KENFAIR INTERNATIONAL (HOLDINGS) LIMITED
（建發國際（控股）有限公司）

(incorporated in the Cayman Islands with limited liability)
(Stock code: 00223)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The board of directors ("Board") of Kenfair International (Holdings) Limited (the "Company" or "Kenfair International") are pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter referred to as the "Group") for the six months ended 30 September 2007 ("Review Period").

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2007

		Six months ended 30 September	
		2007	2006
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Turnover	5	**5,540**	34,393
Other revenue	5	**1,029**	1,178
Other income	6	**9,075**	–
Fair value losses on financial assets at fair value through profit or loss		**–**	(5,104)
Advertising and promotion expenses		**(10,695)**	(18,379)
Agency commission		**(7)**	(2,625)
Amortisation and depreciation		**(3,073)**	(4,267)
Hotel and travel package expenses		**(95)**	(7,213)
Loss on disposal of property, plant and equipment		**(526)**	–
Operating lease rentals		**(9,035)**	(6,400)
Staff costs		**(17,171)**	(19,267)
Other operating expenses		**(20,825)**	(21,446)
Loss from operating activities	6	**(45,783)**	(49,130)
Finance costs		**–**	–
Loss before tax		**(45,783)**	(49,130)
Taxation	7	**(111)**	–
Loss for the period		**(45,894)**	(49,130)
Attributable to:			
– Equity holders of the Company		**(45,894)**	(49,130)
Dividends	8	**–**	–
Loss per share attributable to equity holders of the Company	9		
– Basic – original reported		**N/A**	HK(20.9) cents
– including effects of open offer (restated for 2006)		**HK(16.7) cents**	HK(17.4) cents
– Diluted		**N/A**	N/A

All of the Group's operations are classed as continuing.

The accompanying notes form an integral part of these financial statements.

"Mega Show Part 1" and "Mega Show Part 2" organised by the Group were held and completed in October 2007 and the unaudited turnover and net profit for the period from 1 April 2007 to 31 October 2007 were approximately HK$179,000,000 and HK$31,000,000 respectively (for the period from 1 April 2006 to 31 October 2006: approximately HK$208,000,000 and HK$27,000,000 respectively). Details of this subsequent event are disclosed in Note 10 to these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2007

	As at 30 September 2007 HK$'000 (Unaudited)	As at 31 March 2007 HK$'000 (Audited)
Non-current assets		
Property, plant and equipment	**2,239**	4,399
Prepaid land premium	**–**	355
Intangible assets	**21,870**	24,000
Goodwill	**920**	920
Available-for-sale financial assets	**32,879**	34,690
Prepayments for acquisition of a subsidiary	**–**	814
	57,908	65,178
Current assets		
Prepayments, deposits and other receivables	**94,790**	14,713
Cash and cash equivalents	**54,502**	37,237
Pledged bank deposits	**–**	3,175
Tax prepayment	**545**	545
	149,837	55,670
Less: Current liabilities		
Tax payable	**7,229**	7,118
Deferred revenue	**1,161**	4,035
Deposits received in advance	**167,833**	55,961
Other payables and accrued liabilities	**11,085**	6,908
	187,308	74,022
Net current liabilities	**(37,471)**	(18,352)
Total assets less current liabilities	**20,437**	46,826
Less: Non-current liabilities		
Deposits received in advance	**2,716**	1,030
Net assets	**17,721**	45,796
Equity		
Issued share capital	**3,532**	2,355
Reserves	**14,189**	43,441
Total equity attributable to equity holders of the Company	**17,721**	45,796

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 30/F, One Kowloon, No.1 Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong.

During the Review Period, the Group was involved in the organisation of exhibitions and trade shows and providing ancillary services.

In the opinion of the directors, the ultimate holding company is Capital Concord Profits Limited, which was incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). These condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

These condensed consolidated interim financial statements should be read in conjunction with the Group's audited annual financial statements for the year ended 31 March 2007.

The accounting policies and method of computation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's annual financial statements for the year ended 31 March 2007 except that the Group has adopted certain new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) as disclosed in Note 3 below.

3. CHANGE IN ACCOUNTING POLICIES

(i) The Group adopted the following new and revised HKFRSs for the first time which are effective for the Group's financial year beginning 1 April 2007.

