Interim Report 2007 / 08

Benefun

Benefun International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1130)

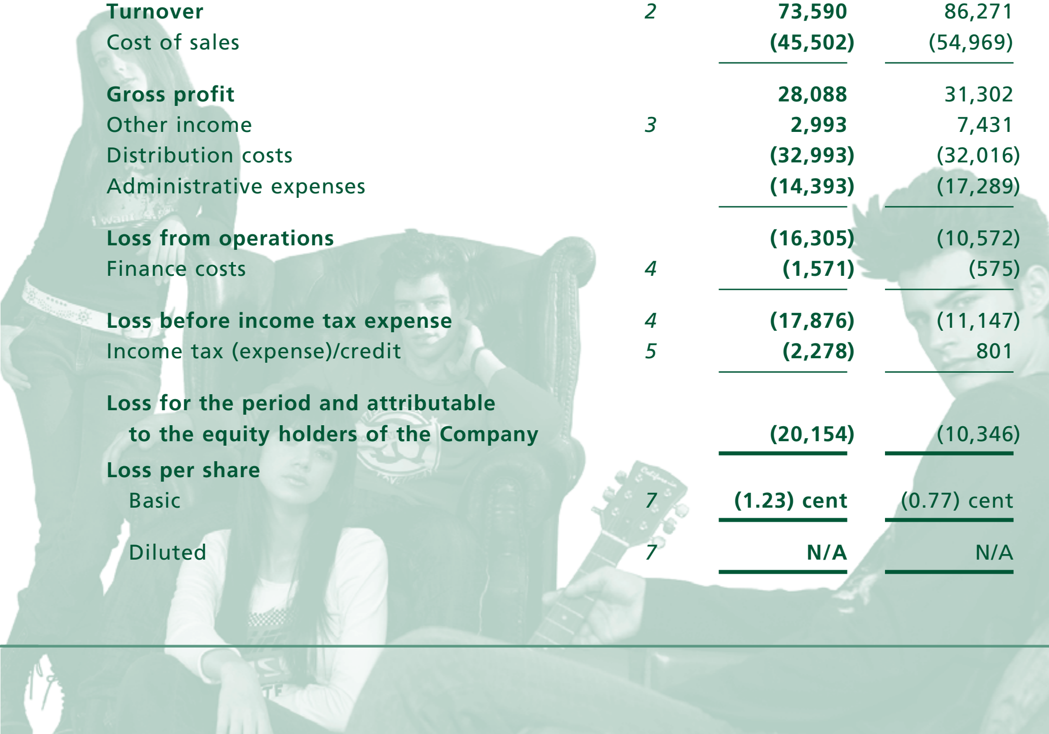
FINANCIAL RESULTS

The Board of Directors (the "Board") of Benefun International Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2007 together with the comparative figures for the corresponding period in 2006. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

Condensed consolidated income statement

For the six months ended 31 December 2007
(Expressed in Hong Kong dollars)

		Unaudited Six months ended 31 December	
		2007	2006
	Notes	***$'000***	*$'000*
Turnover	*2*	**73,590**	86,271
Cost of sales		**(45,502)**	(54,969)
Gross profit		**28,088**	31,302
Other income	*3*	**2,993**	7,431
Distribution costs		**(32,993)**	(32,016)
Administrative expenses		**(14,393)**	(17,289)
Loss from operations		**(16,305)**	(10,572)
Finance costs	*4*	**(1,571)**	(575)
Loss before income tax expense	*4*	**(17,876)**	(11,147)
Income tax (expense)/credit	*5*	**(2,278)**	801
Loss for the period and attributable to the equity holders of the Company		**(20,154)**	(10,346)
Loss per share			
Basic	*7*	**(1.23) cent**	(0.77) cent
Diluted	*7*	**N/A**	N/A

