U-RIGHT INTERNATIONAL HOLDINGS LIMITED
佑威國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 627)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

UNAUDITED INTERIM RESULTS

The Board of Directors (the "Directors") of U-RIGHT International Holdings Limited (the "Company") (Stock Code: 627) is pleased to announce as follows the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2007 together with the comparative figures for the corresponding period in 2006. The said interim results have not been audited but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	*2*	**989,756**	896,646
Cost of sales		**(737,942)**	(699,912)
Gross profit		**251,814**	196,734
Other income		**3,953**	5,579
Selling and distribution costs		**(96,484)**	(69,220)
Administrative expenses		**(53,404)**	(29,253)
Amortisation and impairment loss of intangible assets		**(2,031)**	(2,709)
Profit from operations	*2, 3*	**103,848**	101,131
Finance costs	*4*	**(21,301)**	(17,917)
Share of (losses)/profits of jointly-controlled entities		**(835)**	312
Profit before tax		**81,712**	83,526
Income tax expense	*5*	**(9,936)**	(8,950)
Profit for the period		**71,776**	74,576
Attributable to:			
Equity holders of the Company		**68,775**	66,026
Minority interests		**3,001**	8,550
		71,776	74,576
Dividend	*6*	**—**	18,758
Earnings per share	*7*		
Basic		**HK2.1 cents**	HK2.5 cents
Diluted		**HK2.1 cents**	HK2.5 cents

* *For identification purposes only*

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
Non-current assets			
Fixed assets		**522,902**	430,691
Prepaid land lease payments		**86,852**	87,290
Investment properties		**23,133**	28,453
Intangible assets		**166,228**	168,259
Interests in jointly-controlled entities		**49,070**	49,905
Available-for-sale financial assets		**27,953**	32,953
Prepayments and other deposits		**129,160**	60,105
		1,005,298	857,656
Current assets			
Inventories		**368,204**	313,194
Trade receivables	*8*	**289,925**	320,035
Prepayments, deposits and other receivables		**348,253**	180,189
Prepaid land lease payments		**2,158**	2,179
Tax recoverable		**1,019**	1,019
Bank and cash balances		**432,967**	549,182
		1,442,526	1,365,798
Current liabilities			
Trade and bills payables	*9*	**106,747**	138,347
Accruals and other payables		**16,525**	34,535
Due to jointly-controlled entities		**113**	113
Provision for taxation		**14,908**	14,287
Interest-bearing borrowings		**399,320**	500,380
Finance lease payables		**557**	1,279
		538,170	688,941
Net current assets		**904,356**	676,857
Total assets less current liabilities		**1,909,654**	1,534,513
Non-current liabilities			
Interest-bearing borrowings		**332,432**	188,430
Finance lease payables		**—**	220
Deferred taxation		**24,453**	24,777
Convertible bonds		**28,025**	53,425
		384,910	266,852
Net assets		**1,524,744**	1,267,661
Capital and reserves			
Share capital		**351,192**	293,770
Reserves		**1,147,557**	950,897
Total equity attributable to equity holders of the Company		**1,498,749**	1,244,667
Minority interests		**25,995**	22,994
Total equity		**1,524,744**	1,267,661

NOTES:

1. Basis of presentation and principal accounting policies

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

The Company is an investment holding company. Its subsidiaries are principally engaged in fashion garments business and Texnology Nano business.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of leasehold land and buildings, investment properties and available-for-sale financial assets which are carried at their fair values.

The principal accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2007, except for the adoption of the following new standards, amendments to standards and interpretations which are effective for the accounting periods beginning on or after 1 April 2007 as set out below:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Interpretation 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HK(IFRIC) — Interpretation 8	Scope of HKFRS 2
HK(IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment
HK(IFRIC) — Interpretation 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of the above has no material impact to the Group's unaudited condensed consolidated interim financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective and have not been early adopted. The directors of the Company is currently assessing the impact of these standards and interpretations but are not yet in position to state whether they would have material financial impact on the Group's financial statements.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Interpretation 12	Service Concession Arrangements[2]
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes[3]
HK(IFRIC) — Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction[2]

[1] Effective for annual periods beginning on or after 1 January 2009

[2] Effective for annual periods beginning on or after 1 January 2008

[3] Effective for annual periods beginning on or after 1 July 2008

2. Turnover and segment information

Turnover comprises the invoiced value of goods sold, net of trade discounts and returns, processing income and licensing income.

