HANG FUNG GOLD TECHNOLOGY LIMITED
恒豐金業科技有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 870)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The Board of Directors of Hang Fung Gold Technology Limited ("the Company") is pleased to present the interim report together with the unaudited condensed consolidated financial information of the Company and its subsidiaries (together "the Group") for the six months ended 30 September 2007 together with comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 September 2007 HK$'000	2006 HK$'000
Revenue	4	**1,657,755**	1,522,678
Cost of sales		**(1,244,170)**	(1,073,885)
Gross profit		**413,585**	448,793
Selling and marketing costs		**(95,796)**	(209,416)
Administrative expenses		**(173,922)**	(149,171)
Other gains / (losses) - net		**19,081**	(4,749)
Operating profit	5	**162,948**	85,457
Interest Income		**1,819**	888
Interest expense		**(33,562)**	(27,814)
Fair value losses on derivative liability of convertible bonds		**(9,958)**	-
Finance costs, net		**(41,701)**	(26,926)
Profit before income tax		**121,247**	58,531
Income tax expense	6	**(20,884)**	(6,500)
Profit attributable to equity holders of the Company		**100,363**	52,031
Dividend	7	**25,590**	11,614
Earnings per share for profit attributable to the equity holders of the Company during the period	8		
- Basic		**HK11.62cents**	**HK6.82cents**
- Diluted		**HK11.58cents**	**HK6.82cents**

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**Unaudited 30 September 2007 HK$'000**	Audited 31 March 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**805,255**	840,110
Leasehold land	9	**5,553**	5,622
		810,808	845,732
Current assets			
Inventories		**1,328,810**	1,148,301
Trade receivables	10	**488,686**	454,742
Prepayments, deposits and other receivables		**76,064**	95,936
Derivative financial instruments		**8,463**	977
Other financial assets at fair value through profit or loss		**3,764**	3,658
Pledged bank deposits		**60,845**	60,628
Cash and cash equivalents		**128,861**	193,103
		2,095,493	1,957,345
Total assets		**2,906,301**	2,803,077
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**91,394**	81,826
Reserves		**1,355,864**	1,170,973
Total equity		**1,447,258**	1,252,799

	Note	Unaudited 30 September 2007 HK$'000	Audited 31 March 2007 HK$'000
LIABILITIES			
Non-current liabilities			
Long-term bank borrowings		**222,221**	285,117
Finance lease obligations		**1,273**	-
Convertible bonds		**88,672**	163,141
Deferred taxation		**65,904**	66,232
		378,070	514,490
Current liabilities			
Trade payables	11	**115,381**	159,552
Accruals and other payables		**45,544**	43,860
Derivative financial instruments		**36,237**	73,968
Short-term bank borrowings		**553,587**	525,582
Long-term bank borrowings, current portion		**277,710**	223,569
Finance lease obligations, current portion		**2,612**	1,504
Dividend payable		**36,719**	-
Current income tax liabilities		**13,183**	7,753
		1,080,973	1,035,788
Total liabilities		**1,459,043**	1,550,278
Total equity and liabilities		**2,906,301**	2,803,077
Net current assets		**1,014,520**	921,557
Total assets less current liabilities		**1,825,328**	1,767,289

Notes to the condensed consolidated financial information

1. General information

Hang Fung Gold Technology Limited ("the Company") and its subsidiaries (together, the "Group") are principally engaged in the design, manufacture and selling of a broad range of gold products, other precious metal products and jewellery products.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda.

This condensed consolidated interim financial information was approved for issue on 19 December 2007.

2. Basis of preparation

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in the annual financial statements for the year ended 31 March 2007, except that the Group has changed certain of its accounting policies following its adoption of new / revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are effective for accounting periods beginning on or after 1 April 2007 and relevant to its operations. The adoption of such standards did not have material effect on the condensed consolidated financial information.

4. Segment information

(a) Business segments

No segment analysis by business segment is presented as the Group principally operates in one business segment, which is the wholesale, trading and retail of gold products, other precious metal products and jewellery products.

