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)

2009 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2009

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 2009, which have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 31 March 2009

		For the six months ended 31 March	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**342,063**	360,465
Cost of sales		**(222,414)**	(215,735)
Gross profit		**119,649**	144,730
Other revenue	3	**533**	761
Selling and distribution expenses		**(63,281)**	(54,258)
Administrative expenses		**(12,617)**	(12,261)
Profit from operating activities	5	**44,284**	78,972
Finance costs	6	**(4,559)**	(6,423)
Profit before tax		**39,725**	72,549
Tax	7	**(7,204)**	(9,592)
Net profit from ordinary activities attributable to shareholders		**32,521**	62,957
Dividend	8	**–**	2,302
Earnings per share attributable to shareholders	9		
Basic		**HK4.2 cents**	HK8.2 cents
Diluted		**HK4.2 cents**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 March 2009

	Notes	31 March 2009 (Unaudited) HK$'000	30 September 2008 (Audited) HK$'000
Non-current Assets			
Property, plant and equipment		**85,934**	81,846
Current Assets			
Prepayments, deposits and other receivables		**34,063**	20,494
Inventories		**498,479**	488,922
Trade receivables	*10*	**198,979**	129,999
Cash and cash equivalents		**97,838**	167,588
		829,359	807,003
Current Liabilities			
Trade payables	*11*	**13,978**	21,448
Other payables and accruals		**3,845**	7,925
Secured interest bearing bank borrowings, due within 1 year		**168,134**	112,423
Tax payables		**74,439**	75,719
		260,396	217,515
Net Current Assets		**568,963**	589,488
Total Assets Less Current Liabilities		**654,897**	671,334
Non-current Liabilities			
Secured interest bearing bank borrowings, due after 1 year		**99,000**	153,000
Net Assets		**555,897**	518,334
EQUITY			
Capital and reserves attributable to the Company's shareholders			
Share capital	*12*	**7,675**	7,675
Reserves		**544,385**	506,822
Proposed dividend		**3,837**	3,837
		555,897	518,334

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 March 2009

1. BASIS OF PREPARATION

The condensed consolidated 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 2008.

2. PRINCIPAL ACCOUNTING POLICIES

In the current period, the Group has applied, for the first time, the following new interpretations ("new interpretations") issued by the HKICPA, which are effective for the Group's accounting period beginning on or after 1 October 2008.

HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the new interpretations has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

Certain new and revised standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 October 2009. The Group has already commenced an assessment of their impact when they become effective and does not expect this will result in substantial changes to the Group's principal accounting policies.

3. 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	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover – sale of goods	**342,063**	360,465
Other revenue		
Interest income	**533**	760
Others	**–**	1
	533	761
	342,596	361,226

4. SEGMENT INFORMATION

Segment information is presented by way of two 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.

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 2009:

	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	**54,332**	**70,394**	**217,337**	**342,063**
Segment results	**2,265**	**3,178**	**47,017**	**52,460**
Unallocated revenue				**533**
Unallocated expenses				**(8,709)**
Profit from operating activities				**44,284**
Finance costs				**(4,559)**
Profit before tax				**39,725**
Tax				**(7,204)**
Net profit from ordinary activities attributable to shareholders				**32,521**

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

b) **Business segments**

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

For the six months ended 31 March 2009:

	Exports (Unaudited) ***HK$'000***	**Domestic (Unaudited)** ***HK$'000***	**Consolidated (Unaudited)** ***HK$'000***
Segment revenue:			
Sales to external customers	**154,012**	**188,051**	**342,063**
Segment results	**6,962**	**45,498**	**52,460**
Unallocated revenue			**533**
Unallocated expenses			**(8,709)**
Profit from operating activities			**44,284**
Finance costs			**(4,559)**
Profit before tax			**39,725**
Tax			**(7,204)**
Net profit from ordinary activities attributable to shareholders			**32,521**

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

5. PROFIT FROM OPERATING ACTIVITIES

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

	For the six months ended 31 March	
	2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Cost of inventories sold	**222,414**	215,735
Depreciation	**6,692**	7,767
Share-based payments	**4,889**	–

6. FINANCE COSTS

	For the six months ended 31 March	
	2009 (Unaudited) *HK$'000*	2008 (Unaudited) *HK$'000*
Interest on interest bearing bank overdrafts, trust receipt loans and other interest bearing bank loans wholly repayable within 5 years	**4,559**	6,423

7. TAX

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

	For the six months ended 31 March	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current period provision:		
Hong Kong profits tax	**–**	–
Overseas taxation	**7,204**	9,592
Tax charge for the period	**7,204**	9,592

(a) 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.