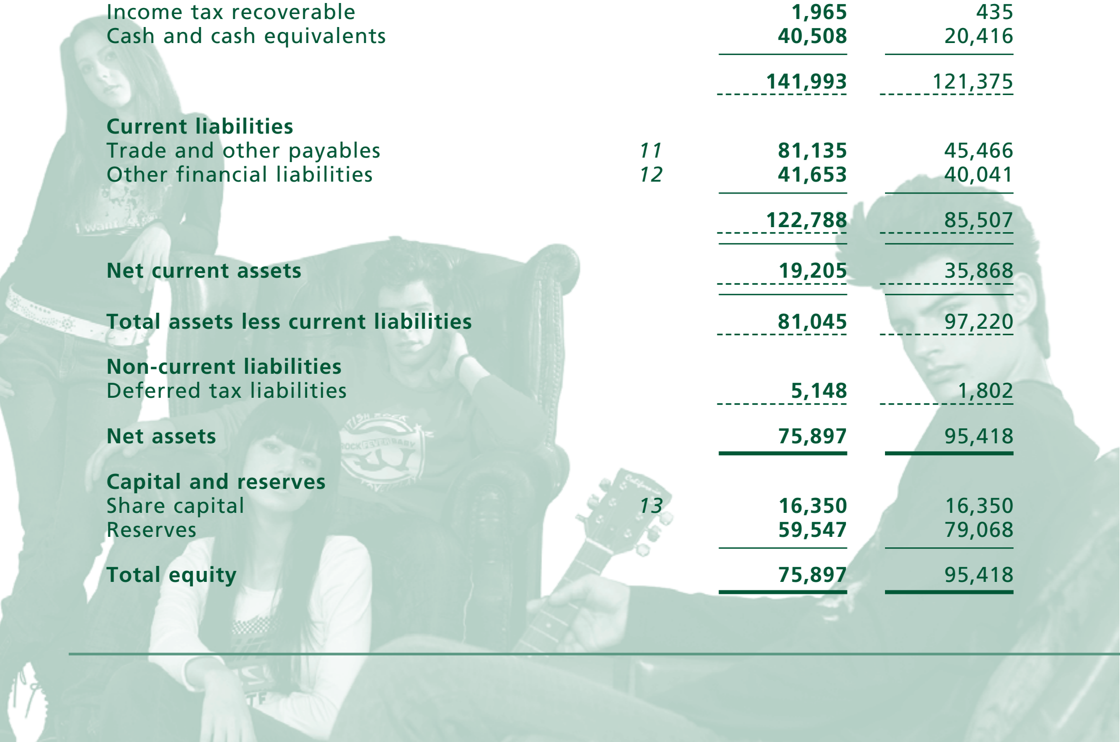


Condensed consolidated balance sheet

As at 31 December 2007

(Expressed in Hong Kong dollars)

	Notes	Unaudited As at 31 December 2007 $'000	Audited As at 30 June 2007 $'000
Non-current assets			
Property, plant and equipment	*8*	**20,537**	20,151
Investment properties		**39,784**	39,784
Construction in progress		**311**	1,272
Interests in leasehold land held for own use under operating leases		**104**	109
Deferred tax assets		**1,104**	36
		61,840	61,352
Current assets			
Inventories	*9*	**38,587**	27,771
Trade and other receivables	*10*	**60,933**	72,753
Income tax recoverable		**1,965**	435
Cash and cash equivalents		**40,508**	20,416
		141,993	121,375
Current liabilities			
Trade and other payables	*11*	**81,135**	45,466
Other financial liabilities	*12*	**41,653**	40,041
		122,788	85,507
Net current assets		**19,205**	35,868
Total assets less current liabilities		**81,045**	97,220
Non-current liabilities			
Deferred tax liabilities		**5,148**	1,802
Net assets		**75,897**	95,418
Capital and reserves			
Share capital	*13*	**16,350**	16,350
Reserves		**59,547**	79,068
Total equity		**75,897**	95,418



Condensed consolidated statement of changes in equity

For the six months ended 31 December 2007
(Expressed in Hong Kong dollars)

	Unaudited							
	Issued share capital $'000	Share based compensation reserve $'000	Share premium $'000	Legal reserve $'000	Foreign exchange revaluation reserve $'000	Revaluation reserve $'000	Accumulated losses $'000	Total $'000
At 1 July 2007	16,350	–	153,820	3,090	5,679	22,075	(105,596)	95,418
Transfer between reserves	–	–	–	–	–	(93)	93	–
Translation differences on overseas operations	–	–	–	–	633	–	–	633
Net income/(expenses) recognised directly in equity	–	–	–	–	633	(93)	93	633
Loss for the period	–	–	–	–	–	–	(20,154)	(20,154)
Total recognised income/(expense) for the period	–	–	–	–	633	(93)	(20,061)	(19,521)
At 31 December 2007	16,350	–	153,820	3,090	6,312	21,982	(125,657)	75,897
At 1 July 2006	13,319	1,646	128,529	3,090	2,934	19,205	(69,213)	99,510
Shares issued under share option scheme	665	–	2,660	–	–	–	–	3,325
Transfer between reserves	–	–	–	–	–	(932)	932	–
Translation differences on overseas operations	–	–	–	–	1,209	–	–	1,209
Net income/(expenses) recognised directly in equity	–	–	–	–	1,209	(932)	932	1,209
Loss for the period	–	–	–	–	–	–	(10,346)	(10,346)
Total recognised income/(expense) for the period	–	–	–	–	1,209	(932)	(9,414)	(9,137)
At 31 December 2006	13,984	1,646	131,189	3,090	4,143	18,273	(78,627)	93,698