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

The adoption of these new and revised standards and interpretations has had no material impact on the accounting policies and the results or financial position of the Group for the current and prior accounting periods. Accordingly, no prior period adjustment has been recognised.

(ii) The Group has not early adopted the following new standards and interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs
HKFRS 8	Operating Segments
HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 13	Customer Loyalty Programmes
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Deferred Benefit Asset, Minimum Funding Requirements and their Interaction

The management is in the possess of making an assessment of the impact of these new standards and interpretations to existing standards. The directors of the Company so far has concluded that the application of these new standards and interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's turnover and operating results are attributable solely to one business segment, the organising of trade shows and exhibitions and providing ancillary services and accordingly, no further analysis of the Group's turnover and operating results by principal activities is provided.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments including Hong Kong, the People's Republic of China (the "PRC"), the United Kingdom ("UK"), the Republic of Poland ("Poland") and the United States of America ("USA").

Geographical segments

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Segment revenue:		
Turnover from shows and exhibitions and providing ancillary services:		
Hong Kong	**5,011**	12,670
UK	**529**	–
Poland	**–**	10,034
USA	**–**	11,689
Consolidated	**5,540**	34,393
Other segment information:		
Segment assets:		
Hong Kong	**201,251**	197,560
PRC	**6,494**	5,885
Consolidated	**207,745**	203,445
Capital expenditure:		
Hong Kong	**903**	90
PRC	**138**	25
Consolidated	**1,041**	115

5. TURNOVER AND REVENUE

Turnover represents the aggregate of participation fee income, hotel and travel package income, advertising fee income and portal income from exhibitions and trade shows. It is stated net of output value added tax of approximately HK$93,000 (for the six months ended 30 September 2006: HK$2,220,000) accrued at 17.5% (for the six months ended 30 September 2006: 22.5%) of the gross income generated from the exhibition and shows held in UK (for the six months ended 30 September 2006: Poland).

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

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Turnover		
Participation fee income	**529**	21,722
Hotel and travel package income	**70**	7,142
Advertising fee income	**3,739**	4,320
Portal income	**1,202**	1,209
	5,540	34,393
Other revenue		
Interest income	**752**	915
Sundry income	**277**	263
	1,029	1,178
Total revenue	**6,569**	35,571

6. LOSS FROM OPERATING ACTIVITIES

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The Group's loss from operating activities is arrived at after charging:		
Amortisation of intangible assets	**2,130**	3,048
Amortisation of prepaid land premium	**3**	5
Depreciation of property, plant and equipment	**940**	1,214
Impairment of interest in an option to acquire an equity interest of a company	**–**	1,365
Minimum lease payments under operating lease rentals of land and buildings *(Note)*	**9,035**	6,400
Staff costs (including directors' remuneration)		
– salaries and wages	**16,703**	18,726
– retirement benefits scheme contributions	**468**	541
Loss on disposal of property, plant and equipment	**526**	–
Fair value losses on financial assets at fair value through profit or loss	**–**	5,104
And after crediting:		
Other income:		
Gain on disposal of property, plant and equipment	**6,899**	–
Gain on disposal of available-for-sales financial assets	**2,176**	–
	9,075	–

Note:

The amount includes rental paid for the venue of an exhibition and trade show held in Poland, net of input value added tax of approximately HK$Nil (for the six months ended 30 September 2006: HK$480,000) accrued at 22.5% of the gross rental expenses for the period.

7. TAXATION

The amount of taxation charged to the condensed consolidated income statement represents:

	Six months ended 30 September	
	2007	2006
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax		
Provided for the period	**–**	–
Under-provision in previous years	**111**	–
	111	–
Overseas income tax		
Provided for the period	**–**	–
(Over)/under-provision in previous years	**–**	–
	111	–

At 30 September 2007, the Group had no significant unrecognised deferred tax.

8. DIVIDENDS

The Board did not recommend payment of an interim dividend for the six months ended 30 September 2007 (for the six months ended 30 September 2006: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share for the six months ended 30 September 2007 is based on the loss attributable to the ordinary equity holders of the Company of approximately HK$45,894,000, and the weighted average number of approximately 274,051,000 ordinary shares in issue during the Review Period.

