

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2007, the following persons (other than the Directors) had interest in the shares and the underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name	Number of issued ordinary shares and underlying shares held	Percentage of total issued
Equity Base Holdings Limited	416,000,000 (<i>Notes (a) and (c)</i>)	54.21%
Value Partners Asia Fund, LLC	52,130,000 (<i>Notes (b) and (c)</i>)	6.79%
Value Partners Limited	52,130,000 (<i>Notes (b) and (c)</i>)	6.79%
Cheah Cheng Hye	52,130,000 (<i>Notes (b) and (c)</i>)	6.79%

Notes:

- (a) These interests are also included as corporate interests of Mr. Wong Chi Ming, Jeffry, as disclosed under the heading "Directors' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations". Ms. Lui Ching Han, Magda, spouse of Mr. Wong Chi Ming, Jeffry is deemed to be interested in these shares under the SFO.
- (b) The shares are held by Value Partners Asia Fund, LLC under management by Value Partners Limited in its capacity as an investment manager and Cheah Cheng Hye is deemed to be interested in these shares as these interests are his corporate interests under the SFO.
- (c) All the interests stated above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 March 2007, there was no person who (i) had an interest or short position in the shares and underlying shares of the Company which (a) would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or (ii) were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the right to vote in all circumstances at general meetings of the Company or any options in respect of such capital.

EMPLOYEES AND EMPLOYMENT POLICIES

As at 31 March 2007, the Group had approximately 162 employees with remuneration of approximately HK\$6.0 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 2007, 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

As at the date of this report, 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, 5 June 2007