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)

2008 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2008

The board ("Board") of directors ("Directors") of Ming Fung Jewellery Group Limited ("Company") is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 March 2008, which have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 March 2008

	Notes	For the six months ended 31 March **2008** **(Unaudited)** ***HK$'000***	 2007 (Unaudited) *HK$'000*
Turnover	*2*	**360,465**	283,077
Cost of sales		**(215,735)**	(191,395)
Gross profit		**144,730**	91,682
Other revenue	*2*	**761**	692
Selling and distribution expenses		**(54,258)**	(26,012)
Administrative expenses		**(12,261)**	(11,630)
Profit from operating activities	*4*	**78,972**	54,732
Finance costs	*5*	**(6,423)**	(4,798)
Profit before tax		**72,549**	49,934
Tax	*6*	**(9,592)**	(8,689)
Net profit from ordinary activities attributable to shareholders		**62,957**	41,245
Dividend	*7*	**2,302**	2,302
Earnings per share attributable to shareholders	*8*		
Basic		**HK8.2 cents**	HK5.9 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2008

	Notes	31 March 2008 (Unaudited) HK$'000	30 September 2007 (Audited) HK$'000
Non-current Assets			
Property, plant and equipment		**88,393**	90,192
Current Assets			
Prepayments, deposits and other receivables		**14,793**	13,283
Inventories		**443,352**	360,351
Trade receivables	*9*	**143,441**	134,058
Cash and cash equivalents		**146,828**	149,548
		748,414	657,240
Current Liabilities			
Trade payables	*10*	**18,621**	19,087
Other payables and accruals		**5,325**	7,417
Secured interest bearing bank borrowings, due within 1 year		**50,898**	32,379
Tax payables		**81,144**	76,050
		155,988	134,933
Net Current Assets		**592,426**	522,307
Total Assets Less Current Liabilities		**680,819**	612,499
Non-current Liabilities			
Secured interest bearing bank borrowings, due after 1 year		**180,000**	180,000
Net Assets		**500,819**	432,499
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	*11*	**7,675**	7,675
Reserves		**487,005**	420,987
Proposed final and/or interim dividend		**6,139**	3,837
		500,819	432,499

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2008

1. BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standards No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

These condensed consolidated financial statements have been prepared under the historical cost convention. The accounting policies and basis of presentation used in the preparation of these condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 30 September 2007.

During the interim reporting period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("the new HKFRSs"), amendments and interpretations issued by the HKICPA, which are effective on or after 1 October 2007. The adoption of these new HKFRSs would not have a significant impact on the results and financial position of the Group, except for the adoption of the amendments to HKAS 1 "Presentation of Financial Statements - Capital Disclosures" and HKFRS 7 "Financial Instruments: Disclosures" which require additional disclosures to be made in the Group's consolidated financial statements for the year ending 30 September 2008.

The Group has not applied any new HKFRSs, amendments and interpretations issued by the HKICPA that are not yet effective for this accounting period.

2. TURNOVER AND OTHER REVENUE

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 period.

An analysis of turnover, other revenue and gains is as follows:

	For the six months ended 31 March	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover – sale of goods	**360,465**	283,077
Other revenue		
Interest income	**760**	627
Others	**1**	65
	761	692
	361,226	283,769

3. SEGMENT INFORMATION

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

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

a) Geographical segments based on the location of customers

The following tables present revenue and results for the Group's geographical segments:

For the six months ended 31 March 2008:

	United States (Unaudited) *HK$'000*	Europe (Unaudited) *HK$'000*	Middle East and Asia (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:				
Sales to external customers	**94,269**	**109,285**	**156,911**	**360,465**
Segment results	**13,217**	**18,437**	**51,719**	**83,373**
Unallocated revenue				**761**
Unallocated expenses				**(5,162)**
Profit from operating activities				**78,972**
Finance costs				**(6,423)**
Profit before tax				**72,549**
Tax				**(9,592)**
Net profit from ordinary activities attributable to shareholders				**62,957**

For the six months ended 31 March 2007:

	United States (Unaudited) *HK$'000*	Europe (Unaudited) *HK$'000*	Middle East and Asia (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:				
Sales to external customers	114,871	102,151	66,055	283,077
Segment results	19,558	22,792	17,224	59,574
Unallocated revenue				692
Unallocated expenses				(5,534)
Profit from operating activities				54,732
Finance costs				(4,798)
Profit before tax				49,934
Tax				(8,689)
Net profit from ordinary activities attributable to shareholders				41,245

b) Business segments

The following tables present revenue and results for the Group's business segments:

For the six months ended 31 March 2008:

	Exports (Unaudited) *HK$'000*	Domestic (Unaudited) *HK$'000*	Consolidated (Unaudited) *HK$'000*
Segment revenue:			
Sales to external customers	**234,617**	**125,848**	**360,465**
Segment results	**35,060**	**48,313**	**83,373**
Unallocated revenue			**761**
Unallocated expenses			**(5,162)**
Profit from operating activities			**78,972**
Finance costs			**(6,423)**
Profit before tax			**72,549**
Tax			**(9,592)**
Net profit from ordinary activities attributable to shareholders			**62,957**

For the six months ended 31 March 2007:

	Exports (Unaudited) *HK$'000*	**Domestic (Unaudited) *HK$'000***	**Consolidated (Unaudited) *HK$'000***
Segment revenue:			
Sales to external customers	243,681	39,396	283,077
Segment results	47,155	12,419	59,574
Unallocated revenue			692
Unallocated expenses			(5,534)
Profit from operating activities			54,732
Finance costs			(4,798)
Profit before tax			49,934
Tax			(8,689)
Net profit from ordinary activities attributable to shareholders			41,245

4. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 31 March	
	2008 (Unaudited) *HK$'000*	2007 (Unaudited) *HK$'000*
Cost of inventories sold	**215,735**	191,395
Depreciation	**7,767**	7,282

5. FINANCE COSTS

	For the six months ended 31 March	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on interest bearing bank overdrafts, trust receipt loans and other interest bearing bank loans wholly repayable within 5 years	**6,423**	4,798

6. TAX

	For the six months ended 31 March	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current period provision:		
Hong Kong profits tax	**–**	–
Overseas taxation	**9,592**	8,689
Tax charge for the period	**9,592**	8,689

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong in respect of the period (2007: Nil). 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.

The taxation on the Group's profit before tax for the period differs from the theoretical amount that would arise using the tax rates prevailing in the jurisdiction in which the Group operates as follows:

	For the six months ended 31 March	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before tax	**72,549**	49,934
Tax at the statutory rate of 17.5%	**12,696**	8,738
Effect of different tax rates for companies operating in other jurisdictions	**73**	(652)
Tax effect of non-taxable income	**(3,349)**	(108)
Tax effect of non-deductible expenses	**104**	642
Tax effect of tax losses not recognised	**68**	69
Tax charge for the period	**9,592**	8,689

No provision for deferred tax has been made as the Group did not have any significant unprovided deferred taxation in respect of the period (2007: Nil).

7. DIVIDEND

The Board has resolved to declare an interim dividend of HK0.3 cent (2007: HK0.3 cent) per share payable on 7 August 2008 to shareholders whose names appear on the register of members of the Company on 18 July 2008.

8. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

The calculation of basic earnings per share is based on the Group's unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$62,957,000 (2007: HK$41,245,000) and the weighted average of 767,450,000 (2007: 704,091,758) ordinary shares in issue during the period.

No dilutive earnings per share is presented for the periods ended 31 March 2008 and 31 March 2007 as the Group did not have any potential dilutive ordinary shares outstanding.