The calculation of the basic loss per share for the six months ended 30 September 2006 is based on the loss attributable to the ordinary equity holders of the Company of approximately HK$49,130,000, and the weighted average number of approximately 282,542,000 (restated) ordinary shares in issue during the period.

No diluted loss per share was presented for the six months ended 30 September 2007 as the effect of the Company's outstanding share options are anti-dilutive.

There was no dilutive shares in existence for the six months ended 30 September 2006 and accordingly, no diluted losses per share has been presented.

10. SUBSEQUENT EVENTS

The Company has the following material subsequent events after the balance sheet date:

(a) According to HKAS 18, revenue from the receipt of participation fee is recognized when the event takes place. As "Mega Show Part 1" and "Mega Show Part 2" organized by the Group are held and completed in October every year and the turnover of the Group is principally from the participation fee received from these shows, disclosing the unaudited turnover and net profit for the period from 1 April to 31 October every year in this announcement will give a better understanding of the business operations of the Group.

The unaudited turnover and the net profit for the period from 1 April 2007 to 31 October 2007 were approximately HK$179,000,000 and HK$31,000,000 respectively (for the period from 1 April 2006 to 31 October 2006: approximately HK$208,000,000 and HK$27,000,000 respectively). No interim dividend was recommended by the Board for the period from 1 April 2007 to 31 October 2007 (for the period from 1 April 2006 to 31 October 2006: interim dividend of HK$0.05 per share).

(b) The Company has entered the option agreement ("Option Agreement") and the supplemental agreement ("Supplemental Agreement") with Capital Builder Investments Limited ("Subscriber"), an independent third party, not connected with the Company or any connected persons of the Company on 16 August 2007 and 18 September 2007 respectively. Pursuant to the Option Agreement and Supplemental Agreement, the Company has agreed to grant the option to the Subscriber in the consideration of HK$1, exercisable within 12 months commencing from the date of fulfillment of conditions precedent as set out in the Option Agreement (as amended by the Supplemental Agreement), such that the Subscriber shall be entitled to require the Company to allot and issue up to a maximum of 47,090,400 shares at the subscription price of HK$0.83 each upon and subject to the terms of the Option Agreement (as amended by the Supplemental Agreement). Upon signing of the Option Agreement (as amended by the Supplemental Agreement), the Company has received total of HK$5,000,000 as deposits. On 21 November 2007, all the conditions precedent as set out in the Option Agreement (as amended by the Supplemental Agreement) had been fulfilled and the option was granted to the Subscriber on the same date. The option period will be for a period of 12 months commencing from the date of fulfillment of conditions precedent as set out in the Option Agreement (as amended by the Supplemental Agreement), being 21 November 2007 to 20 November 2008. No option has been exercised, lapsed or cancelled up to the date of this announcement.

(c) On 26 October 2007, the Company announced that it has entered into a conditional sale and purchase agreement ("S&P Agreement") and the supplemental agreement ("Supplemental Agreement") with Mr. Hung Chen, Richael ("Vendor"), an independent third party, not connected with the Company or any connected persons of the Company on 25 September 2007 and 26 October 2007 respectively. Pursuant to the S&P Agreement and Supplemental Agreement, the Vendor has agreed to sell and the Company has agreed to acquire the entire issued share capital of Wealth Gain Global Investment Limited ("Target Company") at a consideration of HK$700 million ("Acquisition"). The consideration is to be satisfied as to (i) HK$320 million in cash; (ii) HK$35 million by the issue of 70 million consideration shares to the Vendor at an issue price of HK$0.5 per consideration share; and (iii) HK$345 million by the issue of the convertible note by the Company to the Vendor. The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules.

The Target Company entered into the non-binding agreement ("Framework Agreement") on 18 July 2007 and proposed to enter into a mine acquisition agreement ("Mine Acquisition Agreement") with Heilongjiang Northern Enterprises Group Company Limited ("Mine Seller"), pursuant to which the Target Company will, upon completion, acquire the entire equity interest of Jiamusi Sheng Ping Coal Mine (to be renamed as Shuangyashan Northern Sheng Ping Mining Limited) (the "Coal Mine Company") from the Mine Seller, subject to the terms and conditions of the Framework Agreement and the Mine Acquisition Agreement. Upon completion, the Target Company will hold 100% of the equity interest of the Coal Mine Company. Upon completion and subject to fulfillment of all conditions precedent as set out in the S&P Agreement, Supplemental Agreement and Mine Acquisition Agreement, the Company, through the Target Company, will acquire full ownership and control of the Coal Mine Company.

