (loss) per share	**1,726,495**	1,466,921
Effect of dilutive potential ordinary shares:		
– share options	**57,818**	–
Weighted average number of ordinary shares for the purpose of diluted earning (loss) per share	**1,784,313**	1,466,921

No diluted earning per share has been presented because the exercise price of the Company's share options was higher than the average market price for shares for period ended 30 June 2006.

10. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

At 30 June 2007, the directors considered the carrying amount of the Group's investment properties carried at revalued amounts and estimated that the carrying amount do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

During the period, the Group incurred approximately HK$4,703,000 on acquisition of property, plant and equipment in order to upgrade its operating capacities. In addition, the Group acquired certain property, plant and equipment via acquisition of a subsidiary with a carrying amount of HK$555,000. Furthermore, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK$1,087,000.

11. TRADE AND BILLS RECEIVABLES

Trading terms with customers are principally on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable within 30 to 180 days of issuance, except for certain well established customers, where the terms are extended to one year. Each customer has a designated credit limit.

An aged analysis of trade and bills receivables at the balance sheet date, based on the invoice date, and net of allowance, is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**135,368**	129,495
91- 180 days	**28,044**	43,453
181 – 365 days	**21,573**	12,879
1 – 2 years	**683**	3,872
Over 2 years	**262**	252
	185,930	189,951

12. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables at the balance sheet date, based on the invoice date, is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 90 days	**67,272**	88,442
91 -180 days	**16,008**	29,828
181 – 365 days	**7,506**	11,446
1 – 2 years	**15,830**	5,765
Over 2 years	**3,589**	2,461
	110,205	137,942

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover of the Group increased to HK$287 million for the six months period ended 30 June 2007, an increase of 20% as compared to the corresponding period. The increase was mainly contributed by turnover from Sino Stride Technology (Holdings) Limited ("Sino Stride"), a subsidiary acquired in April 2006.

The Group recorded a profit attributable to shareholder of HK$3.6 million for the period under review, compared to the loss of HK$40 million of the corresponding period.

System Integration Solutions Services

The turnover and the net profit after financial cost and minority interests of Sino Stride as consolidated in the Group's operating results for the six months period ended 30 June 2007 were HK$97 million (2006: HK$37 million) and HK$2.3 million (2006: HK$1.7 million) respectively. Turnover increase mainly due to the Group consolidated Sino Stride's six months result under the period under review but only three months result in the corresponding period.

The Group believes that Sino Stride can leverage on the platform of the Group's strong business connections in the PRC market for its future business expansion and earnings enhancement.

Photomasks

With persistent efforts to secure customers' orders and improve cost efficiency, the turnover of photomask business increased from HK$21 million to HK$25 million for the six months period ended 30 June 2007 whilst the loss decreased from HK$31 million to HK$30 million. This was a reflection of our continuing marketing efforts on positioning Remarkable's manufacturing core competency as high-end manufacturer.

Traditional business

Traditional business consisted of trading and manufacturing of telephone accessories, power cords, adaptors and electronic products. During the period under review, turnover increase slightly by 1% to HK$131 million (2006: HK$130 million) and loss attributable to the Group decrease by 19% to HK$5.9 million (2006: HK$7.3 million).

Printed circuit boards

In view of the continuing loss-making of the division in the previous years mainly attributable to intense competition in the printed circuit boards market and increase in material cost, the Group changed the operation of the division by sub-letting the factory and assets in stead of manufacturing of printed circuit boards itself during the period under review. The Group will re-assess the potential development opportunity in the printed circuit boards market. As a result of the change in operation, turnover from the division was HK$1 million which represents sub-letting income (2006: HK$16 million from manufacturing of printed circuit boards) and loss attributable to the Group decreased significantly from HK$7 million to HK$0.7 million for the six months ended 30 June 2007. The turnover and loss attributable to the Group by this division were classified under "Others" in the Segment Information section to the condensed financial statements for the period under review.