(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.

A reconciliation of the tax expense applicable to profit before tax using the principal statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

	For the six months ended 31 March	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit before tax	**39,725**	72,549
Tax at the statutory rate of 16.5% (2008: 17.5%)	**6,554**	12,696
Effect of different tax rates for companies operating in other jurisdictions	**682**	73
Income not subjected to tax	**(606)**	(3,349)
Expenses not deductible for tax	**116**	104
Unutilised tax losses	**458**	68
	7,204	9,592

No provision for deferred tax has been made as the Group did not have any significant unprovided deferred taxation in respect of the period (for the six months ended 31 March 2008: Nil).

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period (for the six months ended 31 March 2008: HK0.3 cent per share).

9. 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$32,521,000 (for the six months ended 31 March 2008: HK$62,957,000) and the weighted average of 767,450,000 (for the six months ended 31 March 2008: 767,450,000) ordinary shares in issue during the period.

The calculation of diluted earnings per period ended 31 March 2009 is based on the Group's unaudited net profit from ordinary activities attributable to shareholders for the period of approximately HK$32,521,000 (for the six months ended 31 March 2008: HK$62,957,000) and the weighted average number of 780,497,423 (for the six months ended 31 March 2008: 767,450,000) ordinary shares in issue during the period. The weighted average number of ordinary shares used to calculate the diluted earnings per share comprises the weight average number of 767,450,000 (for the six months ended 31 March 2008: 767,450,000) ordinary shares in issue during the period and the weighted average number of 13,047,423 (for the six months ended 31 March 2008: Nil) ordinary shares deemed to be issued at no consideration on exercise of all outstanding share options.

10. TRADE RECEIVABLES

The Group normally allows credit terms to established customers ranging from 30 to 120 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 2009 (Unaudited) ***HK$'000***	30 September 2008 (Audited) *HK$'000*
1 – 30 days	**65,386**	45,956
31 – 60 days	**58,404**	43,961
61 – 90 days	**45,531**	40,082
91 – 120 days	**29,658**	–
	198,979	129,999

11. 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 2009 (Unaudited) ***HK$'000***	30 September 2008 (Audited) *HK$'000*
1 – 30 days	**12,518**	20,453
31 – 60 days	**772**	31
61 – 90 days	**416**	338
91 – 180 days	**272**	417
181 – 360 days	**–**	209
	13,978	21,448

12. SHARE CAPITAL

	31 March 2009 (Unaudited) *HK$'000*	30 September 2008 (Audited) *HK$'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

On 17 March 2009, the Company entered into a placing agreement with a placing agent to place 150,000,000 non-listed warrants (the "Warrants") to six independent third parties at a placing price of HK$0.005 per Warrant, conferring rights to subscribe for 150,000,000 new shares of the Company at an initial exercise price of HK$0.23 per share (subject to adjustments). The placement was completed on 3 April 2009. The subscription rights attaching to the Warrants may be exercised at any time during a period of twelve months commencing from the date of issue of the Warrants.

13. CONTINGENT LIABILITIES

As at 31 March 2009, 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$267.1 million as at 31 March 2009 (30 September 2008: 265.4 million).

14. POST BALANCE SHEET EVENTS

On 10 June 2009, the Group has entered into a share purchase agreement to acquire 80% of Super Charm Holdings Limited, which indirectly hold the exploration licenses in respect of two gold mines in An Hui Province, the PRC. The consideration for the acquisition is HK$80,000,000 and will be satisfied by the Company to allot and issue to the vendor 100,000,000 new shares, credited as fully paid, at the issue price of HK$0.80 per share upon completion of the acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the period, the Group's turnover was approximately HK$342.1 million, representing a decrease of about 5.1% as compared to approximately HK$360.5 million for the six months ended 31 March 2008. Affected by the world wide credit turmoil, sales to major export markets in United States and Europe had dropped significantly. Fortunately, domestic sales reached a record high. As a result, turnover decreased by about 5.1% only.