On 31 October 2007, the Company announced that the Mine Acquisition Agreement was signed by the Target Company and the Mine Seller on 30 October 2007.

(d) On 8 November 2007, the Company announced that it has entered into the placing agreement ("Placing Agreement") with Baron Capital Limited ("Placing Agent"), an independent third party, not connected with the Company or any connected persons of the Company on 6 November 2007, pursuant to which the Company appointed the Placing Agent to procure not less than six independent placees to subscribe for up to a maximum of 250,000,000 new shares ("Placing Shares") at the placing price of being not less than the minimum placing price of HK$0.99 per placing share ("Minimum Placing Price") on a best effort basis ("Placing") subject to the terms and conditions set out in the Placing Agreement. Depending on the prevailing market conditions, the Placing Shares will be issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 25 August 2007 and/or the specific mandate to be granted to the directors of the Company ("Specific Mandate") subject to the terms and conditions set out in the Placing Agreement. Assuming all the Placing Shares were subscribed at the Minimum Placing Price, the gross proceeds of the Placing will amount to HK$247.5 million and the net proceeds are estimated to be approximately HK$241.1 million after deducting the relevant expenses to be incurred in relation to the Placing. The Company intends to apply the net proceed of the Placing towards the Acquisition as mentioned in (c) above. In the event that the Acquisition does not proceed, the Company intends to apply the net proceeds of the Placing on future investment opportunities which are expected to improve the profitability and/or broaden the revenue streams of the Group.

The Placing Agreement and the Specific Mandate have been approved by poll at the extraordinary general meeting held on 15 December 2007.

11. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements had been reviewed by the Audit Committee of the Company and were approved and authorised for issue by the Board on 31 December 2007.

On behalf of the Board of the Company, I am very pleased to present the results of the Group for the Review Period. As required under Hong Kong Accounting Standards, the Group's revenues from an exhibition can only be recognized after the completion of the exhibition. Therefore, to more clearly reflect the Group's business performance, we also provided a disclosure note for the subsequent events that took place in the seven months ended 31 October 2007 (the "Seven Months Period").

For the seven months ended 31 October 2007, the Group recorded turnover of approximately HK$179 million and profit attributable to equity holders of approximately HK$31 million. The lower turnover against the same period last year was mainly the result of the Group contracting out for the first time some of the exhibition services and the lesser exhibition space available at the Hong Kong Convention and Exhibition Centre ("HKCEC") undergoing expansion works. However, we are pleased that through rigorous cost control measures, the Group was able to achieve profitability exceeding that of the same time last year.

INTERIM DIVIDEND

The Board did not recommend payment of an interim dividend for the Seven Months Period.

BUSINESS REVIEW

During the Seven Months Period, the Group presented a total of four trade exhibitions including the two parts of its internationally recognized Mega Show series, the second edition of The Hong Kong International Furniture Fair in Hong Kong and the new trade exhibition Mega Macao at the Venetian Macao Convention and Exhibition Center in Macao.

TRADE EXHIBITIONS

"Mega Show" series

Mega Show Part 1

Held from 21-24 October 2007, Mega Show Part 1 again took up all available space at the HKCEC. However, since the HKCEC was going through expansion, hence had available space trimmed, we were able to offer just over 5,000 booths. Despite that, Mega Show Part 1, which accommodated a total of 3,348 exhibitors, continued to be the largest trade exhibition for gifts, premium, household products and toys in Hong Kong and the largest trade fair held at HKCEC.

Integral to the Mega Show Part 1 worldwide marketing program, the Group continued to have the leading e-commerce platform in China, Alibaba.com, as its official trade media partner. The buyer pre-registration provision and promotional materials of the show on www.alibaba.com proved to be an additional effective source to attract visitors to Mega Show Part 1.