Condensed consolidated cash flow statement

For the six months ended 31 December 2007
(Expressed in Hong Kong dollars)

	Unaudited Six months ended 31 December	
	2007	2006
	$'000	*$'000*
Net cash generated from/(used in) operating activities	**8,850**	(13,072)
Net cash used in investing activities	**(1,360)**	(1,932)
Net cash generated from financing activities	**11,774**	21,690
Net increase in cash and cash equivalents	**19,264**	6,686
Effect of foreign exchange changes	**828**	101
Cash and cash equivalents at 1 July	**20,416**	4,728
Cash and cash equivalents at 31 December	**40,508**	11,515
Analysis of balances of cash and cash equivalents:		
Cash at banks and in hand	**40,508**	11,515

Notes to the condensed consolidated financial statements

(Expressed in Hong Kong dollars)

1. Basis of preparation and principal accounting policies

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. ("HKICPA") and the applicable disclosure requirements of Appendix 16 to the Listing Rules of The Stock Exchange of Hong Kong Limited.

These interim condensed consolidated financial statements should be read in conjunction with the 2006/07 annual financial statements.

The principal accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2007.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are effective for the Group's financial year beginning on 1 July 2007. The adoption of the new HKFRSs had no material effect on the Group's results for the current or prior accounting periods, which have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new or revised standards, amendments or interpretations ("new or revised HKFRSs") issued by the HKICPA that have been issued but are not yet effective. The Group is in the process of making assessment of what the impact of these new or revised HKFRSs is expected to be in the period of initial application. So far the directors of the Group anticipated the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Interpretation 12	Service Concession Arrangements[2]
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes[3]
HK(IFRIC) – Interpretation 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[2]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 January 2008

3 Effective for annual periods beginning on or after 1 July 2008

2. Segment information

Segment information is presented in the condensed consolidated financial statements in respect of the Group's business segments, which are the primary basis of segment reporting.

