



Interim Report

2007/2008

 HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

HONG KONG ECONOMIC TIMES HOLDINGS LIMITED
Stock code: 0423

INTERIM RESULTS 2007/2008

The Directors of Hong Kong Economic Times Holdings Limited (the "Company") are pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		For the six months	
		ended 30 September	
		2007	2006
	<i>Note</i>	HK\$'000	HK\$'000
Turnover	2	455,422	400,097
Cost of sales		(254,605)	(230,114)
Gross profit		200,817	169,983
Other revenues	3	4,729	3,385
Selling and distribution expenses		(59,559)	(48,541)
General and administrative expenses		(61,943)	(54,598)
Operating profit		84,044	70,229
Finance costs	5	-	(1,135)
Profit before income tax	4	84,044	69,094
Income tax expense	6	(14,618)	(12,705)
Profit for the period		69,426	56,389
Attributable to:			
Equity holders of the Company		69,019	56,214
Minority interests		407	175
		69,426	56,389
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)			
Basic and diluted	7	15.99	13.02
Dividends	8	13,380	12,948

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	Unaudited As at 30 September 2007 HK\$'000	Audited As at 31 March 2007 HK\$'000
Non-current assets			
Intangible assets	13	29,039	25,539
Property, plant and equipment	9	202,725	201,050
Lease premium for land		73,700	55,022
Deferred income tax assets		9	8
		305,473	281,619
Current assets			
Inventories		21,816	20,579
Trade receivables	10	183,195	154,971
Deposits, prepayments and other receivables		16,691	10,688
Tax recoverable		-	539
Pledged time deposits		5,276	3,428
Cash and cash equivalents		238,316	229,966
		465,294	420,171
Current liabilities			
Trade payables	11	29,248	25,499
Fees in advance		50,266	43,254
Accruals and other payables		87,077	78,230
Current income tax liabilities		13,191	1,802
		179,782	148,785
Net current assets		285,512	271,386
Total assets less current liabilities		590,985	553,005

	<i>Note</i>	Unaudited As at 30 September 2007 HK\$'000	Audited As at 31 March 2007 HK\$'000
Financed by:			
Share capital	12	43,160	43,160
Reserves			
Proposed final dividends		–	34,096
Proposed interim dividends		13,380	–
Others		512,342	456,703
Equity holders' funds		568,882	533,959
Minority interests		1,288	881
Total equity		570,170	534,840
Non-current liabilities			
Deferred income tax liabilities		20,815	18,165
Total equity and non-current liabilities		590,985	553,005

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited	
	For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Net cash inflow from operating activities	77,352	48,916
Net cash outflow from investing activities	(34,905)	(5,291)
Net cash outflow from financing activities	(34,097)	(94,390)
Net increase/(decrease) in cash and cash equivalents	8,350	(50,765)
Cash and cash equivalents at 1 April	229,966	219,597
Cash and cash equivalents at 30 September	238,316	168,832

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Attributable to equity holders of the Company						Minority interests	Total equity
	Share capital	Share premium	Merger reserve	Capital reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2006	43,160	159,930	69,944	6,120	172,313	451,467	532	451,999
Profit for the period	-	-	-	-	56,214	56,214	175	56,389
Final dividends paid to equity holders of the Company	-	(24,601)	-	-	-	(24,601)	-	(24,601)
Balance at 30 September 2006	43,160	135,329	69,944	6,120	228,527	483,080	707	483,787
Balance at 1 April 2007	43,160	122,381	69,944	6,120	292,354	533,959	881	534,840
Profit for the period	-	-	-	-	69,019	69,019	407	69,426
Final dividends paid to equity holders of the Company	-	-	-	-	(34,096)	(34,096)	-	(34,096)
Balance at 30 September 2007	43,160	122,381	69,944	6,120	327,277	568,882	1,288	570,170

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2007

1. Basis of preparation and accounting policies

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

This unaudited condensed interim financial information should be read in conjunction with the Group's audited 2007 annual financial statements.

The accounting policies and method of computation used in the preparation of this condensed interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 March 2007.

HKICPA has issued a number of new standards, amendments to standards and interpretations that are effective for accounting periods beginning on or after 1 January 2007. The Group has carried out an assessment of these standards, amendments and interpretations and considered that they have no significant impact on this unaudited condensed interim financial information.