The Group also maintains an essential strategic partnership with Cathay Pacific, which is the official carrier for Mega Show Part 1 & 2. This partnership has enabled the Group to provide quality flight services, including exclusive packages for exhibitors and buyers.

Mega Show Part 2

Mega Show Part 2 took place from 28-30 October 2007, providing additional opportunities for buyers to view gifts, premium, housewares and toy products before the sourcing season ended. Table Object Asia, a specialized zone which featured a wide array of tableware of different styles and designs from Asian countries, continued to attract visitors.

Mega Show Part 2 retains its niche enabled by the combination of Asian products it presents, its timing and venue in Hong Kong. This year's show attracted over 677 exhibitors from 11 countries and regions displaying their products in 829 booths.

The 2007 Mega Show series received a total of 72,538 visitors.

Mega Macao

Mega Macao was born as an answer to the rising demand of exporters in Mainland China and the increasing number of companies based in the region to exhibit their products. The first ever Mega Macao took place from 18-20 October 2007 at the brand new Venetian Macao Convention and Exhibition Center. The show drew participation of 923 exhibitors and 8,789 visitors including many buyers from the USA and Europe. Booking has commenced for the next show in April 2008 and response has been very positive. The Group is confident that the event timed and located ideally and featuring the right product content, novel and attractive, will contribute to the consolidation of the event.

Hong Kong International Furniture Fair

The Group continued to cooperate with the Hong Kong Trade Development Council in holding the second Hong Kong International Furniture Fair from 27-30 October 2007 at AsiaWorld-Expo, Hong Kong. A total of 172 exhibitors participated in the 4-day show attended by over 8,000 visitors from 112 countries.

EXHIBITION-RELATED SERVICES

MegAsia

The Group's bi-annual trade magazine MegAsia, which was first published in October 2002, is seen today as an essential sourcing guide for buyers around the world looking for new products and suppliers in the gifts, premium and housewares and toys from Hong Kong and other Asian countries. In addition to product advertisements, each issue of MegAsia also carries up-to-date industry news and product trends, trade show information and in-depth company profiles of selected suppliers.

In addition to the print version, a CD-ROM version of MegAsia is also available and an online version e-MegAsia can be found on the Group's website: www.kenfair.com. The different versions provide advertisers with maximum exposure for their products among global buyers.

During the Seven Months Period, MegAsia printed a mega issue Vol.October/2007 as the official show directory publication for the Group's new trade show Mega Macao and the flagship Mega Show series. The issue contained 287 advertising pages. Over 20,000 free copies of it were picked up by buyers visiting the 1st Mega Macao and at the 16th edition of the Mega Show series. The advertising revenue generated by MegAsia continued to contribute steady supplementary income to the Group.

WWW.KENFAIR.COM

www.kenfair.com, the Group's official website, is a fully integrated product sourcing platform that provides value-added features and innovative communication channels to suppliers in the region and global buyers and ultimately secures their participation in the Group's trade shows. To date, the website has over 80,000 members, and among them are more than 900 major volume buyers (with annual sales over US$50 million). The remarkable size of our user database clearly reflects the success of our recruitment effort and the popularity of www.kenfair.com with global buyers and sellers.

During the Seven Months Period, we worked on adapting the well-received "Exhibitor Locator System" to cover all the Group's trade fairs. We also redesigned most pages of the Group's trade fair websites to more effectively broadcast news of our exhibitions and services to customers. In the coming year, we shall add several more innovative features and projects to the website to enhance communication between buyers and suppliers.

We are confident that www.kenfair.com will sustain strong membership growth and continue to contribute significantly to the Group's core exhibition business.

KENFAIR TRAVEL LIMITED

Licensed in 2003, Kenfair Travel Limited ("Kenfair Travel") is a wholly-owned subsidiary and the travel agency service arm of the Group.

Kenfair Travel serves regional exhibitors and international buyers to the Group's shows by providing them with comprehensive travel-related services including special travel packages, hotel accommodation, transportation, air-ticketing and tour arrangements.

During the Seven Months Period, Kenfair Travel handled over 1,500 hotel bookings for buyers and exhibitors attending the Group's trade exhibitions in Hong Kong and Macao.