High-precision metal components

Sales of the division decreased by 17% to HK$26 million (2006: HK$31 million). The rise in material costs, such as aluminium and zinc had negative impact on lowering the margin which lead to increase in loss to HK$1.7 million recorded in this segment during the period under review compared to the segment profit of HK$0.1 million in the corresponding period.

Jointly controlled entity – copper wire

The global copper price was in a decreasing trend during the first quarter in 2007 but increase during the second quarter 2007.

During the period under review, turnover of the jointly controlled entity increased by 18% to HK$731 million whilst the profit attributable to the Group decreased by 84% to HK$2.4 million (2006: HK$15.3 million). Profit attributable to the Group decreased mainly attributable to no appreciation earnings in substantial copper stock acquired in 2006 was record in 2007.

Jointly controlled entity – 3S project (GPS, GIS, RS)

Due to market competition, barriers to product development and market expansion, a loss of HK$1.2 million (2006: HK$9 million) for the six months period ended 30 June 2007 was recorded.

Associate – TPC

Turnover of TPC increased by 22% to HK$187 million and the profit attributable to the Group increased by 25% to HK$8.6 million during the period under review.

On 23 April 2007, TPC has announced to issue 50 million new shares at a price of RMB8.28 each by way of an initial public offer and the Group's interest in TPC was diluted from approximately 28.17% to approximately 21.01%. Accordingly, a gain on dilution of interest in TPC of approximately HK$64 million as a result of the initial public offer was recognised by the Group during the period under review. On 16 May 2007, the shares of TPC were listed and commenced trading on the Shenzhen Stock Exchange. The 41,319,704 shares held in TPC by the Group is of an aggregate market value of approximately RMB723.5 million as at 30 June 2007.

Prospects

Sino Stride, which was acquired by the Group in April 2006, has once again delivered outstanding performance in the year. Sino Stride not only brings stable revenue and profits to the Group, it also lays solid foundation for the Group to develop its intelligent information business in the PRC. In the meantime, in order to expand into the nationwide intelligent value-added service area, Sino Stride has established a remote service center which is dedicated to the provision of intelligent value-added services to the nationwide market. In August 2007, the Group has entered into an agreement with Singapore Technologies Electronics Limited ("ST Electronics") to acquire approximately 28.12% equity interests of Sino Stride from ST Electronics by way of issue of new shares of the Company as consideration. The said transaction is still subject to the approval of the Hong Kong Stock Exchange and the approval by the Company's independent shareholders at extraordinary general meeting.

The Group will continue its efforts in developing and promoting the photomask market and will strive to obtain orders from premium customers and improve its cost efficiency. With the semiconductor industry in the PRC keeps growing, the Group will invest appropriate amount of resources in this segment to cope with market demand, so as to further expand the photomask market in the PRC. The Group will keep investing in the production and marketing of photomask, and on the other hand, in view of the huge capital expenditure requirement of the photomask industry, the Group does not rule out the possibility of identifying and cooperating with investors who are interested in the photomask industry. In conclusion, the Group remained optimistic about the development of the photomask industry.

The back office and control center of the Group's traditional business in Hong Kong has been successfully re-located to Dongguan, thus consolidated the operation system of traditional business and achieved better management and rationalization of structure. The Group believes the results of its traditional manufacturing segment could improve in the future.

In May 2007, TPC, the Group's associated company, successfully listed on the Shenzhen Stock Exchange. Its results achieved continuous growth and its share price performance is satisfactory. The Group realized part of its investment in TPC in July 2007, thus received sales proceeds of approximately HK$180 million and recorded a gain of approximately HK$120 million. The Group remained optimistic about its investment returns in TPC.

Liquidity and financial resources

At 30 June 2007, the Group's gearing ratio (total borrowings divided by equity) has decreased to 0.26 (31 December 2006: 0.29) whereas current ratio (current assets dividend by current liabilities) has decreased to 0.99 (31 December 2006: 1.12).