In determining the Group's geographical segments, revenues and results based on the location of assets.

The Group's geographical segments comprise Hong Kong and the People's Republic of China ("PRC").

The Group's business segments comprise fashion garments business and Texnology Nano business. Texnology Nano business refers to business utilising the Swedish Texcote Technology which is a material processing technology based on the principles of nanotechnology.

(a) Geographical segments

An analysis of the Group's turnover and contributions to operating profit by geographical segments for the six months ended 30 September 2007, together with the comparative figures for the corresponding period in 2006, is as follows:—

	Hong Kong		PRC		Elimination		Consolidated	
	Six months ended 30 September 2007 (Unaudited)	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**112,510**	58,807	**877,246**	837,839	**—**	—	**989,756**	896,646
Intersegment sales	**597**	—	**50,505**	9,449	**(51,102)**	(9,449)	**—**	—
Total revenue	**113,107**	58,807	**927,751**	847,288	**(51,102)**	(9,449)	**989,756**	896,646
Segment results	**(5,132)**	5,783	**129,692**	112,695	**—**	—	**124,560**	118,478
Unallocated expenses							**(20,712)**	(17,347)
Profit from operations							**103,848**	101,131
Finance costs							**(21,301)**	(17,917)
Share of (losses)/profits of jointly-controlled entities							**(835)**	312
Profit before tax							**81,712**	83,526
Income tax expense							**(9,936)**	(8,950)
Profit for the period							**71,776**	74,576

(b) Business segments

An analysis of the Group's turnover by business segments for the six months ended 30 September 2007, together with the comparative figures for the corresponding period in 2006, is as follows:—

	Fashion garments business		Texnology Nano business		Elimination		Consolidated	
	Six months ended 30 September 2007 (Unaudited)	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)	**Six months ended 30 September 2007 (Unaudited)**	Six months ended 30 September 2006 (Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**710,694**	648,428	**279,062**	248,218	**—**	—	**989,756**	896,646
Intersegment sales	**44,001**	—	**7,101**	9,449	**(51,102)**	(9,449)	**—**	—
Total revenue	**754,695**	648,428	**286,163**	257,667	**(51,102)**	(9,449)	**989,756**	896,646

3. Profit from operations

The Group's profit from operations is arrived at after charging:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Staff costs	**31,602**	23,683
Minimum lease payments under operating leases in respect of land and buildings	**36,392**	23,847
Depreciation	**28,721**	20,628

4. Finance costs

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expenses on:		
Bank loans and overdrafts	**21,228**	17,591
Finance leases	**73**	326
	21,301	17,917

5. Income tax expense

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current period provision:		
Hong Kong	**6,301**	5,870
Elsewhere	**3,635**	3,080
Tax charge for the period	**9,936**	8,950

Hong Kong profits tax is provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere are calculated at the rates of tax prevailing in the respective jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. Dividend

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim — Nil (2006: HK0.7 cent per share, paid)	**—**	18,758

The Directors did not recommend the payment of an interim dividend for the six months ended 30 September 2007 (2006: HK0.7 cent per share).

7. Earnings per share

The calculations of the basic and diluted earnings per share are based on the following:

	Six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to equity holders of the Company, used in basic earnings per share calculation	**68,775**	66,026
Finance costs saving on conversion of convertible bonds outstanding	**2,044**	—
Profit attributable to equity holders of the Company, used in diluted earnings per share calculation	**70,819**	66,026

	2007	2006
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**3,223,478**	2,679,698
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	**104,167**	—
Weighted average number of ordinary shares used in diluted earnings per share calculation	**3,327,645**	2,679,698

8. Trade receivables

An ageing analysis of the trade receivables as at the balance sheet date, based on invoice dates, is as follows:

	30 September 2007	31 March 2007
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**82,366**	111,765
31 days to 60 days	**93,582**	67,989
61 days to 90 days	**104,647**	91,828
91 days to 120 days	**3,956**	41,886
121 days to 150 days	**7,103**	7,908
Over 150 days	**223**	530
	291,877	321,906
Allowance for impairment	**(1,952)**	(1,871)
	289,925	320,035

Other than cash and credit card sales, invoices are normally payable within 30 days of issuance, except for certain well-established customers where the terms are extended up to 90 days. Trade receivables are recognised and carried at their original invoiced amounts less allowance for impairment when collection of the full amount is no longer probable. Bad debts are written off as incurred.