Kenfair Travel is now an integral part of the Group's value-added support services and a stable revenue stream of the Group.

OUTLOOK

Trade exhibitions, which provide face-to-face exchange between suppliers and buyers for forging new business contacts and identifying sales leads, are regarded as one of the most significant and effective marketing tools. Seeing huge potential in exhibition services development, cities in Asia and Mainland China continue to invest substantial resources in shaping up related infrastructure necessary for them to attract world-standard trade exhibition organizers.

As one of the leading trade fair organizers in Hong Kong, Kenfair International will continue to expand business in its home base Hong Kong and also in new markets in Macao, China and overseas. The Group will continue to conduct professional industry researches regularly to give it solid information and data in exploring and planning trade exhibitions for sectors and industries not covered before and at new locations.

The Group is actively investigating unexploited potential in other parts of China for the exhibition industry. It is conducting research on Guangzhou, one of the largest distributing centers for China-made toys and light industrial products, for possible exhibition activities.

With four subsidiaries and branches in China, including Kenfair (Beijing) Exhibition Company Limited in Beijing, Kenfair International (Shanghai) Limited in Shanghai and the branch offices in Shenzhen and Dongguan, we have been able to collect first-hand market intelligence which is being studied as part of an evaluation of the feasibility of staging a new trade exhibition in Guangzhou.

Responding to changing market dynamics, the Group has resolved to concentrate on consolidating the new Mega Macao, preparing to expand Mega Show Part 1 and Part 2 in Hong Kong in 2009, expanding the base of the Asia Expo in London and undertaking in-depth research into the China market. As such, it does not intend to re-present the "Asia Expo" series in the USA or other cities in Europe in the near future.

However, we have kept exploring and embarking on new business areas riding on our experiences and capable personnel. We signed an agreement to provide travel agency services for the World Ophthalmology Congress 2008 to be held at HKCEC between 28 June and 2 July 2008. As a Group, we strongly believe this involvement in the Meetings, Incentives and Conference sector will develop into a new business arm of the Company, with conference and meetings facilities coming on stream continuously in both Hong Kong and Macao.

In order to capture the opportunities in the energy sector and broaden the income source of the Group, Kenfair International signed a conditional sales and purchase agreement with an independent third party on 25 September 2007 to acquire the entire issued share capital of Wealth Gain Global Investment Limited ("Target Company") at a consideration of HK$700 million ("Acquisition"). When the Acquisition is completed, subject to fulfillment of all conditions precedent to the agreement, the Company, through the Target Company, will acquire full ownership and control of a coal mine in Heilongjiang Province, the PRC. The Target Company will begin immediately to contribute to the consolidated cash flow and income of the Group following the completion of the Acquisition.

STRATEGIC PARTNERSHIP DEVELOPMENT WORLDWIDE

To strengthen industry ties, the Group has been actively building rapport with major Australasian, European and USA trade associations and government bodies in relation to the gifts, housewares and toy fields, with the intention of bringing value to their members and providing additional pre- post- and during show services.

CORPORATE GOVERNANCE

Kenfair International firmly believes that having exemplary corporate governance is fundamental to ensuring business excellence and long-term growth of a corporation. Therefore, the Group diligently adheres to the Code of Corporate Governance Practices ("CG Code"), set out in Appendix 14 of the Listing Rules on the Stock Exchange, and other measures therein recommended, with the exceptions listed in the section "Compliance with Corporate Governance Code" in the latter part of this announcement. In addition to abiding by rules and regulations, the Group also believes that the values held by a company and its leaders are critical to ensuring the company's creditability and overall performance.

Kenfair International values the governance, counsel and guidance of its directors. All executive directors are responsible for the day-to-day management of the Group's operations and regular meetings are held with senior management to formulate and communicate the Group's overall strategy and corporate policies. Furthermore, the Board remains vigilant of conditions that may affect the Group's financial situation and business performance, and shareholders' interests.

The Group is committed to enhancing overall transparency of its operations for public scrutiny. A Remuneration Committee and Nomination Committee were formed to review remuneration of directors and nomination of replacement for any directors resigned or retired.

