MING FUNG JEWELLERY GROUP LIMITED
明豐珠寶集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

ANNUAL RESULTS

The board of directors (the "Board") of Ming Fung Jewellery Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2007, together with the comparative figures for the year ended 30 September 2006, as follows:

CONSOLIDATED INCOME STATEMENTS

Year ended 30 September 2007

	Notes	**2007** **HK$'000**	2006 HK$'000
TURNOVER	3	**610,257**	480,372
COST OF SALES		**(398,325)**	(342,687)
GROSS PROFIT		**211,932**	137,685
OTHER REVENUE	4	**1,441**	2,147
SELLING AND DISTRIBUTION EXPENSES		**(64,210)**	(39,730)
ADMINISTRATIVE EXPENSES		**(23,786)**	(21,218)
OTHER OPERATING EXPENSES		**–**	(317)
PROFIT FROM OPERATING ACTIVITIES	6	**125,377**	78,567
FINANCE COSTS	7	**(10,945)**	(9,276)
PROFIT BEFORE TAX		**114,432**	69,291
TAX	8	**(17,258)**	(12,273)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**97,174**	57,018
DIVIDENDS	9		
Interim		**2,302**	2,054
Proposed final		**3,837**	3,488
		6,139	5,542
EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS	10		
– Basic		**HK13.2 cents**	HK8.5 cents
– Diluted		**N/A**	HK8.4 cents

CONSOLIDATED BALANCE SHEET

At 30 September 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**90,192**	87,739
CURRENT ASSETS			
Prepayments, deposits and other receivables		**13,283**	10,359
Inventories		**360,351**	214,650
Trade receivables	*11*	**134,058**	114,690
Cash and cash equivalents		**149,548**	83,426
		657,240	423,125
CURRENT LIABILITIES			
Trade payables	*12*	**19,087**	11,608
Other payables and accruals		**7,417**	4,359
Secured interest bearing bank borrowings, due within 1 year		**32,379**	81,407
Tax payables		**76,050**	62,301
		134,933	159,675
NET CURRENT ASSETS		**522,307**	263,450
TOTAL ASSETS LESS CURRENT LIABILITIES		**612,499**	351,189
NON-CURRENT LIABILITIES			
Secured interest bearing bank borrowings, due after 1 year		**180,000**	42,500
NET ASSETS		**432,499**	308,689
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital		**7,675**	6,975
Reserves		**420,987**	298,226
Proposed final dividend		**3,837**	3,488
		432,499	308,689

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standard ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

2. APPLICATION OF NEW REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations issued by the HKICPA, which are effective on 1 October 2006. The adoption of these new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

Financial guarantee contracts

In the current year, the Group has applied HKAS 39 "Financial Instruments: Recognition and Measurement" and HKFRS 4 (Amendments) "Financial Guarantee Contracts" which is effective for annual periods beginning on or after 1 January 2006.

A financial guarantee contract is defined by HKAS 39 "Financial Instruments: Recognition and Measurement" as "a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument."

The Group acts as the issuer of the financial guarantee contracts

Prior to 1 October 2006, financial guarantee contracts were not accounted for in accordance with HKFRS 4 "Insurance Contract" and those contracts were disclosed as contingent liabilities. A provision for financial guarantee was only recognised when it was probable that an outflow of resources would be required to settle the financial guarantee obligation and the amount can be estimated reliably.

Upon the application of these amendments, a financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Financial guarantee contracts granted to the subsidiaries by the Company

Prior to 1 October 2006, financial guarantee contracts granted by the Company to its subsidiaries' lenders were not recognised but disclosed as related party transactions and contingent liabilities.

Upon application of these amendments, financial guarantee contracts granted by the Company to its subsidiaries and not designated as fair value through profit or loss are recognised initially at its fair value. Subsequent to initial recognition, the Company measures the financial guarantee contract at the higher of (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKAS 1 (Amendment)	"Presentation of Financial Statements" – Capital Disclosures[1]
HKAS 23 (Revised)	"Borrowing Costs"[5]
HKFRS 7	"Financial Instruments: Disclosures"[1]
HKFRS 8	"Operating Segments"[5]
HK(IFRIC) Interpretation 10	"Interim Financial Reporting and Impairment"[2]
HK(IFRIC) Interpretation 11	"HKFRS 2 - Group and Treasury Share Transactions"[3]
HK(IFRIC) Interpretation 12	"Service Concession Arrangements"[4]
HK(IFRIC) Interpretation 13	"Customer Loyalty Programmes"[6]
HK(IFRIC) Interpretation 14	"HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"[4]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 November 2006
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 January 2009
[6] Effective for annual periods beginning on or after 1 July 2008

3. TURNOVER

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after eliminations of all significant intra-group transactions during the year.