9. Trade and bills payables

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

	30 September 2007	31 March 2007
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Within 30 days	**39,886**	57,589
31 days to 60 days	**33,667**	35,311
61 days to 180 days	**33,194**	45,447
	106,747	138,347

10. Comparative figures

Certain comparative figures in the interim financial statements have been reclassified to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Result

The Group recorded a turnover of HK$989,756,000 for the six months ended 30 September 2007, representing a 10% increase from HK$896,646,000 in the corresponding period last year. During the period under review, not only did the Group actively expand its sales network in the PRC and Hong Kong, but the Group also expanded its garment brand portfolio to provide wider choices to consumers. As the sales network in the PRC and Hong Kong continued to expand, growth of the Group's fashion garments business was sustained. The Group's profit attributable to the equity holders of the Group was HK$68,775,000, representing an increase of 4% as compared to HK$66,026,000 in the corresponding period last year. Earnings per share was HK2.1 cents for the six months ended 30 September 2007. In view of the rapid growth of the fashion garments business, as well as to facilitate the Group's long-term development, the Directors did not recommend the payment of any interim dividend.

Turnover

Leveraging on the strong economic growth in Mainland China and the rebound in Hong Kong's economy, both businesses operated by the Group achieved growth. The fashion garments business recorded a turnover of HK$710,694,000, representing an increase of 10% as compared to HK$648,428,000 in the corresponding period last year, and accounted for 72% of the Group's total turnover. The Texnology Nano business recorded a turnover of HK$279,062,000, representing an increase of 12% as compared to HK$248,218,000 in the corresponding period last year, and accounted for 28% of the Group's total turnover.

Gross Profit

During the period under review, the Group recorded a gross profit of HK$251,814,000, representing an increase of 28% from HK$196,734,000 in the corresponding period last year, while gross profit margin increased to 25% from 22% in the corresponding period last year. The increase in the overall gross profit margin was mainly attributable to the synergy achieved by multiple brands of the Group as well as the continuous expansion of the sales network, which helped accentuating the brands' image and attracting consumers to purchase garment products with higher gross profit margin.

Fashion Garments Business

The PRC

U-RIGHT, our proprietary brand name
The Group continued to expand the sales coverage of the U-RIGHT brand in the 2nd and 3rd tier cities of the PRC by enhancing the brand image of the U-RIGHT brand among the PRC consumers through expanding its sales network. As at 30 September 2007, there were 460 U-RIGHT outlets in the PRC.

SEVENDAYS, a multi-brand shop
Starting from the end of 2006, the Group commenced operation of SEVENDAYS shops in 1st tier cities in the PRC, such as Beijing and Shanghai. SEVENDAYS are multi-brand fashion garments shops targeted at the younger generation, providing them with a shopping platform for trendy fashion garments that cater to their unique styles and cultures. To satisfy the needs of the customers, SEVENDAYS offer trendy clothing of different brands, including brands of independent designers from Hong Kong and the PRC, as well as its proprietary brand, PEZZX. As at 30 September 2007, there were 5 SEVENDAYS outlets.

Strategic Partners
In October 2007, the Group entered into two separate cooperation agreements with ITAT, a major fashion garment retailer in the PRC, and Jusco, a subsidiary of Aeon Stores (Hong Kong) Co., Limited. Pursuant to these agreements, the Group is authorized to set up U-RIGHT counters and booths in department stores of ITAT in the PRC; as well as selling medium and high end casual wears of U-ZONE, the Group's new brand name, in Jusco department stores in the PRC and Hong Kong. Such initiative will swiftly increase the number of sales outlets of different brands of the Group.

Overall Review of the Fashion Garments Business in the PRC
During the year under review, the Group's fashion garments retail and wholesale business in the PRC recorded a total turnover of HK$311,181,000, representing an increase of 30% as compared to HK$239,691,000 in the corresponding period last year. The turnover accounted for 44% of the Group's fashion garments business.