(b) Geographical segments

An analysis by geographical segment is as follows:

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Revenue (i)		
Hong Kong /mainland China	**1,570,961**	1,395,945
South-East Asia	**11,663**	59,070
The United States of America	**60,505**	59,375
Europe	**14,467**	8,175
Others	**159**	113
	1,657,755	1,522,678
Segment results		
Hong Kong /mainland China	**148,326**	72,556
South-East Asia	**869**	2,797
The United States of America	**10,017**	8,216
Europe	**3,725**	1,883
Others	**11**	5
	162,948	85,457

Note:

(i) Revenue by geographical location is determined on the basis of the location of deliveries or the destination of shipments of goods.

No segment information of total assets and capital expenditure by location is presented as all of the Group's assets are located in Hong Kong/mainland China.

5. Operating profit

Operating profit is determined after charging:

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Amortisation of leasehold land	69	69
Depreciation of property, plant and equipment	42,838	50,086

6. Income tax expense

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Current taxation		
- Hong Kong profits tax	**(20,286)**	(6,500)
-mainland China enterprise income tax	**(598)**	-
	(20,884)	(6,500)

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit arising in or derived from Hong Kong. The subsidiaries established in Shenzhen, mainland China are subject to mainland China enterprise income tax at a rate of 15% for the period (2006: 15%).

7. Dividend

	Six months ended 30 September	
	2007	2006
	HK$'000	HK$'000
Proposed interim dividend of HK2.8 cents (2006: HK1.5 cents) per share	**25,590**	11,614

8. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September 2007	2006
Profit attributable to equity holders of the Company (HK thousands dollar)	**100,363**	52,031
Weighted average number of ordinary shares in issue (thousands)	**863,477**	763,066
Basic earnings per share (HK cents per share)	**11.62**	6.82

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the after-tax effects of interest expense and change in fair value on derivative liability. For the share options, calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average semi-annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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	Six months ended 30 September 2007	2006
Profit attributable to equity holders of the Company (HK thousands dollar)	**100,363**	52,031
Weighted average number of ordinary shares in issue (thousands)	**863,477**	763,066
Adjustments for share options (thousands)	**3,321**	380
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**866,798**	763,446
Diluted earnings per share (HK cents per share)	**11.58**	6.82

9. Capital expenditure

	Property, plant and equipment HK$'000	Leasehold land HK$'000
Opening net book value as at 1 April 2006	727,734	5,761
Additions	69,866	-
Disposals	(718)	-
Depreciation/ amortisation charge	(50,086)	(69)
Closing net book value as at 30 September 2006	746,796	5,692
Additions	188,523	-
Disposals	(51,349)	-
Depreciation/ amortisation charge	(44,212)	(70)
Exchange differences	352	-
Closing net book value as at 31 March 2007	840,110	5,622
Opening net book value as at 1 April 2007	840,110	5,622
Additions	9,128	-
Disposals	(1,145)	-
Depreciation/ amortisation charge	(42,838)	(69)
Closing net book value as at 30 September 2007	805,255	5,553

10. Trade receivables

For wholesale and trading sales, the Group grants to majority of its customers credit periods ranging from 30 days to 120 days. Retail sales are primarily settled by cash or credit cards upon deliveries.

The ageing analysis of trade receivables is as follows:

	30 September 2007 HK$'000	31 March 2007 HK$'000
0 to 90 days	**473,103**	392,863
91 to 180 days	**14,624**	60,178
Over 180 days	**959**	1,701
	488,686	454,742

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The carrying amounts of trade receivables approximate their fair values as at 30 September 2007.