4. OTHER REVENUE

	2007	2006
	HK$'000	*HK$'000*
Interest income	**1,369**	1,445
Others	**72**	702
	1,441	2,147

5. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, segment information is presented by way of 2 segment formats: (a) on a primary segment reporting basis, by geographical segment; and (b) on a secondary segment reporting basis, by business segment.

The principal activities of the Group are the manufacture and sale of jewellery products, which are managed according to the geographical location of customers.

Each of the Group's geographical segments, based on the location of customers, represents a strategic business unit that offers products to customers located in different geographical areas which are subject to risks and returns that are different from those of other geographical segments. The Group's geographical segments are as follows:

(a) United States;

(b) Europe; and

(c) Middle East and Asia.

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

(a) (i) Geographical segments based on the location of customers

The following tables present revenue, results and certain asset, liability and expenditure information of the Group's geographical segments for the years ended 30 September 2007 and 2006.

	United States		Europe		Middle East and Asia		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**226,347**	221,252	**213,473**	189,591	**170,437**	69,529	**610,257**	480,372
Segment results	**27,554**	32,599	**35,273**	34,813	**76,298**	20,119	**139,125**	87,531
Unallocated revenue							**1,441**	2,147
Unallocated expenses							**(15,189)**	(11,111)
Profit from operating activities							**125,377**	78,567
Finance costs							**(10,945)**	(9,276)
Profit before tax							**114,432**	69,291
Tax							**(17,258)**	(12,273)
Net profit from ordinary activities attributable to shareholders							**97,174**	57,018
Segment assets	**221,624**	196,779	**209,019**	168,619	**166,880**	61,837	**597,523**	427,235
Unallocated assets	**–**	–	**–**	–	**–**	–	**149,909**	83,629
Total assets	**221,624**	196,779	**209,019**	168,619	**166,880**	61,837	**747,432**	510,864
Segment liabilities	**8,488**	6,242	**8,006**	5,349	**6,392**	1,961	**22,886**	13,552
Unallocated liabilities	**–**	–	**–**	–	**–**	–	**292,047**	188,623
Total liabilities	**8,488**	6,242	**8,006**	5,349	**6,392**	1,961	**314,933**	202,175
Other segment information:								
Depreciation	**5,545**	7,002	**5,229**	6,000	**4,175**	2,201	**14,949**	15,203
Capital expenditure	**6,380**	4,171	**6,017**	3,575	**4,804**	1,312	**17,201**	9,058

(ii) Geographical segments based on the location of assets

	Hong Kong		Macau		PRC		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**92,858**	65,077	**116**	17	**654,458**	445,770	**747,432**	510,864
Capital expenditure	**106**	552	**–**	–	**17,095**	8,506	**17,201**	9,058

(b) Business segments

The following tables present revenue, results and certain asset, liability and expenditure information of the Group's business segments for the years ended 30 September 2007 and 2006.

	Exports		Domestic		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**489,505**	459,930	**120,752**	20,442	**610,257**	480,372
Segments results	**94,958**	80,831	**44,167**	6,700	**139,125**	87,531
Unallocated revenue					**1,441**	2,147
Unallocated expenses					**(15,189)**	(11,111)
Profit from operating activities					**125,377**	78,567
Finance costs					**(10,945)**	(9,276)
Profit before tax					**114,432**	69,291
Tax					**(17,258)**	(12,273)
Net profit from ordinary activities attributable to shareholders					**97,174**	57,018
Segment assets	**345,418**	339,693	**252,105**	87,542	**597,523**	427,235
Unallocated assets	**–**	–	**–**	–	**149,909**	83,629
Total assets	**345,418**	339,693	**252,105**	87,542	**747,432**	510,864
Segment liabilities	**12,425**	13,056	**10,461**	496	**22,886**	13,552
Unallocated liabilities	**–**	–	**–**	–	**292,047**	188,623
Total liabilities	**12,425**	13,056	**10,461**	496	**314,933**	202,175
Other segment information:						
Depreciation	**12,392**	14,474	**2,557**	729	**14,949**	15,203
Capital expenditure	**106**	3,159	**17,095**	5,899	**17,201**	9,058