2. Segment information

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments. The segment results for the six months period ended 30 September 2007 are as follows:

	Unaudited For the six months ended 30 September									
	Publishing and multimedia		Financial news agency, information and solutions		Recruitment advertising and training		Corporate		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover, gross	338,092	307,887	78,151	63,330	44,302	40,259	-	-	460,545	411,476
Inter-segment transactions	(4,606)	(7,540)	(501)	(364)	(16)	(3,475)	-	-	(5,123)	(11,379)
Turnover, net	333,486	300,347	77,650	62,966	44,286	36,784	-	-	455,422	400,097
Segment results	51,190	42,605	14,775	8,094	14,976	16,643	3,103	2,887	84,044	70,229
Finance costs									-	(1,135)
Profit before income tax									84,044	69,094
Income tax expense									(14,618)	(12,705)
Profit for the period									69,426	56,389
Attributable to:										
Equity holders of the Company									69,019	56,214
Minority interests									407	175
									69,426	56,389

3. Other revenues

	Unaudited For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Bank interest income	4,711	3,384
Rental income from machinery and properties	18	1
	4,729	3,385

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2007

4. Profit before income tax

Profit before income tax is stated after charging the following:

	Unaudited For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Amortisation of lease premium for land	69	66
Depreciation of property, plant and equipment	13,880	12,827

5. Finance costs

	Unaudited For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Interest on bank loans	-	54
Interest element of finance leases	-	1,081
	-	1,135

6. Income tax expense

Hong Kong profits tax has been provided at a rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period. Overseas tax is calculated at tax rates applicable in countries in which the Group is assessable for tax.

	Unaudited For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Hong Kong profits tax	11,968	10,232
Deferred taxation relating to the origination and reversal of temporary differences	2,650	2,473
	14,618	12,705

7. Earnings per share

The calculation of basic earnings per share for current period is based on profit attributable to equity holders of the Company of HK\$69,019,000 (2006: HK\$56,214,000) and weighted average number of 431,600,000 shares (2006: 431,600,000) in issue during the period.

No diluted earnings per share was presented as there were no dilutive potential ordinary shares during the periods ended 30 September 2007 and 2006.

8. Dividends

A final dividend in respect of the year ended 31 March 2007 of HK 7.9 cents per share, amounting to a total dividend of HK\$34,096,000, was paid in July 2007.

The Directors have declared an interim dividend of HK 3.1 cents (2006: HK 3.0 cents) per share, amounting to HK\$13,380,000 (2006: HK\$12,948,000), for the period.

9. Property, plant and equipment

	Leasehold buildings HK\$'000	Leasehold improve- ments HK\$'000	Plant and machinery HK\$'000	Unaudited Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Network and computer equipment HK\$'000	Total HK\$'000
At 1 April 2007							
Cost	58,194	22,388	165,112	74,335	1,329	67,235	388,593
Accumulated depreciation	(12,303)	(12,757)	(47,884)	(50,259)	(779)	(63,561)	(187,543)
Net book value at 1 April 2007	45,891	9,631	117,228	24,076	550	3,674	201,050
Additions	8,422	958	274	4,588	440	1,094	15,776
Depreciation	(604)	(1,755)	(5,409)	(5,064)	(100)	(948)	(13,880)
Disposals	-	-	-	(2)	(218)	(1)	(221)
Net book value at 30 September 2007	53,709	8,834	112,093	23,598	672	3,819	202,725
At 30 September 2007							
Cost	66,616	23,346	165,386	78,920	1,333	68,326	403,927
Accumulated depreciation	(12,907)	(14,512)	(53,293)	(55,322)	(661)	(64,507)	(201,202)
Net book value at 30 September 2007	53,709	8,834	112,093	23,598	672	3,819	202,725

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 September 2007

10. Trade receivables

The Group grants an average credit period of 30 days to 90 days to its trade customers. The ageing analysis of trade receivables by due date is as follows:

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
0 to 30 days	115,730	107,963
31 to 60 days	33,160	26,576
61 to 90 days	18,088	11,901
Over 90 days	18,894	10,945
Total	185,872	157,385
Less: provision for impairment of receivables	(2,677)	(2,414)
	183,195	154,971

11. Trade payables

The ageing analysis of trade payables is as follows:

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
0 to 30 days	25,200	24,034
31 to 60 days	1,364	768
61 to 90 days	1,204	453
Over 90 days	1,480	244
	29,248	25,499

12. Share Capital

	Unaudited 30 September 2007 HK\$'000	Audited 31 March 2007 HK\$'000
Authorised: 2,000,000,000 shares of HK\$0.10 each	200,000	200,000
Issued and fully paid: 431,600,000 shares of HK\$0.10 each	43,160	43,160

13. Business Combination

On 15 June 2007, the Group acquired a funds settlement system business from an unrelated third party, for a cash consideration of HK\$3,500,000.