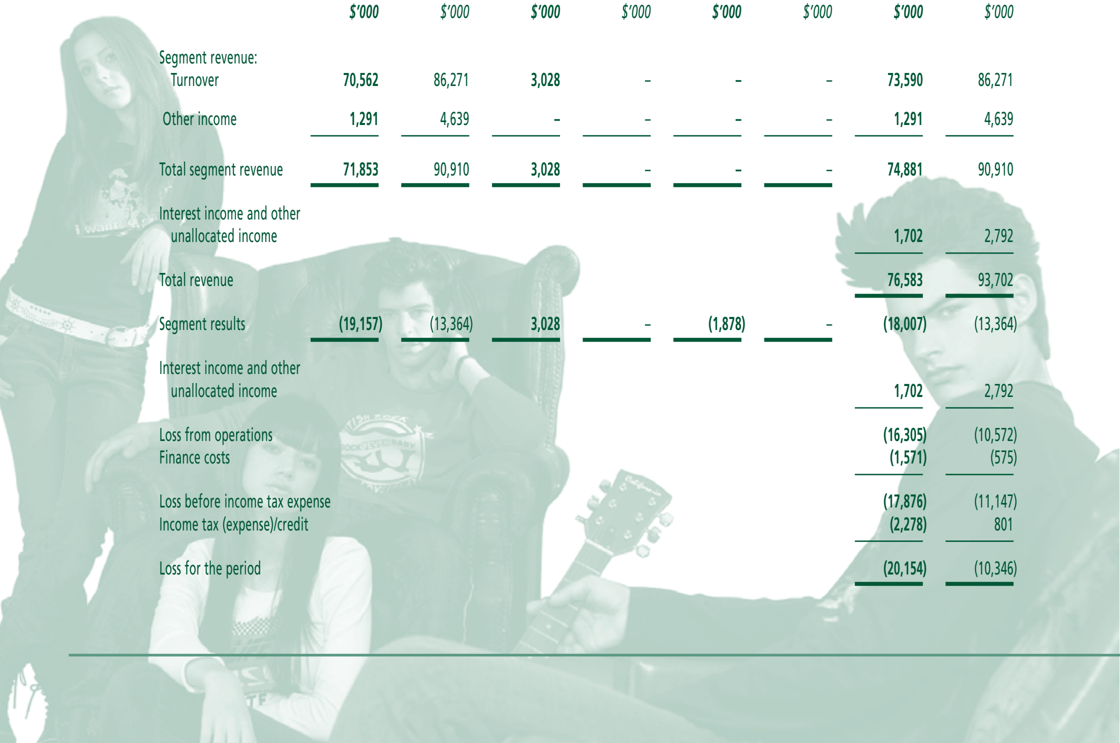
Business segments

The Group has following main business segments:

Apparel manufacturing	:	Manufacturing, retailing and distribution of apparel
Property rental	:	Leasing of property rental
Property development	:	The development and sale of commercial and residential properties

An analysis of the Group's revenue and results by business segments for the six months ended 31 December 2007, together with the comparative figures for the corresponding period in 2006, is as follows:

	Apparel manufacturing		Property rental		Property development		Consolidated	
(Unaudited)	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment revenue:								
Turnover	**70,562**	86,271	**3,028**	–	**–**	–	**73,590**	86,271
Other income	**1,291**	4,639	**–**	–	**–**	–	**1,291**	4,639
Total segment revenue	**71,853**	90,910	**3,028**	–	**–**	–	**74,881**	90,910
Interest income and other unallocated income							**1,702**	2,792
Total revenue							**76,583**	93,702
Segment results	**(19,157)**	(13,364)	**3,028**	–	**(1,878)**	–	**(18,007)**	(13,364)
Interest income and other unallocated income							**1,702**	2,792
Loss from operations							**(16,305)**	(10,572)
Finance costs							**(1,571)**	(575)
Loss before income tax expense							**(17,876)**	(11,147)
Income tax (expense)/credit							**(2,278)**	801
Loss for the period							**(20,154)**	(10,346)