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging/(crediting):

	2007	2006
	HK$'000	*HK$'000*
Cost of inventories sold	**398,325**	342,687
Depreciation	**14,949**	15,203
Minimum lease payments under operating leases on leasehold land and buildings	**18,654**	2,928
Staff costs (excluding directors' remuneration):		
Wages and salaries	**13,534**	8,371
Retirement benefits scheme contributions	**340**	108
	13,874	8,479
Auditors' remuneration	**1,500**	1,200
Research and development costs	**–**	317
Interest income	**(1,369)**	(1,445)

7. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on interest bearing bank overdrafts, trust receipt loans and other interest bearing bank loans wholly repayable within 5 years	**10,945**	9,276

8. TAX

The amount of tax charged to the consolidated income statements represents:

	2007	2006
	HK$'000	*HK$'000*
Current year provision:		
Hong Kong profits tax	**–**	–
Overseas taxation	**17,258**	12,273
Tax charge for the year	**17,258**	12,273

(a) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong.

(b) Overseas taxation is related to Macau and PRC tax which has been provided at the applicable income tax rate on the assessable profits based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation has been made as the Group did not have any significant unprovided deferred taxation in respect of the year (2006: Nil).

9. DIVIDENDS

During the year, an interim dividend of approximately HK$2,302,000 (2006: HK$2,054,000) was declared and paid on 8 August 2007.

At a meeting held on 11 January 2008, the directors proposed a final dividend of HK0.5 cent per share (2006: HK0.5 cent) for the year ended 30 September 2007 to be payable to shareholders whose names appear in the register of members of the Company on 28 March 2008. Subject to shareholders' approval at the forthcoming annual general meeting, such dividend will be payable on or about 18 April 2008. This proposed dividend was not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ended 30 September 2007.

10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders for the year of approximately HK$97,174,000 (2006: HK$57,018,000) and the weighted average of 735,857,671 (2006: 669,495,890) ordinary shares in issue during the year.

No dilutive earnings per share is presented for the year ended 30 September 2007 as the Group did not have any potential dilutive ordinary shares outstanding.

The calculation of diluted earnings per share for the year ended 30 September 2006 is based on the Group's net profit from ordinary activities attributable to shareholders for the year of approximately HK$57,018,000 and the weighted average number of 678,119,969 ordinary shares in issue during the year. The weighted average number of ordinary shares used to calculate the diluted earnings per share comprises the weighted average number of 669,495,890 ordinary shares in issue during the year and the weighted average number of 8,624,079 ordinary shares deemed to be issued at no consideration on exercise of all outstanding share options.

11. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 120 days. 100% provision is made for outstanding debts aged over 365 days.

An aging analysis of the trade receivables as at the balance sheet date, based on the date of recognition of the sale, is as follows:

	2007	2006
	HK$'000	*HK$'000*
1 – 30 days	**49,242**	42,415
31 – 60 days	**44,886**	44,770
61 – 90 days	**39,930**	27,505
	134,058	114,690

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 120 days from its suppliers.

An aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of goods purchased, is as follows:

	2007	2006
	HK$'000	*HK$'000*
1 – 30 days	**13,945**	9,230
31 – 60 days	**536**	774
61 – 90 days	**314**	1,477
91 – 180 days	**1,734**	127
181 – 360 days	**2,558**	–
	19,087	11,608

13. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the balance sheet date (2006: Nil).

The Company has given guarantees in favour of certain banks to the extent of approximately HK$411,900,000 (2006: HK$245,100,000) in respect of banking facilities granted to certain subsidiaries of the Company. As at 30 September 2007, the banking facilities utilised by these subsidiaries amounted to approximately HK$212,379,000 (2006: HK$123,907,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 September 2007, the Group achieved a turnover of approximately HK$610.3 million, representing an increase of 27.0% as compared to approximately HK$480.4 million for the year ended 30 September 2006. Attributable mainly to the expansion strategy into the diamond jewellery retail markets in PRC under our own brand name, SAVANTI, and the robust growth in consumer demand of fine diamond jewellery, the Group maintained satisfactory business growth across its various markets worldwide.