To maintain competitiveness of the Group's products, the Group adopted a more flexible pricing policy. As such, the Group's gross profit margin was slightly dropped to 35.0%, representing about 5% decline when compared to the same period of last year. Net profit from ordinary activities attributable to shareholders was approximately HK$32.5 million in the period, representing a decrease of about 48.4% when compared to approximately HK$63.0 million in the previous corresponding period.

During the period, the selling and distribution expenses of the Group amounted to approximately HK$63.3 million, representing a moderate increase of about 16.6% as compared to HK$54.3 million for the six months ended 31 March 2008. The increase in selling and distribution expenses were in line with the increase in domestic sales.

The Group's administrative expenses for the period was fairly stable at approximately HK$12.6 million when compared to HK$12.3 million for the six months ended 31 March 2008.

Products manufactured were sold to major markets in United States, Europe, Middle East and Asia. When compared to the results in the same pervious financial period, the Group suffered a 42.4% decline in the sales to United States, and a 35.6% decline in the sales to Europe, while achieved higher growths in the sales to domestic and Middle East markets which attained HK$217.3 million, representing a substantial increase of 38.5% when compared to HK$156.9 million for the same period in 2008.

In summary, the Group has successfully transformed its primary focus to the domestic jewellery markets in PRC while largely reduced its reliance on the export markets to United States and Europe. During the period, the domestic jewellery sales has achieved satisfactory growth, due to the launch of 11 additional new retail sales outlets in southern China. Meanwhile there was an increase in wholesale orders from several local retail chains for SAVANTI branded products due to the increased eminence of the SAVANTI brandname in the domestic market.

FUTURE PLANS AND PROSPECTS

Despite the great impact of credit turmoil around the world, the Group managed to achieve a satisfactory result of jewellery sales in PRC. Overall, the Group has well-positioned itself to benefit from the potential retail markets in China through the sales network of its brand, SAVANTI.

The demand for luxury goods and jewellery worldwide is expected to further consolidate due to the global credit crunch. Going forward, the Group is going to 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 cost control policy to keep the direct and indirect costs at low levels. The Group remains cautious of the prevailing market conditions and well-prepared to overcome any difficulties in the year ahead.

In view of a significant slowdown in export sales to United States and Europe for the period, the Group is consciously seeking for sound business opportunities. As a result, the Group has entered into a sales and purchase agreement on 10th June 2009 to acquire 80% stake of Super Charm Holdings Limited, which ultimately holds the exploration rights of two gold mines in Anhui Province, PRC. The Group believes that it is an excellent timing to vertically diversify into gold exploitation, which will further widen the Group's revenue streams in the future and provide the Group with a constant supply of gold resources at a stable price.

LIQUIDITY AND FINANCIAL RESOURCES

An analysis of the Group's current assets and current liabilities as at 31 March 2009 and the comparison figures as at 30 September 2008 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 in domestic retail and wholesale sales for the period because more inventories were reserved for customer orders. The Group's inventory turnover, trade receivables turnover and trade payables turnover periods were 408 days, 106 days and 12 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 finances its operations and investing activities through a combination of operating cash inflows and interest bearing bank borrowings. The capital structure of the Company solely consists of share capital. As at 31 March 2009, the shareholders' equity of the Group amounted to HK$555.9 million (30 September 2008: HK$518.3 million). The Group's total interest bearing bank borrowings as at 31 March 2009 amounted to approximately HK$267.1 million (30 September 2008: HK$265.4 million) representing an increase of approximately HK$1.7 million. The interest bearing bank borrowings were mainly used for working capital purpose and carried at commercial lending rates. The maturity of interest bearing bank borrowings comprised approximately HK$168.1 million (30 September 2008: HK$112.4 million) and HK$99.0 million (30 September 2008: HK$153.0 million) repayable within 1 year and repayable more than 1 year respectively. The Group's gearing ratio for the period was 48.1% (30 September 2008: 51.2%).

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 also 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.

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 2008 annual report.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2009, the Group had approximately 358 employees with remuneration of approximately HK$12.4 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 2009, 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, 26 June 2009

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*