



STYLAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 211)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

FINANCIAL HIGHLIGHTS

- Turnover of the Group for the six months ended 30 September 2007 was approximately HK\$122,032,000 as compared to approximately HK\$38,883,000 in the corresponding period in 2006, a 214% increase.
- Profit attributable to equity holders of the Company for the six months ended 30 September 2007 was approximately HK\$29,556,000 as compared to loss of approximately HK\$7,081,000 in the corresponding period in 2006.
- Earnings per share of the Company was HK1.58 cent for the six months ended 30 September 2007 as compared to loss per share of HK0.38 cent in the corresponding period in 2006.
- The Board is unable to form a proper dividend policy in the meantime due to the uncertainty of the view of the Stock Exchange in relation to the resumption of trading of the shares of the Company.

The Board of Directors (the “Board”) of Styland Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2007 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
TURNOVER	2	122,032	38,883
Cost of sales		(90,694)	(32,112)
Gross profit		31,338	6,771
Other revenue		1,336	1,429
Administrative expenses		(12,883)	(12,305)
Selling and distribution costs		(711)	(602)
Reversal of provision for doubtful debts		1,010	654
Net unrealized holding gains/ (losses) on investments held-for-trading		11,498	(846)
Other operating expenses		(1,155)	(407)
Finance costs		(996)	(3,646)
PROFIT/(LOSS) BEFORE TAXATION	3	29,437	(8,952)
Taxation	4	(525)	–
PROFIT/(LOSS) FOR THE PERIOD		28,912	(8,952)
ATTRIBUTABLE TO:			
Equity holders of the Company		29,556	(7,081)
Minority interests		(644)	(1,871)
		28,912	(8,952)
EARNINGS/(LOSS) PER SHARE	6		
Basic		HK1.58 cent	(HK0.38 cent)
Diluted		HK1.57 cent	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,608	2,588
Investment property		15,000	15,000
Property held for redevelopment		49,000	49,000
Available-for-sale investments		227	227
		<u>66,835</u>	<u>66,815</u>
CURRENT ASSETS			
Inventories		238	32
Loans receivable	7	31,133	21,505
Accounts receivable	8	9,759	3,831
Other receivables, deposits and prepayments		33,593	21,145
Tax recoverable		214	564
Investment in a joint venture held-for-sale	9	157,298	157,298
Investments held-for-trading		21,112	10,509
Client trust bank accounts		34,973	9,237
Pledged deposit		5,000	5,000
Cash and bank balances		20,702	19,359
		<u>314,022</u>	<u>248,480</u>
CURRENT LIABILITIES			
Accounts payable, other payables and accruals	10	61,311	34,073
Taxation payable		214	39
Derivative		989	–
Deposit received	9	75,000	–
Bank borrowings	11	14,641	80,445
		<u>152,155</u>	<u>114,557</u>
NET CURRENT ASSETS		<u>161,867</u>	<u>133,923</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>228,702</u>	<u>200,738</u>
NON-CURRENT LIABILITY			
Bank borrowings	11	14,780	15,728
		<u>213,922</u>	<u>185,010</u>

		At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
CAPITAL AND RESERVES			
Share capital	12	18,712	18,712
Share premium and reserves		152,997	123,441
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		171,709	142,153
Minority interests		42,213	42,857
		<hr/>	<hr/>
		213,922	185,010
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective or available for early adoption for accounting periods beginning on or after 1 January 2007. The adoption of new HKFRSs had no material effect on how the results for current or prior periods have been prepared and presented. Accordingly, no prior period adjustment has been made.

2. Segmental information

(a) Business segments

The following tables present revenues and results of the Group’s business segments for the six months ended 30 September 2007 and 2006 respectively:

	General import and export trading HK\$’000	Securities dealing and broking HK\$’000	Financing HK\$’000	Property re- Trading of listed securities HK\$’000	development and investment HK\$’000	Strategic investments HK\$’000	Corporate HK\$’000	Others HK\$’000	Eliminations HK\$’000	Consolidated HK\$’000
2007										
Segment revenue:										
External sales	14,804	11,336	968	94,924	-	-	-	-	-	122,032
Other revenue	77	872	1,203	-	-	6	-	-	-	2,158
Inter-segment sales	-	46	-	-	600	43	8,386	-	(9,075)	-
Total revenue	<u>14,881</u>	<u>12,254</u>	<u>2,171</u>	<u>94,924</u>	<u>600</u>	<u>49</u>	<u>8,386</u>	<u>-</u>	<u>(9,075)</u>	<u>124,190</u>
Segment results	(1,031)	1,053	1,724	32,262	184	(3,253)	(567)	(58)	(69)	30,245
Unallocated income										188
Finance costs										(996)
Profit before taxation										29,437
Taxation										(525)
Profit for the period										<u>28,912</u>