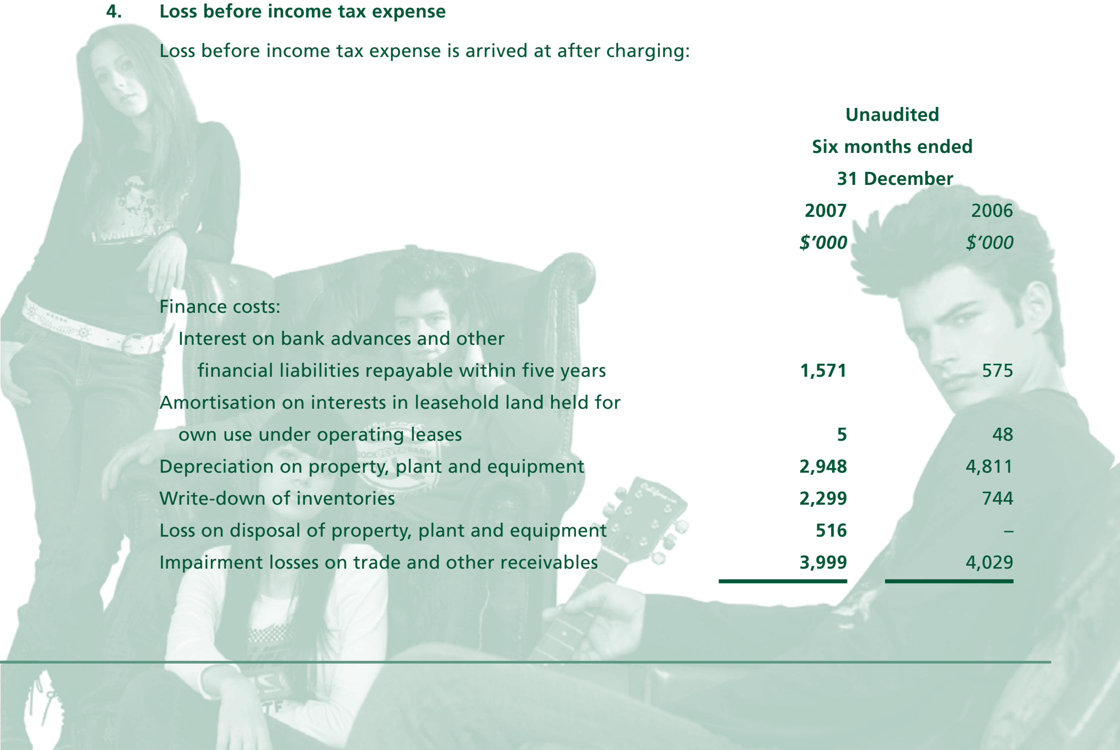


3. Other income

	Unaudited Six months ended 31 December	
	2007	2006
	$'000	*$'000*
Interest income	**129**	44
Rental income	**–**	1,294
Sub-contracting fee	**1,291**	3,942
Franchising fee income	**–**	697
Exchange differences, net	**1,566**	771
Others	**7**	683
	2,993	7,431

4. Loss before income tax expense

Loss before income tax expense is arrived at after charging:



	Unaudited Six months ended 31 December	
	2007	2006
	$'000	*$'000*
Finance costs:		
Interest on bank advances and other financial liabilities repayable within five years	**1,571**	575
Amortisation on interests in leasehold land held for own use under operating leases	**5**	48
Depreciation on property, plant and equipment	**2,948**	4,811
Write-down of inventories	**2,299**	744
Loss on disposal of property, plant and equipment	**516**	–
Impairment losses on trade and other receivables	**3,999**	4,029

5. Income tax (expense)/credit

The amount of taxation in the condensed consolidated income statement represents:

	Unaudited Six months ended 31 December	
	2007	2006
	$'000	*$'000*
Current tax		
– Income tax outside Hong Kong	**–**	(87)
Deferred tax	**(2,278)**	888
Total income tax (expense)/credit	**(2,278)**	801

No provision for Hong Kong Profits Tax has been made in the interim financial statements (2006: Nil) as the Group's Hong Kong operations sustained a loss for taxation purposes during the period.

Taxation for the Group's operations outside Hong Kong is provided at the applicable current rates of taxation on the estimated assessable profits arising in the relevant jurisdiction during the period.

Pursuant to the new People's Republic of China ("PRC") Corporate Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new Corporate Income Tax rates for almost all enterprises established in the PRC shall be subject to a unified rate of 25% over a five-year transition period and will be effective from 1 January 2008. The State Council of the PRC issued an implementation guideline on 26 December 2007 and the Ministry of Finance and the State Administration of Taxation of the PRC further issued another implementation guideline on 20 February 2008 (collectively, "Implementation Guidances") which set out the details of how the existing preferential income tax rate will be adjusted to the standard rate of 25%. According to the Implementation Guidances, foreign investment manufacturing enterprises which have not fully utilized their tax holiday and concession will be allowed to continue to receive the benefits of the full exemption and concession in the transitional income tax rate during the five-year transition period. The transitional tax rates for 2008 to 2012 are 18%, 20%, 22%, 24% and 25%, respectively. The new rates were considered to measure the Group's deferred tax assets and deferred tax liabilities as at 31 December 2007. The enactment of the new PRC Corporate Income Tax Law is not expected to have any financial effect on the amounts accrued in the balance sheet in respect of current tax payable.

6. Dividends

No interim dividend has been declared in respect of the interim period ended 31 December 2007 (2006: Nil).

7. Loss per share

The calculation of basic loss per share is based on the consolidated loss attributable to shareholders of $20,154,000 (2006: $10,346,000) divided by the weighted average of 1,635,029,000 ordinary shares (2006: 1,351,915,000 ordinary shares) in issue during the period. Diluted figures are not shown as there is no dilutive effect for the interim period ended 31 December 2007 (2006: Nil).

8. Movements in property, plant and equipment

During the six months ended 31 December 2007, the Group disposed of property, plant and equipment with carrying amount of approximately $660,000 (six months ended 31 December 2006: $182,000).

In addition, the Group spent approximately $2,646,000 (six months ended 31 December 2006: $1,727,000) in respect of property, plant and equipment mainly for the purpose of decoration of newly opened self-operating stores during the period.