The acquired business contributed insignificant amount of revenues and net profit to the Group for the period from acquisition to 30 September 2007.

Details of net assets acquired and goodwill are as follows:

	HK\$'000
Purchase consideration	3,500
Preliminary fair value of intangible assets acquired	3,500
Goodwill	–

As at 19 November 2007, the initial accounting for the above acquisition can only be determined provisionally as the allocation of fair values of net identifiable assets is still in progress.

14. Related party transactions

Significant transactions with related parties are:

	Unaudited For the six months ended 30 September	
	2007	2006
	HK\$'000	HK\$'000
Rental expenses paid to related parties	3,222	2,722
Key management personnel compensation		
Salaries and other short-term employee benefits	8,113	7,161
Post-employment benefits	341	315
	8,454	7,476

15. Capital commitments

Capital commitments contracted but not provided for in respect of:

	Unaudited As at 30 September 2007	Audited As at 31 March 2007
	HK\$'000	HK\$'000
Property, plant and equipment	7,292	4,523

16. Approval of the condensed interim financial information

This condensed interim financial information was approved by the Board of Directors on 19 November 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Profit and Loss Account

(HK\$'000)	For the six months ended 30 September		% Change
	2007	2006	
Turnover	455,422	400,097	14%
Cost of sales	(254,605)	(230,114)	11%
Gross profit	200,817	169,983	18%
Other revenues	4,729	3,385	40%
Selling and distribution expenses	(59,559)	(48,541)	23%
General and administrative expenses	(61,943)	(54,598)	13%
Operating profit	84,044	70,229	20%
Finance costs	-	(1,135)	-100%
Profit before income tax	84,044	69,094	22%
Income tax expense	(14,618)	(12,705)	15%
Profit for the period	69,426	56,389	23%
Minority interests	(407)	(175)	133%
Profit attributable to equity holders	69,019	56,214	23%

General

The Group had achieved good results for the first six months of the financial year 2007/08, both in terms of turnover and profitability. The three major business segments of the Group, which are publishing and multimedia, financial news agency, information and solutions and recruitment advertising and training, all registered double digit revenue growth.

Turnover

Turnover for the six months ended 30 September 2007 reached HK\$455 million, an increase of HK\$55 million or 14% over the same period last year.

Advertising income increased by 9% over the same period last year to HK\$299 million. The strong local economy, increased consumer confidence and booming stock market fuelled the increase. The Group is also reaping the benefit from the investments in *Take me Home*, a free community newspaper launched in August 2005, and *U Magazine*, a paid lifestyle and leisure weekly magazine, in December 2005. The two publications enabled the Group to reach new readers and advertisers, thus enlarging the Group's share of advertising spending.

Circulation income increased by 18% over the same period last year to HK\$71 million. The increased circulation of *Hong Kong Economic Times* and the growing popularity of *U Magazine* led to the increase.

Service income from the financial news agency, information and solutions segment benefited from the buoyant financial market and increased by 19% over the corresponding period in 2006 to HK\$75 million.

Operating Costs

The Group exercised tight control over its operating costs. Gross profit margin for the six months ended 30 September 2007 improved from 42.5% in the corresponding period in 2006 to 44.1%.

Staff costs rose by 12% over the same period last year. The rise was mainly due to increased headcount to prepare for the launch of a new financial weekly magazine, *iMoney*, and general business expansion. The Group's dedicated staff was the Group's biggest asset and key to the Group's success. In order to attract and retain talented staff, discretionary bonus was made corresponding to their contribution to the Group. In-house training and development were also provided to staff.

Newsprint prices dropped moderately as compared with the corresponding period in 2006. However the increased circulation and advertising volume of *Hong Kong Economic Times* and *Take me Home* pushed newsprint consumption resulting in newsprint costs increasing by 2%.

Profit for the Period

Net profit for the period attained HK\$69 million, representing an increase of HK\$13 million or 23% as compared to HK\$56 million in the same period last year.