To ensure the Group's financial and accounting policies are strictly followed, the Audit Committee meets regularly to review the completeness, accuracy and fairness of the Group's financial statements. We also take the nature and scope of external auditors' reviews into account in guiding corporate finance implementations.

HUMAN RESOURCES

As at 30 September 2007, the Group had a total of 158 employees in Hong Kong and China. All employees are remunerated according to their performance, experience and prevailing industry practices.

The Group also participates in relevant retirement benefit schemes for its staff in Hong Kong and China. It introduced a share option scheme on 10 April 2002, with options to be granted to employees at the discretion of the Board. A total of 4,400,000 options at an exercise price of HK$1.066 per share have been granted to 9 employees on 22 August 2007.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations are financed with internally generated cash flows. As at 30 September 2007, the Group had bank balances and fixed deposits of approximately HK$55 million (30.9.2006: approximately HK$77 million).

As at 30 September 2007, the Group's total investment in listed securities amounted to approximately HK$33 million (30.9.2006: approximately HK$26 million), split between long-term holdings for capital growth and short-term holdings for profit.

The Group did not have any bank borrowings (30.9.2006: Nil) and was in a satisfactory financial position as at 30 September 2007. Its current ratio was 80% (30.9.2006: 84%) and gearing ratio (total debts to total assets) was nil (30.9.2006: Nil). Both the Group and Kenfair International had no significant contingent liabilities as at 30 September 2007. The Group's cash balances are mainly denominated in Hong Kong and U.S. dollars. As such, the Group does not have any significant exposure to foreign exchange fluctuations.

CONCLUSION

On behalf of the Board of the Company, I would like to express my thanks to the management and operational staff for their efforts during these past seven months. I feel confident that with clear strategy and the ability to rise above challenges in the competitive market, the Group will sustain growth and deliver stronger performance yet in the future.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company, or any of its subsidiaries had not purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2007.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company adopted a code of conduct regarding directors' securities transactions based on the terms as set out in the Model Code in Appendix 10 of the Listing Rules throughout the six months ended 30 September 2007. After having made specific enquiry to all directors of the Company, the directors are of the opinion that they have complied with the required standard out in the Model Code and its code of conduct regarding directors' securities transactions throughout the six months ended 30 September 2007.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance through the establishment and adoption of good practices and procedures which are in the best interests of the Company and its shareholders. The principles of corporate governance adopted by the Company enhance board practices, internal controls, transparency and accountability to the Company's shareholders. The Board will review the corporate governance practices and procedures from time to time and shall make necessary arrangements when the Board considers appropriate.

In line with the practices set out in the corporate governance report stated in the annual report for the year ended 2007 of the Company, the Company has applied the principles and complied with all code provisions of the CG Code as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007, except for code provisions A.4.1 and A.4.2. Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the articles of association of the Company.

Code provision A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

However, the Chairman, Ip Ki Cheung and the Managing Director, Cheung Shui Kwai, are not subject to retirement by rotation. This constitutes a deviation from code provision of A.4.2 of the CG code. As continuation is a key factor to the successful implementation of business plans, the Board believes that the roles of the Chairman and the Managing Director provide the Company with strong and consistent leadership and are beneficial to the Company especially in planning and execution of business strategies and also believes that the present arrangement is beneficial to the Company and the shareholders of the Company as a whole.

INTERNAL CONTROL AND GROUP RISK MANAGEMENT

The Board has overall responsibilities for maintaining sound and effective internal control systems of the Group. The Group's systems of internal control include a defined management structure with limits of authority which is designed to help the achievement of business objectives, safeguard assets against unauthorized use or disposition, to ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and to ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises a total of six directors, including three executive directors and three independent non-executive directors. One of the independent non-executive directors has the relevant accounting and related financial management expertise as required by the Listing Rules. During the Review Period, Mr. Law Sung Ching, Gavin, an independent non-executive director and a member of the Remuneration Committee, was retired by rotation and being re-elected during the annual general meeting of the Company held on 25 August 2007 (the "AGM). Mr. Cheng Wing Keung, Raymond was elected and appointed as an independent non-executive director during the AGM and was also appointed by the Board as a member of the Nomination Committee on 25 August 2007. Mr. Lai Yang Chau, Eugene, an independent non-executive director and a member of the Nomination Committee, was retired by rotation during the AGM. Save for the above, the composition of the Board Committees remains the same as set out in the corporate governance report included in the annual report for the year 2007 of the Company.