Bank loans had decreased by approximately HK$2,259,000 to HK$167,145,000 as at 30 June 2007.

At 30 June 2007, the capital commitments of the Group and its jointly controlled entities contracted but not provided for and authorized but not contracted for amounted to approximately HK$37,494,000 (31 December 2006: HK$1,310,000) and HK$920,000 (31 December 2006: HK$920,000) respectively.

Exposure to fluctuations in exchange rates

Exposure to fluctuation in exchange rates is immaterial to the Group's financial results as both the Group's borrowings and revenue were mostly denominated in Hong Kong Dollars or United States Dollars.

Capital structure

During the period under review, a total of 38,794,000 share options were exercised by certain eligible directors and employees.

Contingent liabilities

The contingent liabilities of the Group, mainly from guarantees for banking facilities granted to a jointly controlled entity, increase from approximately HK$67,278,000 as at 31 December 2006 to approximately HK$70,244,000 as at 30 June 2007. In addition, one of the subsidiaries, Sino Stride has given a cross guarantee approximately HK$28,000,000 (31 December 2006: HK$9,000,000) to a bank in connection with credit facility granted to a third party.

Post balance sheet events

(a) Disposal of 40% equity interests in Printronics Electronics Limited

On 11 July 2007, the Group through a wholly-owned subsidiary, entered into a share transfer agreement (the "Agreement") with an independent third party (the "Purchaser") to sell 40% shares of Printronics Electronics Limited, a company which held approximately 21.01% equity interest in TPC, to the Purchaser at consideration of approximately HK$181.8 million. Upon the completion of the Agreement on 18 July 2007, the Group has an equity interest of 12.6% in TPC.

The unaudited net asset value attributable to the disposed equity interest amounted to approximately HK$56,000,000 as at 30 June 2007. A gain on disposal in the amount of approximately HK$125,800,000 in respect of the transfer will arise upon completion.

(b) Acquisition of a further 28.12% equity interests in Sino Stride from ST Electronics

On 31 August 2007, the Company entered into a Sale and Purchase of Shares Agreement (the "S&P Agreement") with ST Electronics, a shareholder of Sino Stride, to acquire 304,260,000 Sino Stride shares, represents approximately 28.12% of the issued share capital of Sino Stride, from ST Electronics at a consideration to be settled by the issuance of 133,523,480 new shares of the Company (the "Consideration Shares").

The completion of the S&P Agreement will be conditional upon (i) the passing of a resolution by the independent shareholders of the Company by poll at the extraordinary general meeting; and (ii) the Listing Committee of the Stock Exchange granting the approval for, and the permission to deal in the Consideration Shares.

As at the date of this announcement, the aforesaid acquisition is yet to complete and the estimate of its financial effect is uncertain.

Employees and remuneration of policies

The Group had a total of approximately 2,842 employees as at 30 June 2007.

The remuneration policies of the Group are to ensure the fairness and competitiveness of total remuneration to motivate and retain existing employees and at the same time to attract potential employees. Remuneration packages are structured in such a way that take into account local practices in the various geographical locations in which the Group and its associates operate. These remuneration packages include basic salaries, allowances, retirement schemes, service bonuses, fixed bonuses, performance related payments and share options where appropriate.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the period under review.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2007, except that under code provision A.4.1 of the Code, Non-executive directors should be appointed for a specific term and subject to re-election. None of the existing Non-executive Directors of the Company is appointed for a specific term. However, Non-executive Directors of the Company are subject to retirement by rotation and re-election at annual general meetings at least once every three years in accordance with the provisions of the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

By order of the Board
Cao Zhong
Chairman

Hong Kong, 21 September 2007

As at the date of this announcement, the Board comprises Mr. Cao Zhong (Chairman), Mr. Chau Chit (Managing Director), Mr. Tzu San Te (Executive Director), Mr. Chen Jianyong (Executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Chen Jang Fung (Non-executive Director), Mr. Chan Wah Tip, Michael (Non-executive Director), Mr. Tse Chun Sing (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).