11. Trade payables

The ageing analysis of trade payables is as follows:

	30 September 2007 HK$'000	31 March 2007 HK$'000
0 to 90 days	**100,639**	144,892
91 to 180 days	**5,286**	7,960
Over 180 days	**9,456**	6,700
	115,381	159,552

INTERIM DIVIDEND

The Board of Directors declared an interim dividend of HK2.8 cents (2006: HK1.5 cents) per share to be payable on or about 28 February 2008 to shareholders whose names appear in the Register of Members of the Company on 25 January 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24 January 2008 to 25 January 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 23 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 September 2007, the Group's consolidated turnover amounted to HK$1,657.8 million (2006: HK$1,522.7 million), representing an increase of 8.9% as compared to the same period of last year. Operating profit achieved a substantial growth of 90.7% to HK$162.9 million (2006: HK$85.5 million). Profit attributable to shareholders was HK$100.4 million (2006: HK$52.0 million). Excluding approximately HK$10.0 million in fair value losses on derivative liability of the convertible bonds issued in November 2006, the profit attributable to shareholders would have reached HK$110.4 million, an increase of 112.3% over the same period of last year.

Basic earnings per share attributable to the shareholders of the Company was HK11.62 cents (2006: HK6.82 cents), an increase of 70.4% over the last period.

The Board of Directors (the "Directors") are pleased to declare an interim dividend of HK2.8 cents per share (2006: HK1.5 cents) in respect of the six months ended 30 September 2007.

BUSINESS REVIEW

Retail Business

During the reporting period, performance of our "3D-GOLD" stores was remarkable in both mainland China and Hong Kong and has attained a larger contribution to the Group's turnover.

The National Bureau of Statistics of China published the gross domestic production (GDP)[1] of the PRC in the first three quarters of this year reaching RMB16,604 billion, a year-on-year increase of 11.5%. In particular, the retail sales of gold, silver, and jewellery rose by 41.5% in the country. Thanks to this favourable economic environment as well as our expansion of sales network, our retail sales in mainland China has more than doubled for the six months ended 30

[1] *Released by the National Bureau of Statistics of China on 25 October 2007*

September 2007, and has achieved more than 30% same store growth rate as compared to the same period in 2006.

The Group strives to increase competitiveness as well as market penetration through cautious expansion plans. Currently, the Group has established a sales network of over 160 shops spanning more than 50 cities in mainland China, Hong Kong and Macau, and all the "3D-GOLD" retail outlets are strategically located in major metropolitan centres, primarily in the first and second tier cities, so as to attract the targeted demographic of middle-to high-income consumers.

Apart from self-operated stores, the Group has also achieved a satisfactory development of its franchise business in mainland China during the reporting period. To capture the growing entrepreneurial enthusiasm venturing into new business opportunities in the mainland, the Group has been aggressively developing its franchise business through organizing exhibitions, recruiting potential jewellery investors and establishing long-term business relationship with department stores. The franchise model allows our "3D-GOLD" stores to penetrate the massive country in a faster manner while requiring lower capital from the Group.

Hong Kong has experienced a prosperous year in 2007 and has benefited from the favourable China economy and policies. Retail sales of "3D-GOLD" stores in Hong Kong have grown by over 40% because of strong local consumption power and the sustaining effect of Individual Traveler Scheme from the mainland. As more mainland visitors come to Hong Kong via the Individual Traveller Scheme channel, rather than through the traditional tours, the Group have repositioned the strategy of our tourism business to cope with this change. We have consolidated the tourism exhibition halls which showcase the Gold Washroom, Gold Palace and other gold display items and have allocated more resources to our "3D-GOLD" jewellery retail shops to better serve the Individual Travellers. As such, the increase in "3D-GOLD" sales was offset by the drop in sales of tourism exhibition halls.

Wholesale and Export Businesses

The wholesale and export business has continued to attain stable growth in the reporting period. Sales volume has grown particularly in mainland China and other emerging markets such as Russia. Apart from developing new markets, the Group has been taking a proactive approach in establishing long-term relationships with the existing clients in mainland China, North America and Europe who provide stable revenue and potential growth opportunities. The Directors are optimistic that the Group, leveraging on the solid foundation in existing customer base, design, marketing, manufacturing and technological capabilities, will continue to further develop in the existing and emerging markets.