	General import and export trading <i>HK\$'000</i>	Securities dealing and broking <i>HK\$'000</i>	Financing <i>HK\$'000</i>	Trading of listed securities <i>HK\$'000</i>	Property re- development and investment <i>HK\$'000</i>	Strategic investments <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Others <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
2006										
Segment revenue:										
External sales	7,500	5,095	1,964	24,324	-	-	-	-	-	38,883
Other revenue	80	973	781	-	-	-	-	-	-	1,834
Inter-segment sales	-	139	-	-	600	-	3,707	-	(4,446)	-
Total revenue	<u>7,580</u>	<u>6,207</u>	<u>2,745</u>	<u>24,324</u>	<u>600</u>	<u>-</u>	<u>3,707</u>	<u>-</u>	<u>(4,446)</u>	<u>40,717</u>
Segment results	(1,919)	1,159	2,491	(865)	(101)	(983)	(5,117)	(81)	(139)	(5,555)
Unallocated income										249
Finance costs										(3,646)
Loss before taxation										(8,952)
Taxation										-
Loss for the period										<u>(8,952)</u>

(b) Geographical segments

The following table presents revenue of the Group's geographical segments for the six months ended 30 September 2007 and 2006 respectively:

	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Hong Kong	109,683	32,292
Europe	7,234	3,799
North America	4,088	2,792
Others	1,027	-
	<u>122,032</u>	<u>38,883</u>

3. Profit/(Loss) before taxation

Profit/(Loss) before taxation is arrived at after charging:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	275	256
Staff costs	5,064	5,035

4. Taxation

Hong Kong Profits Tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the current period.

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision of Hong Kong Profits Tax for current period	525	–

5. Dividends

During the period under review, the Group recorded a profit of HK\$29,556,000. However, as stated in the announcement of the Company dated 28 November 2007, the conditions for the proposed final dividend for the year ended 31 March 2007 have not fulfilled as of today and the timing of their fulfilments, including resumption of trading in shares of the Company, is beyond the control and management of the Company, the Board therefore, is unable to form a proper dividend policy due to the uncertainty of the resumption of trading of the shares of the Company as the Group may require to reserve funds to meet for the professional fees and legal costs as may require to incur. As such the Board do not recommend the payment of any interim dividend for the six months ended 30 September 2007 (2006: nil).

6. Earnings/(loss) per share

The calculation of the basis earnings/(loss) per share is based on the profit attributable to equity holders of the Company of HK\$29,556,000 for the six months ended 30 September 2007 (2006: loss of HK\$7,081,000) on 1,871,188,679 (2006: 1,871,188,679) ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 September 2007 is based on the profit attributable to equity holders of the Company of HK\$29,556,000 and the weighted average of 1,880,570,100 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares assumed to have been issued for the outstanding share options during the period.

Diluted loss per share for the period ended 30 September 2006 has not been disclosed as the options outstanding during the period had an anti-dilutive effect on the basic loss per share for that period.

7. Loans receivable

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Securities dealing and broking business:		
– Secured margin loans	36,579	24,391
Less: Impairment	(8,348)	(8,446)
	28,231	15,945
Financing business:		
– Secured loans	–	3,598
– Unsecured loans	21,155	20,341
	21,155	23,939
Less: Impairment	(18,253)	(18,379)
	2,902	5,560
Total	31,133	21,505

An aged analysis of the Group's loans receivable excluding margin loans is as follows. No aged analysis on margin loans is disclosed as, in the opinion of the Directors, an aged analysis is not meaningful in view of the nature of the business of securities margin financing.

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Financing business:		
Within 6 months	3,020	1,104
Between 7 to 12 months	97	582
Over 1 year	18,038	22,253
	21,155	23,939
Less: Impairment	(18,253)	(18,379)
	2,902	5,560

8. Accounts receivable

	As at 30 September 2007 (Unaudited) <i>HK\$'000</i>	As at 31 March 2007 (Audited) <i>HK\$'000</i>
Balance in relation to:		
Securities dealing and broking business	5,878	3,149
General trading	3,881	682
	<u>9,759</u>	<u>3,831</u>

An aged analysis of the Group's accounts receivable is as follows:

Within 6 months	8,456	3,364
Between 7 to 12 months	1,000	129
Over 1 year	1,084	986
	<u>10,540</u>	<u>4,479</u>
Less: Impairment	(781)	(648)
	<u>9,759</u>	<u>3,831</u>