9. 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:

	31 March 2008 (Unaudited) ***HK$'000***	30 September 2007 (Audited) *HK$'000*
1 – 30 days	**61,560**	49,242
31 – 60 days	**46,312**	44,886
61 – 90 days	**35,569**	39,930
	143,441	134,058

10. 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:

	31 March 2008 (Unaudited) *HK$'000*	30 September 2007 (Audited) *HK$'000*
1 – 30 days	**14,152**	13,945
31 – 60 days	**2,177**	536
61 – 90 days	**1,648**	314
91 – 180 days	**644**	1,734
181 – 360 days	**–**	2,558
	18,621	19,087

11. SHARE CAPITAL

	31 March 2008 (Unaudited) *HK$'000*	30 September 2007 (Audited) *HK$'000*
Authorised:		
2,000,000,000 ordinary shares of HK$0.01 each	**20,000**	20,000
Issued and fully paid:		
767,450,000 ordinary shares of HK$0.01 each	**7,675**	7,675

12. CONTINGENT LIABILITIES

As at 31 March 2008, the Company had executed corporate guarantees to banks for banking facilities granted to certain subsidiaries of the Company. These banking facilities have been utilized to the extent of approximately HK$230.9 million as at 31 March 2008 (30 September 2007: HK$212.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period, the Group achieved a turnover of approximately HK$360.4 million, representing a significant increase of about 27.3% as compared to approximately HK$283.1 million for the six months ended 31 March 2007. Attributed to the successful implementation of the expansion into the jewellery retail markets in PRC, and the smooth establishment of our own brand name, SAVANTI, the Group achieved outstanding business results with sound contributions from the domestic markets while maintaining adequate sales levels across its various export markets worldwide.

Overall speaking, the Group's gross profit margin achieved an outstanding record of about 40.2%, which was attributed to the increase in the domestic retail sales and the improvement in operation efficiency. Net profit from ordinary activities attributable to shareholders was approximately HK$63.0 million in the period, increased by about 52.9% when compared to approximately HK$41.2 million in the previous corresponding period. Comparing to the same period as stated above, the net profit margin increased to 17.5% from the prior level of 14.6%.

The higher growth in net profit from ordinary activities was mainly driven by the higher number of SAVANTI stores and the increasing share of domestic retail sales. During the period, the selling and distribution expenses of the Group amounted to approximately HK$54.3 million, as compared to HK$26.0 million for the six months ended 31 March 2007. The increase in selling and distribution expenses was mainly attributed to the Group's increased efforts being put on domestic retail sales and retail marketing activities.

Despite the increasingly diversified business activities, the Group's administrative expenses for the period was fairly stable at approximately HK$12.3 million, as compared to HK$11.6 million for the six months ended 31 March 2007, representing only a mild increase of approximately 6.0% as compared with that of the previous corresponding period.

Products manufactured by the Group were sold to a well-diversified clientele across various major global markets, including the United States, Europe, the Middle East and Asia. In general, the Group sustained sufficient sales to the United States, Europe, and the Middle East and Asia. During the period, the sales to the United States lessened by 17.9% to HK$94.3 million, when compared to HK$114.9 million in the same period in the year of 2007. Meanwhile, the sales to Europe recorded HK$109.3 million, an increase of 6.9% when compared to HK$102.2 million in the same period in the year of 2007. The sales to the Middle East and Asia markets attained HK$156.9 million, a substantial increase of 137.4% when compared to HK$66.1 million in the same period in the year of 2007.

FUTURE PLANS AND PROSPECTS

Over the past year, the expeditious success of SAVANTI stores, the Group's wholly-owned retail chain in PRC, has well achieved management's expectations. The Group foresees, SAVANTI will carry on its success and enable the Group to achieve even faster growth in the second half of this financial year and further widen both its gross and net profit margins.

Being the fastest growing part of the Group's business, SAVANTI reached its preliminary target of having 28 stores opened in PRC by the end of the period and all of these stores were profitable. As a result, the Group has reasonable expectation to achieve another record year in 2008 in terms of both turnover and profits.

Followed by the opening of the first store in JB Cityplaza, Shanghai in 2005, SAVANTI has rapidly and profitably expanded into the high-end jewellery retail markets in PRC. By the end of the period, the Group had opened 28 SAVANTI stores in PRC's leading metropolitan cities, including Beijing, Shanghai, Hangzhou, Tianjin, Dalian, Harbin, Changchun, Chongqing, and Chengdu, as well as in two prospering mining and industrial cities located near the China-Russia boarder, namely Qitaehe and Mudanjiang. The Group will continue its expansion strategy to open more SAVANTI retail stores in PRC in the coming years.