Operating Margins, Other Gains and Expenses

During the reporting period, the gross profit margin of sales was 25.0% (2006: 29.5%). The continual increase in gold price in the year has driven up the sale amounts on fine gold products but at the same time has reduced the overall gross profit margin as fine gold products have a relatively lower profit margin. The repositioning of our tourism business also reduced the tourism sales which are of relatively higher gross profit margin.

Other gains, net, amounted to HK$19.1 million (2006: other losses, net, of HK$4.7 million) included mainly gains on mark-to-market revaluation of gold trade contracts and other derivative financial instruments.

Coupled with the expansion of retail business, the Group continued to promote the "3D-GOLD" brand and products in the period under review. However, after our strong investment in brand promotion in prior years, "3D-GOLD" has already been established as a well-known brand name and now the Group is able to maintain the promotion costs at moderate level. In addition, we were successful to save our selling expenses through consolidation of the tourism exhibition halls. Accordingly, the selling and marketing costs reduced to 5.8% (2006: 13.8%) of total turnover. Administrative expenses showed an increase from 9.8% of total turnover in 2006 to 10.5% in the period, along with the general expansion in administrative activities of the Group in the retail sector. Finance costs increased to HK$41.7 million (2006: HK$26.9 million). Net of the fair value losses of HK$10.0 million relating to the derivative liability of the convertible bonds issued in November 2006, the finance cost was HK$33.6 million, as compared to HK$27.8 million for the same period of last year.

Marketing and Brand Enhancement Efforts

During the period under review, the Group continued its marketing activities to promote the "3D-GOLD" brand in Hong Kong and the mainland China. Large-scale marketing campaign including the re-appointment of Miss Kelly Chen as its "3D-GOLD" ambassador and new TV commercials were conducted to publicize the launch of various new products under our "3D-GOLD" brand. Further promotional support came in the forms of magazine and newspaper advertisements, celebrity endorsements, press releases, product sponsorship, and joint promotions with credit cards. In mainland China, part of the marketing efforts were aimed at demonstrating to local consumers the high quality of the products, as well as explaining the importance of purchasing recognized brand names from trusted retailers. During the period under review, "3D-GOLD" was entitled the "China Well-known Trademark", which further enhanced its credibility and strengthened customers' confidence in our products and services. The recognition as "China Well-known Trademark" helps to protect the brand against infringement.

Recognizing its strong capabilities in the design, manufacturing and distribution of jewellery products, the Group was awarded by the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) as one of two licensed Hong Kong manufacturers and distributors for Beijing 2008 Olympic-themed jewellery products. Currently, the Group has rolled out the first phase of retail distribution plan for Olympic-themed products. Focusing on the first-tier Olympic cities, the Olympic product series are available at 13 "3D-GOLD" outlets located in Beijing, Shanghai, Hangzhou, Qingdao, Wuhan, Xiamen, Nanning, Changsha, Jinan, Guangzhou and Shenzhen. In order to capture the business opportunity brought by the 2008 Beijing Olympic Games, the Group has opened 7 news stores in Olympic Games cities during the period under review.

Business Outlook

Leveraging on the Group's vertically integrated business model in design, manufacturing, wholesale and retail distribution, as well as its existing sales network in Hong Kong, Macau and mainland China and the proceeds from the recent bond issuance raising US$170 million of funds, the Group is well-equipped to forge ahead in the jewellery consumer market in mainland China. The Group is confident that its goal of expanding its retail network to over 300 outlets will be achieved by the next fiscal year. In order to speed up the expansion process, the Group will continue to further develop its franchise business by actively recruiting the potential business partners in the Mainland.

To capture the enthusiastic shopping atmosphere during the Olympic period, the Group will continue to focus on shop expansion in Olympic Games cities, such as Beijing, Shanghai, Qingdao and Shenyang. In addition to the well-received Fuwa (福娃) collection, the Group plans to launch other Olympic-themed jewellery lines in the near future. The second phase of Olympic product distribution network will extend to other first and second-tier cities. It is anticipated that the Olympic project will generate considerable sales revenue and further enhance the "3D-GOLD" brand reputation.