9. Investment in a joint venture held-for-sale

	As at 30 September 2007 (Unaudited) <i>HK\$'000</i>	As at 31 March 2007 (Audited) <i>HK\$'000</i>
Unlisted investment, at cost	551,837	551,837
Less: Accumulated amortization	(268,331)	(268,331)
Impairment	(131,672)	(131,672)
	<u>151,834</u>	<u>151,834</u>
Effect of foreign exchange	5,464	5,464
	<u>157,298</u>	<u>157,298</u>
Amount due to the joint venture	(18,397)	(18,397)
	<u>138,901</u>	<u>138,901</u>
Classified as:		
Current assets:		
Investment in the joint venture held-for-sale	157,298	157,298
Current liabilities:		
Amount due to the joint venture, included in other payables	(18,397)	(18,397)
	<u>138,901</u>	<u>138,901</u>

As disclosed in the Company's announcement dated 27 February 2004, the joint venture (the "JV") partner (the "JV Partner") in the toll road in Wuhan, China (the "Toll Road") had unilaterally decided to relocate the toll station of the Toll Road, which results in significant drop in traffic flows of the Toll Road. Since then, the Group has kept liaising with the JV Partner for compensation for the losses. As both parties didn't come to an agreed consideration for the compensation, the Group had applied for arbitration through the Wuhan Arbitration Commission (the "WAC") in China in October 2004. In April 2006, according to the arbitration report of the WAC ((2005)武仲裁字第1041號), the Group could transfer its interests in the JV at the consideration of RMB157,298,300 and could recover the arbitration fee of RMB1,000,968 from the JV Partner. During the period under review, RMB75,000,000 was received from the JV Partner and was used to fully settle the project loan of the Toll Road.

10. Accounts payable, other payables and accruals

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Balance in relation to:		
Securities dealing and broking business	34,520	10,745
General trading and others	26,791	23,328
	<u>61,311</u>	<u>34,073</u>
An aged analysis of the accounts payable is as follows:		
Within 6 months	33,153	8,781
Between 7 to 12 months	1,462	665
Over 1 year	1,802	2,020
	<u>36,417</u>	<u>11,466</u>
Accounts payable	24,894	22,607
Other payables and accruals	<u>61,311</u>	<u>34,073</u>

11. Bank borrowings

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
Bank loans, secured	24,476	91,624
Bank overdrafts, secured	4,945	4,549
	<u>29,421</u>	<u>96,173</u>
Portion classified as current liabilities	(14,641)	(80,445)
	<u>14,780</u>	<u>15,728</u>
Long term portion	<u>14,780</u>	<u>15,728</u>
Bank loans and overdrafts are repayable:		
Within one year	14,641	80,445
In the second year	1,896	1,896
In the third to fifth years, inclusive	5,688	5,688
Beyond five years	7,196	8,144
	<u>29,421</u>	<u>96,173</u>

The Group's bank loans and overdrafts are secured by:

- (i) margin clients' listed securities under the securities dealing and broking business;
- (ii) marketable securities of secured loan borrowings under the financing business;
- (iii) the Group's investment property and property held for redevelopment situated in Hong Kong; and
- (iv) the Group's time deposit.

12. Share capital

	As at 30 September 2007 (Unaudited) HK\$'000	As at 31 March 2007 (Audited) HK\$'000
<i>Authorised:</i>		
200,000,000,000 ordinary shares of HK\$0.01 each	<u>2,000,000</u>	<u>2,000,000</u>
<i>Issued and fully paid:</i>		
1,871,188,679 ordinary shares of HK\$0.01 each	<u>18,712</u>	<u>18,712</u>

On 7 June 2007, the Company entered into an option agreement to grant the subscriber an option to subscribe for a maximum of 370,000,000 shares of the Company at the exercise price of HK\$0.024 per share. A sum of HK\$1,000,000 had been paid to the Company upon signing of the option agreement as deposit. The exercise period of the share options is 18 months commencing from the date of fulfillment of conditions precedent set out in the option agreement, which had not been fulfilled at 30 September 2007. For more details, please refer to the announcement of the Company dated 21 June 2007.

On 9 July 2007, the Company entered into eight subscription agreements in respect of the issue of the convertible bonds in the aggregate principal amount of HK\$9,880,000 due 2012. The convertible bonds shall not carry any interest. Each of the subscribers will have the right to convert the convertible bonds into shares of the Company at the price of HK\$0.026 per share. Any outstanding convertible bonds shall be redeemed on the date falling on the fifth anniversary of the date of issue of the convertible bonds. Completion of the subscription agreements is subject to the conditions as set out in the subscription agreements, which had not been fulfilled at 30 September 2007. For more details, please refer to the announcement of the Company dated 16 August 2007.