9. Inventories

	Unaudited As at 31 December 2007 *$'000*	Audited As at 30 June 2007 *$'000*
Apparel manufacturing		
Raw material	**820**	7,269
Work in progress	**–**	9
Finished goods	**4,381**	3,605
	5,201	10,883
Property development		
Property under development	**33,386**	16,888
	38,587	27,771

All inventories are expected to be recovered within one year.

10. Trade and other receivables

	Unaudited As at 31 December 2007 *$'000*	Audited As at 30 June 2007 *$'000*
Trade debtors	**9,297**	8,870
Prepayments, deposits and other receivables	**51,636**	50,538
Receivable from placing of new shares	**–**	13,345
	60,933	72,753

All trade receivables are expected to be recovered within one year. The fair values of trade and other receivables approximate their carrying amount.

The following is an ageing analysis of trade debtors (net of impairment loss):

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2007	2007
	$'000	*$'000*
Within 1 month	**2,089**	2,145
More than 1 month but less than 3 months	**2,195**	2,185
More than 3 months but less than 12 months	**4,973**	2,862
Over 12 months	**40**	1,678
Total trade debtors	**9,297**	8,870

The credit terms given to customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

At 31 December 2007, included in the balance of prepayments, deposits and other receivables was an aggregate balance of deposits and instalments of $19,982,000 (30 June 2007: $19,208,000) for the acquisition of certain land use rights in Zhangzhou City, the PRC in respect of certain property development projects.

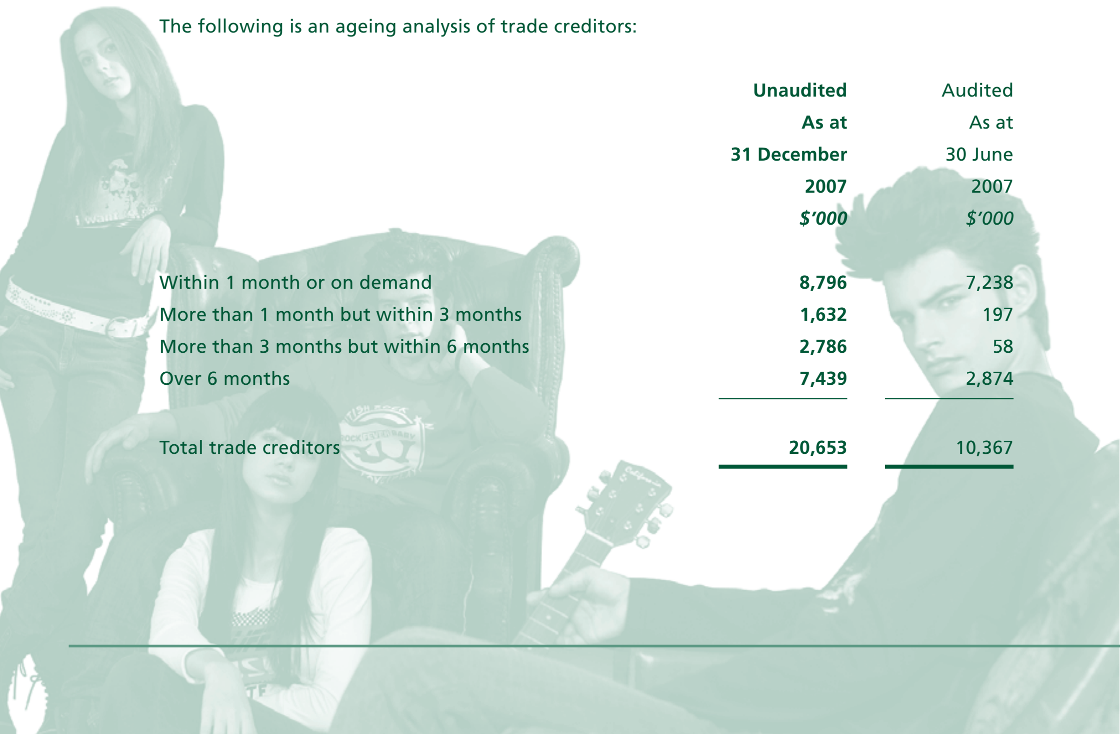
11. Trade and other payables

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2007	2007
	$'000	*$'000*
Trade creditors	**20,653**	10,367
Other payables and accrued liabilities	**19,973**	18,746
Property forward sales deposits and instalments received	**40,509**	16,353
	81,135	45,466

All the trade and other payables are expected to be settled within one year. The fair values of trade and other payables approximate their carrying amount.