The Board, as led by the Chairman, is collectively responsible for the set up of the Group's overall strategies, operating and financial policies, approval of annual budgets and business plans, evaluation of the performance of the Company's business, and oversight of the management team. The management team is responsible for the day-to-day operations of the Group under the supervision of the Managing Director.

BOARD PRACTICES

Regular Board meetings are scheduled in advance to give all directors an opportunity to attend in person. Each of the directors has full access to information of the Company and has access to the advice and services of the Company Secretary in respect of compliance with board procedures and all applicable rules and regulations. Each of the directors may also take independent professional advice at the Company's expense, if necessary, in accordance with the approved procedures. The minutes of the Board are prepared by the Company Secretary with details of the matters considered by the Board and decisions reached, including any concerns raised by the members of the Board or dissenting views expressed.

BOARD COMMITTEES

As an integral part of good corporate governance, the Board has established the following Board Committees to oversee particular aspects of the Company's affairs. A majority of the members of each of these Committees is independent non-executive directors. Each of the Audit, Remuneration and Nomination Committee is governed by its respective terms of reference.

AUDIT COMMITTEE

The Audit Committee, which comprises the three independent non-executive directors, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Law Sung Ching, Gavin and Mr. Cheng Wing Keung, Raymond.

The terms of reference of the Audit Committee, which is based on "A Guide for the Formation of an Audit Committee" and updated by "A Guide for Effective Audit Committees" as issued by the HKICPA (previously known as the Hong Kong Society of Accountants) in December 1997 and in February 2002 respectively. It sets out the powers and duties of the Audit Committee, which includes those as set out in code provisions C.3.3(a) to (n) of the CG Code, and is reviewed by the Board from time to time.

The Audit Committee meets regularly with the management and the external auditors of the Company and reviews matters relating to audit, accounting and financial statements as well as internal control, risk evaluation and general compliance of the Group, and reports directly to the Board. It reviews the external auditors about their independence and objectivity and holds meeting with, the external auditors, HLB Hodgson Impey Cheng to discuss the nature and scope of audit and reporting obligations and also makes recommendations to the Board on the selection, appointment, resignation or dismissal of the external auditors.

The major work performed by the Audit Committee during the Review Period including the review of the condensed consolidated interim financial statements and review of the Company's financial controls, risk management and internal control systems.

REMUNERATION COMMITTEE

The Remuneration Committee, which comprises two independent non-executive directors and one executive director, is chaired by Mr. Chan Wing Yau, George and the other two members of the Committee are Mr. Law Sung Ching, Gavin and Mr. Chan Siu Chung. Its major responsibilities include the review of the Company's policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration, and the review and approval of performance-based remuneration by reference to corporate goals and objectives.

The Remuneration Committee did not convene any meeting during the Review Period.

NOMINATION COMMITTEE

The Nomination Committee, which comprises two independent non-executive directors and one executive director, is chaired by Mr. Law Sung Ching, Gavin and the other two members of the Committee are Mr. Cheng Wing Keung, Raymond and Mr. Ip Ki Cheung. Its major responsibilities include the review of the structure, size and composition (including the skills, knowledge and experience) of the Board and the identification of individuals suitably qualified to become Board members. During the Review Period, the Nomination Committee has reviewed the structure, size and composition of the Board and the independence of the independent non-executive directors.

PUBLICATIONS OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's appointed website at www.capitalfp.com.hk/eng/index.jsp?co=223. The Company's Interim Report 2007 will be despatched to the shareholders and available on the above websites in due course.

As at the date of this announcement, the directors of the Company consist of Mr. Ip Ki Cheung, Mr. Cheung Shui Kwai and Mr. Chan Siu Chung as executive directors, and Mr. Chan Wing Yau, George, Mr. Law Sung Ching, Gavin and Mr. Cheng Wing Keung, Raymond as independent non-executive directors.

On Behalf of the Board
Ip Ki Cheung
Chairman

Hong Kong, 31 December 2007

* *The English text of this announcement shall prevail over the Chinese text.*