13. Contingent liabilities

As at 30 September 2007, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK\$24,476,000 million (31 March 2007: HK\$17,624,000) had been utilized at 30 September 2007.

14. Post balance sheet event

On 15 November 2007, the Company entered into eight several subscription agreements to issue 600,000,000 shares of the Company at the price of HK\$0.08 per share. At the date of the report, the conditions for the completion of the subscription agreements have not been fulfilled.

15. Litigation

Reference is made to note 37(2) to the financial statements of the Company for the year ended 31 March 2007. The lawsuit is related to Sheng Da Investment Holding (Hong Kong) Limited, a non-wholly owned subsidiary of the Company, and is still going on. The Board is of the opinion that the Group is not liable for any debt arising from the lawsuit and the claim from Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) has no ground. The Board considers that the lawsuit does not have material impact on the Group and no provision has been made at 30 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Company is pleased to report that both the turnover of the Group and profit attributable to the shareholders of the Company surged for the six months ended 30 September 2007 as compared to the corresponding period in 2006. The turnover for the current period was HK\$122.0 million (2006: HK\$38.9 million) while the profit attributable to equity holders of the Company soared to HK\$29.6 million for the current period (2006: loss of HK\$7.1 million).

Review of operations

During the period under review, the daily turnover of Hong Kong stock market averaged HK\$80.9 billion, a 183% increase compared to the corresponding period in 2006. Both the Hang Seng Index and H-Share Index scaled one height after another and showed no signs of sagging. The initial public offers remain strong and new issues were still so much sought after. The Group achieved favourable performance for its brokerage and financing business during the current period with the total turnover of these two segments increased by 74%. To ensure the smooth and accurate settlement for the increasing trading volume, the Group strives for maintaining effective internal control system. During the six months ended 30 September 2007, the Group has over 26,000 share service transactions for its clients, with the fund flows involving in excess of HK\$3.4 billion. The Board deeply appreciates Mr. Cheung Chi Shing Kenneth, the founder and the consultant of the Group, for his contribution to the significant increase in the turnover of the Group.

Following the consolidation of trading business over past years, the Group is well equipped for expansion. During the period under review, the Group strengthened its sales and promotion ability for its trading business. Through the subscription to a customer referral service platform, it enabled the Group to approach customers worldwide. Other than that, the Group participated in the exhibition of Hong Kong Fashion Week for Spring/Summer 2008 in July 2007, in fact, the Group has established business relation with certain customers solicited from the exhibition.

With the business growth, the Group also attach weights to credit control. The sales teams always strictly follow the Group's credit policies and regularly review customers' settlement records or their financial positions. When the doubt arises for recoverability of receivables, the debt collection division will take immediate action, according to the internal guidelines, to recover the doubtful debts. Provision for doubtful debt will be made or even written off when necessary.

During the period under review, the Group has received the deposit of RMB75 million from the JV Partner for the disposal of the Group's interest in the Toll Road. The receipt of the deposit has strengthened the Group's financial position and cash level and has significantly released the burden of interest expenses of the Group.

Once again, the Board would like to take this opportunity to thank Mr. Cheung Chi Shing Kenneth and the Directors of the Company for their commitments to the development and contribution to the outstanding performance of the Group. The Board of the Company is of the view that the continuing appointment of Mr. Cheung Chi Shing Kenneth as a consultant of the Company will be conducive to the long term development of the Group.

Investments

The Group made no material investment during the six months ended 30 September 2007.

Credit policies

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days.

For the securities dealings & broking and financing businesses, the financial assistance will be granted based on assessment to financial status, repayment records and the liquidity of collaterals placed by a customer and the interest rate will be determined thereon. Financial assistances will be repayable on demand once a customer fails to repay any deposit, margin or other sum payable to the Group.

Foreign exchange exposure

During the period under review, the Group's business activities and its assets and liabilities were mainly denominated in Hong Kong dollars and Renminbi. The Group does not hedge exchange rate fluctuation between Renminbi and Hong Kong dollars as the borrowing in Renminbi is matched by assets denominated in Renminbi and the risk is considered minimal. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

Operational risk

The Group has put in place the effective internal control system for its operations. Under the business of securities dealing and broking, a monitoring team consisting of Securities and Future Commission ("SFC") licensed responsible officers and senior management, who have been acting in compliance with Securities and Futures Ordinance ("SFO"), has been set up to monitor the settlement matters of traded securities and cashes. In order to safeguard client's interests and comply with the requirements of SFC and SFO, our monitoring team carries out ongoing checks and verification so that our service standard has been maintaining at a satisfactory level.