The following is an ageing analysis of trade creditors:

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2007	2007
	$'000	*$'000*
Within 1 month or on demand	**8,796**	7,238
More than 1 month but within 3 months	**1,632**	197
More than 3 months but within 6 months	**2,786**	58
Over 6 months	**7,439**	2,874
Total trade creditors	**20,653**	10,367



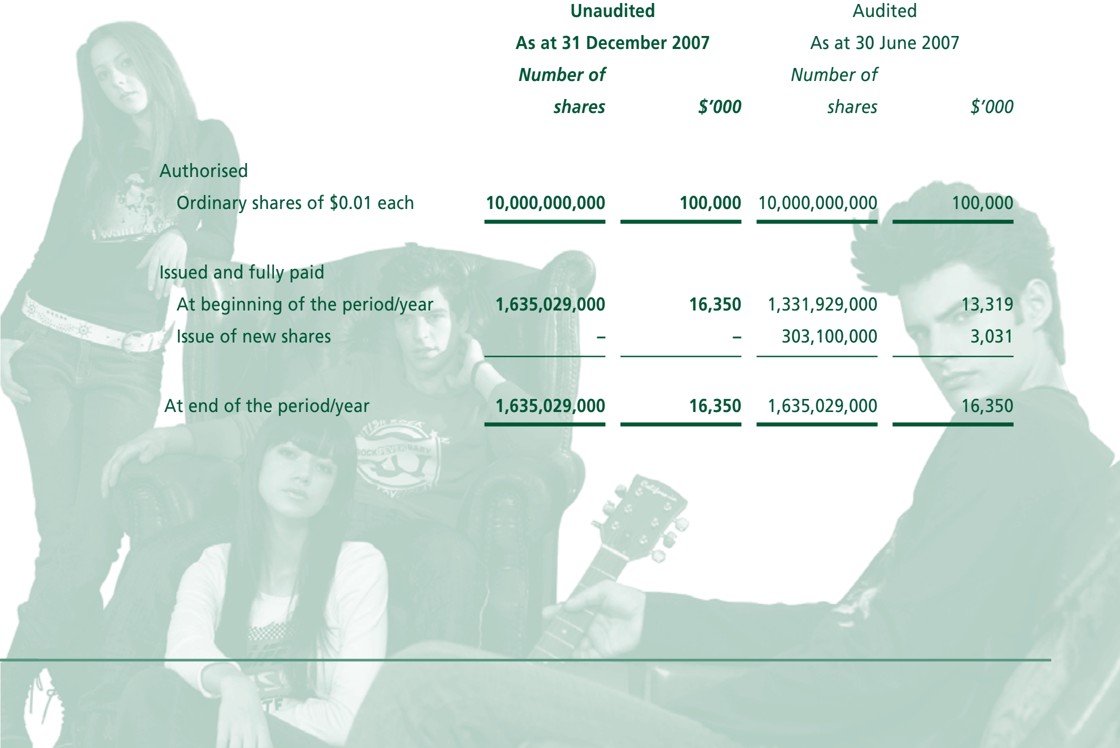
12. Other financial liabilities

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2007	2007
	$'000	*$'000*
Interest bearing and repayable within one year:		
Secured – bank loans	**41,653**	40,041

The bank loans are interest-bearing at 6.02% per annum (30 June 2007: 6.02% p.a.) and secured by the Group's interest in leasehold land included in inventories under the category of properties under development with an aggregate carrying value of $33,386,000 (30 June 2007: 16,888,000) and the Group's investment properties and interest in leasehold land held for own use under operating leases with aggregate carrying value of $39,888,000 (30 June 2007: $37,600,000).

13. Share capital

	Unaudited		Audited	
	As at 31 December 2007		As at 30 June 2007	
	Number of shares	***$'000***	*Number of shares*	*$'000*
Authorised				
Ordinary shares of $0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Issued and fully paid				
At beginning of the period/year	**1,635,029,000**	**16,350**	1,331,929,000	13,319
Issue of new shares	**–**	**–**	303,100,000	3,031
At end of the period/year	**1,635,029,000**	**16,350**	1,635,029,000	16,350