Hong Kong

During the period under review, the Group has been proactive in opening new U-RIGHT outlets with a view to speeding up the expansion of its local sales network, increasing the brand's market share and promoting its brand image. In the meantime, the Group also opened its first brand-matching shop U-MIX to inject new elements to the Hong Kong fashion garments business. The concept of U-MIX is to mix and match U-RIGHT brand, as the main element of style, with other designers' brands to create synergy while highlighting their respective merits, offering a diversified selection of fashion garments to the consumers. The first U-MIX shop has chosen a trendy fashion garment label, JD, for matching and such arrangement has achieved satisfactory results. In addition, the Group also opened the first U-JUNIOR outlet in Island Place, which focuses on selling trendy kids' wear. During the period under review, the fashion garments business in Hong Kong recorded a turnover of HK$112,510,000, representing an increase of 91% as compared to HK$58,807,000 in the corresponding period last year, and accounted for 16% of the Group's total turnover of fashion garments business. As at 30 September 2007, the fashion garments business in Hong Kong operated a total of 83 shops.

Trading Business

During the period under review, the Group offered one-stop textile products solution to its customers ranging from the design of textile products, materials procurement, production planning and quality control, catering to each customer's specific needs. Development in the Group's textile business was thus strengthened. During the period under review, the fashion garments trading business recorded a turnover of HK$287,003,000, representing a decrease of 18% as compared to HK$349,930,000 in the corresponding period last year. This accounted for 40% of the Group's total turnover of fashion garments business.

Texnology Nano Business

The Texnology Nano business continued to gain support from customers and achieved stable growth. The environmental friendly “NanoEco Series” launched by the Group continued to be well received by the market. Currently, the market demand on nano processing is on the rise, and the Group is speeding up the establishment of up-stream production lines in order to raise processing capacity and satisfy market demand. The Group will also continue to develop its nano technology licensing business with a view to strengthening the competitive edge of its Texnology Nano Business.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The Group has financed its business development by a combination of internal resources, equity funding and bank borrowings. During the period under review, the Group raised net proceeds of approximately HK$140,000,000 through placement of shares, which provided the Group with the necessary general working capital.

During the period, the Group’s liquidity and financial resources position remained sound. As at 30 September 2007, the Group’s net current assets amounted to approximately HK$904,356,000 while the current ratio maintained at 2.68. The Group’s cash and bank balances amounted to approximately HK$432,967,000.

As at 30 September 2007, the Group has utilized banking facilities amounting to HK$731,752,000. The Group’s borrowings net of cash and bank balances amounted to HK$327,367,000 (net borrowing) while its net gearing ratio (net borrowings to net assets value) was 21%.

Foreign Exchange

The exchange rate of Renminbi has been strong in recent years. As the Group’s core businesses are in the PRC and Hong Kong and its assets are mainly dominated in Hong Kong dollars, US dollars and Renminbi, the appreciation of Renminbi in recent years has the effect of strengthening the financial position of the Group.

Pledge of Assets

As at 30 September 2007, the Group’s certain leasehold lands and buildings, prepaid land lease payments and investment properties with an aggregate carrying amount of approximately HK$270 million, have been pledged for general banking facilities granted to the Group.

Contingent Liabilities

As at 30 September 2007, the Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

The Group did not have any material acquisition nor disposal during the period under review.

Convertible Notes and Warrants

On 23 October 2007, the Group issued convertible notes due 2010 with a principal amount of HK$24,000,000, and warrants in respect of warrant shares with an amount up to HK$54,000,000 to Deutsche Bank AG. The proceeds raised will be used to finance the expansion of the Group’s fashion garments sales network and general working capital.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 30 September 2007, the Group had a total of 2,866 employees, including 464 in Hong Kong and Macau, and a total of 2,402 in the PRC. The Group provides its employees with comprehensive remuneration and benefits packages, including a mandatory provident fund, according to market trend, individual expertise and performance.

PROSPECTS

Fashion Garments Business

In recent years, the purchasing power of the PRC people has been rising, resulting in stronger internal consumption. The Group seizes this opportunity through cooperating with several large enterprises in actively expanding its sales network in the PRC. Such initiative enables the Group to optimise its portfolio of business partners while speeding up the development of its outlets, and enhance its market penetration and extend its coverage. The Group will continue to strengthen its cooperation with different large corporations, such as Jusco and ITAT, in order to expand the coverage of the U-RIGHT brand in the PRC. In addition, the Group will also continue in developing SEVENDAYS multi-brand shops and identifying potential brands with a view to providing customers with more diversified product choices.