Liquidity and financial resources

At 30 September 2007, the Group had cash at bank and in hand of approximately HK\$20.7 million (31 March 2007: HK\$19.4 million) and net assets value of approximately HK\$213.9 million (31 March 2007: HK\$185.0 million).

Bank borrowings at 30 September 2007 amounted to approximately HK\$29.4 million (31 March 2007: HK\$96.2 million), of which approximately HK\$14.6 million (31 March 2007: HK\$80.4 million) were repayable within one year. Included in the bank borrowings were mortgage loans of HK\$16.7 million for properties with an aggregate valuation of HK\$64.0 million.

The gearing ratio, being the ratio of total bank borrowings approximately HK\$29.4 million to shareholders' fund of approximately HK\$171.7 million, was about 0.17 (31 March 2007: 0.68).

As at 30 September 2007, a time deposit of HK\$5.0 million, a property held for redevelopment of HK\$49.0 million and an investment property of HK\$15.0 million were pledged to banks for their banking facilities granted to the Group.

Prospects

Subsequent to 30 September 2007, the Hang Seng Index continues the upward trend and the market capitalization reached the record high. The daily market turnover also increased significantly. Hong Kong is known as one of the largest fund raising centers in the world for the listing of giant mainland enterprises in the territory.

Though the likely slowdown of the economy of the United States will cast uncertainty over the territory's economic development, Hong Kong can still take advantage of the rapid growth of economic development in the mainland. In addition, under the linked exchange rate system between the United States and Hong Kong and strong funds flow in the local market, Hong Kong is in the interest rate cutting cycle, and has gone into the era of the negative real interest rates. To preserve the purchase power, Hong Kong citizens will therefore made investments in the markets of stock and property, which will certainly help to the boost of brokerage business and lead to the appreciation of properties of the Group.

In light of the level of the bank balances and the time deposit at the period end, the Group has sufficient working capital for its existing operation, and the financial position will be further enhanced as a result of the upcoming recovery of the balance of the sales proceeds, about RMB82 million, from the JV Partner for the disposal of the Group's interest in the Toll Road. To sustain the business development and to maximize the return of shareholders of the Company, the Group will on one hand allocate more resources to its brokerage and financing business, and on the other hand seek other investments with high growth potential. To meet the capital requirements for the planned investments, the Company granted options to allow the option holders to subscribe for shares of the Company in June 2007 and entered into subscription agreements with subscribers to issue convertible bonds in July 2007. Subsequent to 30 September 2007, the Company further entered into subscription agreements with other subscribers for the subscription of 600,000,000 shares of the Company at a price of HK\$0.08 per share. The Group believes that it has strong cash flow for the future development.

Staff

As at 30 September 2007, the Group had 48 employees. Remuneration packages are generally structured with reference to prevailing market practice and individual merits. Salaries are reviewed periodically based on performance appraisal and other relevant factors. Staff benefit plans maintained by the Group include medical insurance, hospitalization scheme, mandatory provident fund and share option scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007 with the following major deviations:

Code provision A.2.1

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer" ("CEO"). As there exists a clear division of each Director's duties in the Group, no designation of CEO does not have any impact on operations of the Group. The Chairman of the Company is responsible for the overall corporate development and strategic direction of the Group and provides leadership for the Board and oversees the efficient functioning of the Board.

Code provision E.1.2

Under the code provision E.1.2, the chairman of the board should attend the annual general meeting. Chairman of the Company didn't attend the annual general meeting of 2007 due to his personal reason.

Model code for securities transactions by directors

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code for securities transactions by Directors. All members of the Board has confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code during the period.

Audit committee

The Company has an audit committee comprising three independent non-executive directors of the Company. The audit committee has reviewed the unaudited interim financial statements for the six months ended 30 September 2007 and discussed the financial related matters with the management.

On behalf of the Board
Cheung Hoo Win
Director

Hong Kong, 21 December 2007

As at the date of this announcement, the board of the Company consists of four executive directors, Ms. Yeung Han Yi Yvonne, Ms. Chan Chi Mei Miranda, Mr. Cheung Hoo Win, Ms. Zhang Yuyan and three independent non-executive directors, Mr. Lim Man San David, Mr. Yeung Shun Kee Edward and Mr. Chow Pat Kan.