While the jewellery retail sector in mainland China offers great potential for the Group's expansion and will become its main growth driver in both sales and profit contribution in the foreseeable future, we are not forgetful of the wholesale and export opportunities in other parts of the world, including the potential from long established clients and emerging markets. The Group will continue its marketing and promotional efforts in these areas in order to maintain a well-balanced growth strategy in the global jewellery market.

The Group is confident with its future development and will continue to strengthen its business on the back of its strong professional management team, in-depth market knowledge and the edge in innovative design and product development technology. We are dedicated to maximize the benefits for shareholders, customers, partners, and employees as we continue to prepare ourselves for the upturn.

Liquidity and Financial Resources

As at 30 September 2007, the Group maintained aggregate banking facilities of approximately HK$1,271.7 million (31 March 2007: HK$1,265.1 million), of which HK$174.9 million (31 March 2007: HK$186.4 million) had not been utilised. Interest on bank borrowings is charged at commercial lending rates to the Group. Certain assets of the Group have been pledged to banks for these facilities. Cash and bank deposits as at 30 September 2007 amounted to HK$189.7 million (31 March 2007: HK$253.7 million). The Group primarily uses internally-generated cash flow and banking facilities to finance operations and its capital expenditure. Management considers that the Group has sufficient funding for these purposes.

In October 2007, the Group entered into a purchase agreement with The Hongkong and Shanghai Banking Corporation Limited in connection with the issue and sale of a Bond with an aggregate principal amount of US$170 million (approximately HK$1,326 million). The Bond bears a fixed coupon of 9.25% per annum with a maturity of seven years and is callable after four years. The net proceeds from the Bond offering, after deducting the underwriting commission and other expenses, is approximately US$162.9 million. We intend to apply the net proceeds as follows: (i) approximately US$90.0 million to repay a portion of our existing bank borrowings, (ii) approximately US$60.0 million to expand our network of retail outlets in mainland China and (iii) the remainder for general corporate purposes. The Group has entered into certain currency swap contracts to enable us to lower the interest cost of the Bond. The successful issuance of the Bond was testimony to the Group's sound financial management and solid business prospects.

The Group's gearing ratio (ratio of aggregate bank borrowings less cash and bank deposits to equity) as at 30 September 2007 was 0.66 (31st March 2007: 0.75).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 September 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions listed in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2007, with the exception of the following deviations:

Under the code provision A.4.1, non-executive directors should be appointed for a specific term. Currently, non-executive Directors are not appointed for a specific term. This constitutes a deviation from the code provision A.4.1. However, they are subject to retirement by rotation at each annual general meeting under the Company's Bye-Laws. 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.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of one non-executive Director, namely, Mr. Wong Kwong Chi and four independent non-executive Directors, namely, Mr. Lee Kok Keung, Mr. Liu Ngai Wing, Mr. Lui Sun Wing and Mr. Lou Ping Ho.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Company's internal auditor's report and the interim report for the six months ended 30 September 2007.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of one executive director, namely Mr. Lam Sai Wing, one non-executive Director, namely, Mr. Wong Kwong Chi and four independent non-executive Directors, namely, Mr. Lee Kok Keung, Mr. Liu Ngai Wing, Mr. Lui Sun Wing and Mr. Lou Ping Ho. As at the latest practicable date, the Remuneration Committee has reviewed the renewal of the service contracts of two executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the Model Code during the period covered by the interim report.

BOARD OF DIRECTORS

As at the date of this report, the executive Directors are Mr. Lam Sai Wing, Ms. Chan Yam Fai, Jane, Ms. Ng Yee Mei, Mr. Yeung Hon Yuen and Mr. Kuang Hao Kun, Giovanni, the non-executive Director is Mr. Wong Kwong Chi and the independent non-executive Directors are Mr. Lee Kok Keung, Mr. Liu Ngai Wing, Mr. Lui Sun Wing and Mr. Lou Ping Ho.

By Order of the Board
Lam Sai Wing
Chairman

Hong Kong, 19 December 2007

* *For identification purpose only*