Net profit margin for the six months ended 30 September 2007 at 15.2% was better than the 14.1% in the corresponding period in 2006. The improvement was due to the growth in revenue and at the same time maintaining an efficient cost structure.

Liquidity and Capital Resources

(in HK\$ million)	As at 30 September 2007	As at 31 March 2007
Net current assets	285.5	271.4
Cash and cash equivalents	238.3	230.0
Equity holders' fund	568.9	534.0
Current ratio	2.59 times	2.82 times

The Group's net current assets as at 30 September 2007 was HK\$285.5 million, an increase of HK\$14.1 million as compared to the position as at 31 March 2007. The increase was mainly due to the increase in cash and cash equivalents of HK\$8.3 million. The Group had no borrowing as at 30 September 2007.

All cash and cash equivalents were denominated in Hong Kong dollars. Any surplus cash was placed under short-term deposits with banks in Hong Kong.

OUTLOOK

The Group launched a new financial weekly magazine, *iMoney*, on 27 October 2007. Initial responses from readers and advertisers are very encouraging. This new publication, together with the investments in *Take me Home* and *U Magazine*, which were launched about 2 years ago, will put pressure on the costs of the Group in the short term. The loss of announcement revenue from 25 June 2007 will also impede the growth of advertising revenue. The recruitment advertising and training segment also encountered fierce competition, thus reducing profit margin. There may be a consolidation period of about one to two years before the negative impacts of these factors will be fully absorbed by growth in other business areas.

The robust local and Mainland economy and the keen interests in the stock market which we saw in the first half of this financial year are expected to continue into the second half of the year. With a well-diversified portfolio of quality products with leadership positions, covering both print and non-print, financial and non-financial, and a strong customer base, the Group is well positioned to capture the opportunities lying ahead. Supported by a healthy cash flow, the Group is looking for new investment opportunities along our core business directions, namely finance, property, human resources, education and lifestyle. The medium term prospect of the Group remains to be optimistic.

EMPLOYEES

As at 30 September 2007, the Group had 1,330 employees (30 September 2006: 1,253 employees). The Directors believe that employees are the most valuable assets of the Group and competitive remuneration packages are offered to retain quality staff. Employee benefits include medical insurance, discretionary bonus, provident fund schemes and other staff benefits.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK 3.1 cents (2006: HK 3.0 cents) per share, amounting to HK\$13,380,000 (2006: HK\$12,948,000), payable on 12 December 2007 to shareholders whose names appear on the Register of Members of the Company on 4 December 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 December 2007 to 7 December 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 4 December 2007.

DIRECTORS

The following persons were Directors of the Company as at the date of this report:

Executive Directors

Mr. FUNG Siu Por, Lawrence (Chairman)
 Mr. MAK Ping Leung (alias: Mr. MAK Wah Cheung)
 Mr. CHAN Cho Biu
 Mr. SHEK Kang Chuen
 Ms. SEE Sau Mei Salome
 Mr. CHAN Wa Pong

Non-executive Director

Mr. CHU Yu Lun

Independent Non-executive Directors

Mr. CHAN Mo Po, Paul
 Mr. CHOW On Kiu
 Mr. LO Foo Cheung

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2007, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity/ Nature of interest	Ordinary shares of the Company	
		Number of shares held	Percentage of issued share capital of the Company
Mr. FUNG Siu Por, Lawrence <i>(Note 1)</i>	Corporate	44,275,000	10.258%
Mr. MAK Ping Leung	Beneficial owner	3,810,000	0.883%
Mr. CHAN Cho Biu	Beneficial owner	3,020,000	0.700%
Mr. SHEK Kang Chuen	Beneficial owner	1,000,000	0.232%
Ms. SEE Sau Mei Salome	Beneficial owner	2,370,000	0.549%
Mr. CHAN Wa Pong	Beneficial owner	1,000,000	0.232%
Mr. CHU Yu Lun <i>(Note 2)</i>	Corporate	87,435,000	20.258%
Mr. CHOW On Kiu	Beneficial owner	50,000	0.012%
Mr. LO Foo Cheung	Beneficial owner	490,000	0.114%

Note 1: The interests in the 44,275,000 shares are in respect of the deemed corporate interests held by Mr. Fung Siu Por, Lawrence through Golden Rooster Limited which is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence is therefore deemed interested in the shares held by Golden Rooster Limited.