In Hong Kong, the Group will be increasing the number of outlets and further developing diversified branding. Based on its past successful experience, the Group will develop fashion stores, such as U-MIX and U-JUNIOR, with a variety of products on offer, thereby providing more options to the consumers. Furthermore, JD, one of the trendy fashion garment brands sold in U-MIX shops, has opened its first brand boutique in Mega Box, Kowloon Bay, during the year. Such development shows that the future of the mix and match concept promoted by the Group is promising.

With respect to overseas markets, in addition to the Middle East market, the Group has also entered into a letter of intent in October 2007 for cooperation with Aerospace Science & Industry Shenzhen (Group) Co., Ltd. ("Aerospace Science & Industry"), the Group's business partner and an enterprise with extensive experience in wholesaling and retailing in Vietnam. To tap the huge development potential of Vietnam, the intention is to launch the U-Right branded casual wears into this up and coming new market.

As the 2008 Beijing Olympic Games is expected to stimulate demand in the retail industry in the PRC and Hong Kong, the Group's diversified fashion garments business will spare no effort in capturing this opportunity, in which U-RIGHT, U-MIX, U-JUNIOR, U-ZONE, SEVENDAYS and JD have also engaged themselves in independent development. The Group expects such diversified development in fashion garments business shall be able to cater to different customers' preferences, and achieve fruitful results with continuous growth of the PRC economy.

Innovative Textile Technology

Texnology Nano Business

The Group is putting forth all its effort to expand its nano processing capacity by actively pursuing the development of up-stream nano textile processing facilities. Meanwhile, the Group is also carrying out studies on the application of nano processing technology on other materials, such as leather and down apparel, and exploring the feasibility of their mass production. It is also committed to introduce the nano processing technology and nano products to the global markets through the sales network of its international business partners.

Feather-fibre Textile Technology

The Group will continue to promote feather-fibre textile products, with benefits of being “light-weight, thin and warm”, as we develop new standards for future thermal-retention garments. The Group will license the technology to other winter wear or household products’ manufacturers to share the benefits of this technology with them. In addition, the Group also intends to widen the product range in feather-fibre textile technology. Towards this end, tests have been carried out for the application of this technology on various textile products such as feather-fibre denim, feather-fibre woven fabrics and feather-fibre knitted fabrics. The Group will actively identify other suitable products and strategic partners to jointly develop new areas of application of this innovative technology.

Going forward, the Group will accelerate its development to tap into the huge market demand arising from rapid growth of the PRC economy. In respect of the fashion garments business, the Group will enhance its cooperation with other large-scale chain stores so as to swiftly expand its sales network. In regards to the innovation of textile technology, the Group will apply innovative technology to traditional garment retail business and create garments products with new functionalities that cater to the needs of the consumers by cooperating with different enterprises. The Group believes that both of our businesses will grow rapidly and bring satisfactory returns to shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. Detailed disclosure of the Company’s corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2007.

The Directors are of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, except for the following deviations:

Code Provision A.2.1

This code provision stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Leung Ngok currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Directors believe that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Company.

Code Provision B.1.1

During the period from 6 July 2007 to 26 July 2007, the Company has not complied with the code provision B.1.1, which stipulates that a majority of the members of a listed issuer's remuneration committee should be independent non-executive directors. Such deviation is due to the decease of Mr. Wong Kong Hon, a then independent non-executive director and member of the Company's Remuneration Committee, on 6 July 2007. Upon his decease, the Company's Remuneration Committee was left with two members, namely Mr. Leung Ngok (an executive director) and Mr. Wong Kai Cheong (an independent non-executive director). Subsequently on 27 July 2007, the Company appointed Mr. Jia Luqiao, an independent non-executive director, as a member of the Remuneration Committee of the Company and by then, the Company has duly complied with such code provision B.1.1.

AUDIT COMMITTEE

The Audit Committee of the Company, which comprises three independent non-executive directors of the Company, namely Mr. Wong Kai Cheong (Chairman of the Audit Committee), Mr. Jia Luqiao and Mr. Yang Dong Hui, has reviewed with senior management of the Group the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of these interim results.

DIRECTORS OF THE COMPANY

As at the date of this announcement, Mr. Leung Ngok, Mr. Leung Shing and Mr. Leung Siu Kan, Stephen are the executive directors of the Company and Mr. Jia Luqiao, Mr. Yang Dong Hui and Mr. Wong Kai Cheong are the independent non-executive directors of the Company.

On Behalf of the Board
Leung Ngok
Chairman

Hong Kong, 21 December 2007