The domestic retail sales of the SAVANTI chain stores provide considerably higher operating profit margins than the export business, notably 38.3% versus 15.0% for the six months ended 31 March 2008. Consequently, the Group's overall operating profit margin reached a record high of 21.9%

The Group has well-positioned itself to benefit from the blooming luxury retail markets in China through the launch of its own brand name, SAVANTI. Meanwhile, the demand for luxury goods and jewellery worldwide is expected to consolidate due to sub-prime mortgage loan crisis and global credit crunch. Therefore, the Group will maintain its presence in the major international jewellery trade fairs and exhibitions so as to preserve its market shares and premier clienteles. Equally important is the Group will continue its tight cost control policy to keep the direct and indirect costs at a lower level. The Group remains optimistic and is well-prepared to overcome any difficulties in the year ahead.

LIQUIDITY AND FINANCIAL RESOURCES

An analysis of the Group's current assets and current liabilities as at 31 March 2008 and the comparison figures as at 30 September 2007 is presented in the balance sheet with the relevant notes to financial statements.

Increases in inventories and trade receivables were in line with the increase in the turnover for the period and more inventories have been reserved for new customer orders and new retail/wholesale network. The Group's inventory turnover, trade receivables turnover and trade payables turnover period were 376 days, 73 days and 16 days respectively. These turnover periods are consistent with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

The Group generally finances its operations through a combination of shareholders equity, internally generated cash flows and bank borrowings. The capital structure of the Company only consists of share capital and no new shares were issued during the period. As at 31 March 2008, the shareholders equity of the Group amounted to about HK$500.8 million (30 September 2007: HK$432.5 million). The Group's total bank borrowings as at 31 March 2008 amounted to approximately HK$230.9 million (30 September 2007: HK$212.4 million) representing an increase of approximately HK$18.5 million. The bank borrowings were mainly used for working capital purpose and carried at commercial lending rates. The maturity of bank borrowing comprised approximately HK$50.9 million (30 September 2007: HK$32.4 million) and HK$180.0 million (30 September 2007: HK$180.0 million) repayable within one year and repayable more than one year as at 31 March 2008 respectively. The Group's gearing ratio, represented by the bank borrowings over the Group's shareholders equity, was approximately 46.1% (30 September 2007: 49.1%).

The sales and purchases of the Group's products and raw materials are mainly denominated in US dollars, Hong Kong dollars and Renminbi. The cash and bank balances and bank borrowings of the Group are also mainly denominated in Hong Kong dollars, US dollars and Renminbi. The Group's exposure to fluctuations in foreign exchange rates is minimal and the Group does not engage in any hedging contracts.

Apart from those set out above, the current information in other management and discussion analysis has not changed materially from those information disclosed in the last published 2007 annual report.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 July 2008, Wednesday to 18 July 2008, Friday both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the aforesaid interim dividend, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 15 July 2008, Tuesday.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2008, the Group had approximately 346 employees with remuneration of approximately HK$10.7 million for the period under review. The Group's emolument policies are formulated on the performance of individual employee and will be reviewed regularly every year.

The Group has established a share option scheme for its employees and other eligible participants with a view to providing an incentive to or as a reward for their contribution to the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

During the six months ended 31 March 2008, the Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Further information about Chairman and Chief Executive Officer

Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Wong Chi Ming, Jeffry ("Mr. Wong") is the Chairman of the Company and co-founder of the Company. Mr. Wong has extensive experience in the jewellery industry who is responsible for the overall strategic planning and policy making of the Group.

The Company has no such title as the chief executive officer and therefore 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 operation of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding securities transactions by its directors. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code. All the Directors confirmed that they have fully complied with the required standard set out in the Model Code during the period.

AUDIT COMMITTEE

The Company has an audit committee which was established, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. Currently the audit committee comprises the three independent non-executive directors of the Company. The unaudited interim report for the period has been reviewed and approved by the audit committee.

APPRECIATION

On behalf of the Board, I would like to express our appreciation to all our management and staff members for their ongoing contribution and hard work. We would also like to thank our shareholders for their continuing support.

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

Hong Kong, 24 June 2008

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

* *For identification purpose only*