Followed by the opening of the first store in JB Cityplaza, Shanghai in 2005, SAVANTI has rapidly and profitably expanded into the luxury retail markets in PRC. By the end of the financial year 2007, SAVANTI already had 26 self-operated stores spread across major cities in PRC, including Beijing, Shanghai, Hangzhou, Tianjin, Dalian, Harbin, Changchun, Chongqing, Chengdu, Mudanjiang and Qitaihe, as compared to only 6 stores in Shanghai, Hangzhou and Tianjin in 2006.

Overall, the Group's gross profit margin achieved an outstanding record of approximately 34.7%, attributed to persistent increase in domestic sales, as well as improvements in production efficiency. Domestic sales of the SAVANTI chain stores provided considerably higher operating profit margins than the export business, notably 36.6% in 2007 versus 32.8% in 2006. Net profit from ordinary activities attributable to shareholders were approximately HK$97.2 million in the financial year 2007, increased by 70.5% when compared to approximately HK$57.0 million in the previous year. Meanwhile, the net profit margin improved to 15.9% in 2007 from the prior level of 11.9% in 2006.

During the year, the selling and distribution expenses of the Group amounted to approximately HK$64.2 million (2006: HK$39.7 million). The increase in selling and distribution expenses was mainly attributed to the Group's increased efforts placed on sales, marketing, promotion and exhibition activities. Despite the increasingly diversified business activities, the Group's administrative expenses for the year remained fairly stable at approximately HK$23.8 million (2006: HK$21.2 million), representing a mild increase of 12.3% as compared with that of the previous year.

For the year ended 30 September 2007, the Group invested approximately HK$17.2 million (2006: HK$9.1 million) in property, plant and equipment.

OPERATIONS REVIEW

Products manufactured were sold to a well-diversified global market, including the United States, Europe, Middle East and Asia. The Group maintained steady sales to the United States while achieving moderate growth in sales to Europe and Middle East. During the period, the United States accounted for only 37.1% of the Group's turnover when compared to 46.1% in 2006. Meanwhile, the sales to Europe accounted for about 35.0% (2006: 39.4%) of the Group's turnover, and the sales to Middle East and Asia accounted for about 27.9% (2006: 14.5%) of the Group's turnover.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 30 September 2007, the Group improved its net current assets position from HK$263.5 million to HK$522.3 million. The net current assets comprise of inventories of HK$360.4 million (2006: HK$214.7 million), trade receivables of about HK$134.1 million (2006: HK$114.7 million), other receivables of about HK$13.3 million (2006: HK$10.4 million), cash and bank balances of about HK$149.5 million (2006: HK$83.4 million) and current liabilities of about HK$134.9 million (2006: HK$159.7 million).

Increases in inventories and trade receivables were in line with the increase in the turnover for the year and more inventories have been reserved for customer orders and retail stores. The Group's inventory turnover, trade receivables turnover and trade payables turnover period were 330 days, 80 days and 18 days respectively. These turnover periods were consistent and complied with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the year, the Group financed its operations and investing activities through a combination of shareholders' equity, internal cash flows and interest bearing bank borrowings. The capital structure of the Company solely consists of share capital. As at 30 September 2007, the shareholders' equity of the Group amounted to HK$432.5 million (2006: HK$308.7 million). The Group's total interest bearing bank borrowings as at 30 September 2007 amounted to approximately HK$212.4 million (2006: HK$123.9 million) representing an increase of approximately HK$88.5 million. The interest bearing bank borrowings were mainly used for working capital and carried at commercial lending interest rates. The maturity of interest bearing bank borrowings comprised approximately HK$32.4 million (2006: HK$81.4 million) and HK$180.0 million (2006: HK$42.5 million) repayable within 1 year and repayable more than 1 year respectively. The Group's gearing ratio for the year was 49.1% (2006: 40.1%). On the whole, the Group maintained a stable financial position during the year under review.

The sales and purchases of the Group were mostly denominated in the US dollars, Hong Kong dollars and Renminbi. The cash and cash equivalents and interest bearing borrowings of the Group were denominated in Hong Kong dollars, the US dollars and Renminbi. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group did not use any hedging instruments to minimise the exposure to foreign currency fluctuations.

As at 30 September 2007, the Group did not have any capital commitments (2006: Nil). The Group also did not have any significant contingent liabilities as at 30 September 2007 (2006: Nil).