Note 2: The interests in the 87,435,000 shares are in respect of the deemed corporate interests held by Mr. Chu Yu Lun through Sky Vision Investments Limited which is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun is therefore deemed interested in the shares held by Sky Vision Investments Limited.

All interests stated above represent long positions in the shares of Company.

At no time during the six months ended 30 September 2007 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Save as disclosed above, at no time during the six months ended 30 September 2007 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company (including their spouses or children under 18 years of age) to hold any interest or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation required to be disclosed pursuant to the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

So far as the Directors of the Company are aware of, as at 30 September 2007, the shareholders, other than Directors of the Company, who had interests or short positions in the shares or the underlying shares of the Company which would fall to be disclosed to the Company in accordance with the provisions of Division 2 and 3 in Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Substantial Shareholders	Number of ordinary shares held (long position)	Percentage of issued share capital of the Company
Sky Vision Investments Limited <i>(Note 1)</i>	87,435,000	20.258%
Putt Putt Company Limited <i>(Note 2)</i>	71,130,000	16.481%
Golden Rooster Limited <i>(Note 3)</i>	44,275,000	10.258%
The University of Hong Kong	43,160,000	10.000%
H Partners, LP <i>(Note 4)</i>	34,580,000	8.012%

Note 1: Sky Vision Investments Limited is wholly owned by Mr. Chu Yu Lun and his wife, Ms. Chow Chiu Hing. For the purpose of Part XV of the SFO, Mr. Chu Yu Lun and Ms. Chow Chiu Hing are therefore deemed interested in the shares held by Sky Vision Investments Limited.

Note 2: Putt Putt Company Limited is wholly owned by Koala Association S.A. which is in turn wholly owned by HSBC Trust Company (BVI) Limited. For the purpose of Part XV of the SFO, Koala Association S.A. and HSBC Trust Company (BVI) Limited are therefore deemed interested in the shares held by Putt Putt Company Limited.

Note 3: Golden Rooster Limited is wholly owned by Mr. Fung Siu Por, Lawrence and his wife, Ms. Lee Suk Wai Alexandra. For the purpose of Part XV of the SFO, Mr. Fung Siu Por, Lawrence and Ms. Lee Suk Wai Alexandra are therefore deemed interested in the shares held by Golden Rooster Limited.

Note 4: H Partners, LP is wholly owned by H Partners Capital, LLC. For the purpose of Part XV of the SFO, H Partners Capital, LLC is therefore deemed interested in the shares held by H Partners, LP.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2007.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "Code Provisions") contained in Appendix 14 of the Listing Rules except as stated below.

Under Code A.2.1 of the Code Provisions, the role of Chairman and Chief Executive Officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. However, the Company has appointed Mr. Fung Siu Por, Lawrence as both its Chairman and the CEO. The Board believes that vesting the roles of the Chairman and the CEO in the same person would allow the Company to be more effective and efficient in developing long-term business strategies and execution of the business plans. The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced and high calibre individuals with a substantial number thereof being Non-executive Directors.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company confirmed the adoption of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. All Directors of the Company have confirmed their compliance with the required standard set out in the Model Code regarding directors' securities transactions throughout the six months period ended 30 September 2007.

AUDIT COMMITTEE

The Company established an Audit Committee on 29 April 2005 with written terms of reference. The Audit Committee comprises three Independent Non-executive Directors, Mr Chan Mo Po, Paul as Committee Chairman, Mr. Chow On Kiu and Mr. Lo Foo Cheung. The Audit Committee met twice in the six months period ended 30 September 2007. The Group's unaudited interim results for the six months ended 30 September 2007 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 29 April 2005 with written terms of reference. The Remuneration Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Lo Foo Cheung as Committee Chairman and Mr. Chow On Kiu. The Remuneration Committee intends to meet twice a year.

NOMINATION COMMITTEE

The Company established a Nomination Committee on 29 April 2005 with written terms of reference. The Nomination Committee comprises Non-executive Director, Mr. Chu Yu Lun and two Independent Non-executive Directors, Mr. Chow On Kiu as Committee Chairman and Mr. Chan Mo Po, Paul. The Nomination Committee intends to meet twice a year.

On Behalf of the Board
Fung Siu Por, Lawrence
Chairman

Hong Kong, 19 November 2007