As at 30 September 2007, the Company provided guarantees in favour of certain banks to the extent of approximately HK$411.9 million (2006: HK$245.1 million) in respect of banking facilities granted to certain subsidiaries of the Company. As at 30 September 2007, the banking facilities utilised by these subsidiaries amounted to approximately HK$212.4 million (2006: HK$123.9 million).

FUTURE PLANS AND PROSPECTS

During the year under review, higher growth in net profits from ordinary activities was mainly driven by the higher number of retail stores in PRC, despite the fact that only 6 out of all 26 stores were reflecting full-year results, while as many as 20 stores were reflecting non-full year results. 11 out of these 20 stores reflect less than six month results. It is anticipated that contribution to the Group will be much more prominent as the results of the stores will be fully reflected next year.

The Group will continue to strive its best to further expand the retail business in PRC. Since SAVANTI has established its sound reputation amongst the various renowned nationwide department store operators, opening new stores is likely to become easier. During the financial year, SAVANTI was able to open a total of 3 new stores in Beijing within two months. Therefore, the Group expects SAVANTI to continue on its fast track on opening stores in PRC, with an aim to further improve the Group's profit margin as well as the share of domestic sales in PRC. The domestic sales in PRC has already reached 20% of the Group's total sales for the year under review and has surpassed 30% in the month of September 2007 alone.

For the export business, the Group will endeavour to preserve its present worldwide clientele by various marketing strategies as well as maintaining its continued presence in major international jewellery trade fairs. The Group expects to maintain stable sales to the United States while achieving moderate sales growth in Europe and the Middle East.

In summary, the Group has positioned itself well to benefit from the booming luxury retail markets in PRC through the launch of its retail network by its own brand name, SAVANTI. The ever-increasing jewellery retail demand in PRC is likely to continue to fuel the Group's business. The Group expects to continue on its leading role at producing fine diamond jewellery with elements of contemporary fashion, utilising its metallurgical knowledge, stylish designs and jewellery craftsmanship.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 September 2007, the Group had approximately 338 employees with remuneration of approximately HK$13.5 million. The Group's emolument policies are formulated according to the performance of individual employee and will be reviewed regularly every year.

During the year under review, the Group did not grant any share options.

Save as disclosed above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2007 interim report.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 26 March 2008 to 28 March 2008 (both dates inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and to attend and vote at the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 25 March 2008.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its shares, and neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 30 September 2007 with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules with deviation on role segregation of chairman and chief executive officer.

Code Provision A.2

Mr. Wong Chi Ming, Jeffry is the Chairman of the board of directors. The Company has no such title as the chief executive officer and the daily operation and management of the Company is monitored by the executive directors as well as the senior management.

The Board is of the view that although there is no chief executive officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operations of the Company.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry on all directors regarding any non-compliance with the Model Code during the year under review and they all confirmed that they have fully complied with the required standard set out in the Model Code.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Company's internal control system and risk management procedures and for reviewing the effectiveness of the Company's internal control. The Board has conducted a review of, and is satisfied with the effectiveness of the system of internal controls of the Group.

The Group is committed to the identification, monitoring and management of risks associated with its business activities. The Group's internal control system is designed to provide reasonable assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfillment of business objective. The system includes a defined management structure with segregation of duties and a cash management system such as monthly reconciliation of bank accounts.

The Board reviews the effectiveness of the Group's material internal controls. Based on information furnished to it and on its own observations, the Board is satisfied with present internal controls of the Group.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the 3 independent non-executive directors, who have reviewed the financial statements for the year ended 30 September 2007.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2007 annual report containing all the information required by the Listing Rules will be released on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and dispatched to shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to the management and staff members for their continued dedication and contribution. I would also like to express our gratitude to our shareholders for their support to the Group.

On behalf of the Board
Ming Fung Jewellery Group Limited
Wong Chi Ming, Jeffry
Chairman

As at the date of this announcement, the executive directors of the Company are Mr. Wong Chi Ming, Jeffry, Mr. Chung Yuk Lun and Mr. Yu Fei, Philip and the independent non-executive directors of the Company are Mr. Lee Pak Chung, Mr. Chan Man Kiu and Mr. Tam Ping Kuen, Daniel.

Hong Kong, 11 January 2008

* *For identification purpose only*