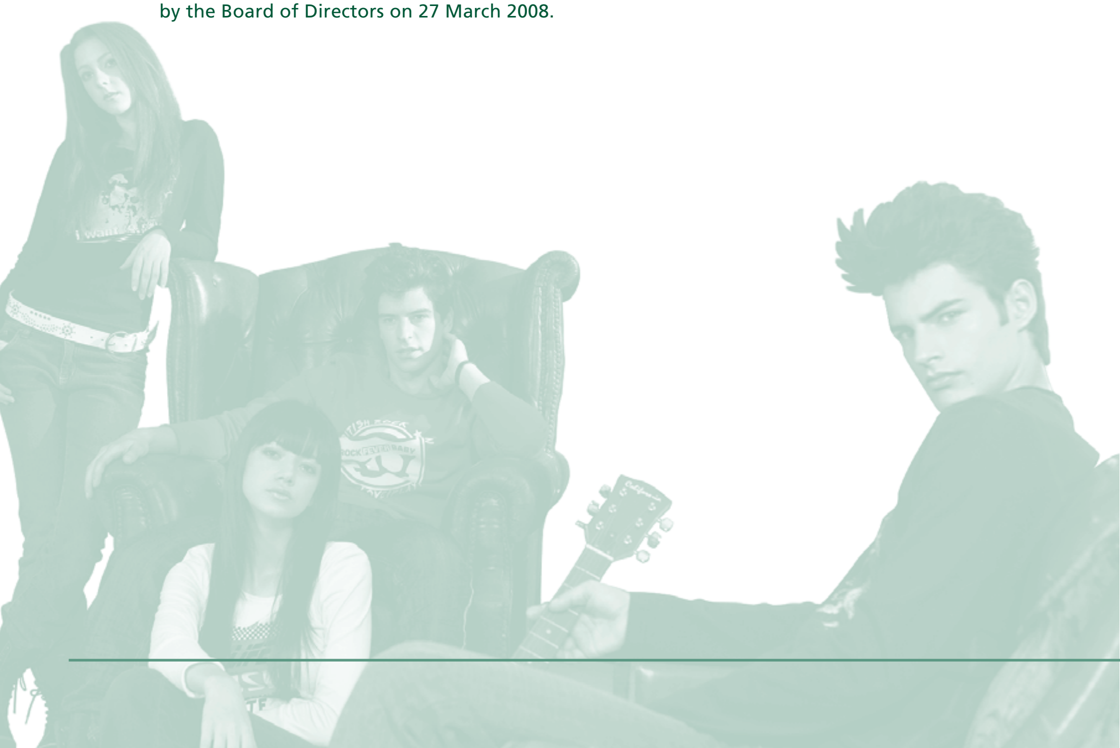
14. Capital commitments

The Group's capital commitments outstanding at the balance sheet date not provided for in the interim financial statements were as follows:

	Unaudited As at 31 December 2007 *$'000*	Audited As at 30 June 2007 *$'000*
Acquisition of land use rights and property development costs:		
Contracted for	**30,533**	29,351

15. Approval of the interim financial statements

The condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 27 March 2008.



MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

The turnover of the Group for the six months ended 31 December 2007 was approximately HK$73.6 million, as compared with HK$86.3 million for the corresponding period of last year. The loss attributable to shareholders was HK$20.2 million, as compared with a net loss of HK$10.3 in the same period of last year.

In the period under review, the Group faced difficult situation in our retail business. Price competition was fierce, while the cost of product supply, and the operating costs on shop rental and manpower surged to a record high level. The strong demand for presence by new local and international retailers pushed certain shop rentals up by 2 to 3 times. The high turnover of frontline personnel made the retail operation very unstable.

In response to this turbulent retail environment, our Group adopted a policy to retrench our retail business further in the period to preserve resources for other business challenges. As at 31 December 2007, the Group operated 72 "Fun" brand stores in China, of which 68 were managed directly by the Group, while 4 were operated on franchise basis.

The Group continued to outsource all production orders to external factories in order to take better benefit on bulk purchasing and to reduce risk. The Group had also launched stringent measures to curb operating cost increase. Nevertheless, we managed to sell unique quality fashion wears identified with a contemporary style. Ladies' wear and men's wear for casual, denim and contemporary collections continued to be well structured and delivered to our customers.

The development projects in Zhangzhou City of Fujian Province were progressed smoothly according to our plan. The construction of a 22-storey commercial/residential building known as "Singapore Ritz" with an usable area of approximately 15,800 square meters is at completion stage and will be available for sale before the end of year 2008. The pre-construction plan for another two pieces of land with a total land area of approximately 30,000 square meters was mostly completed.

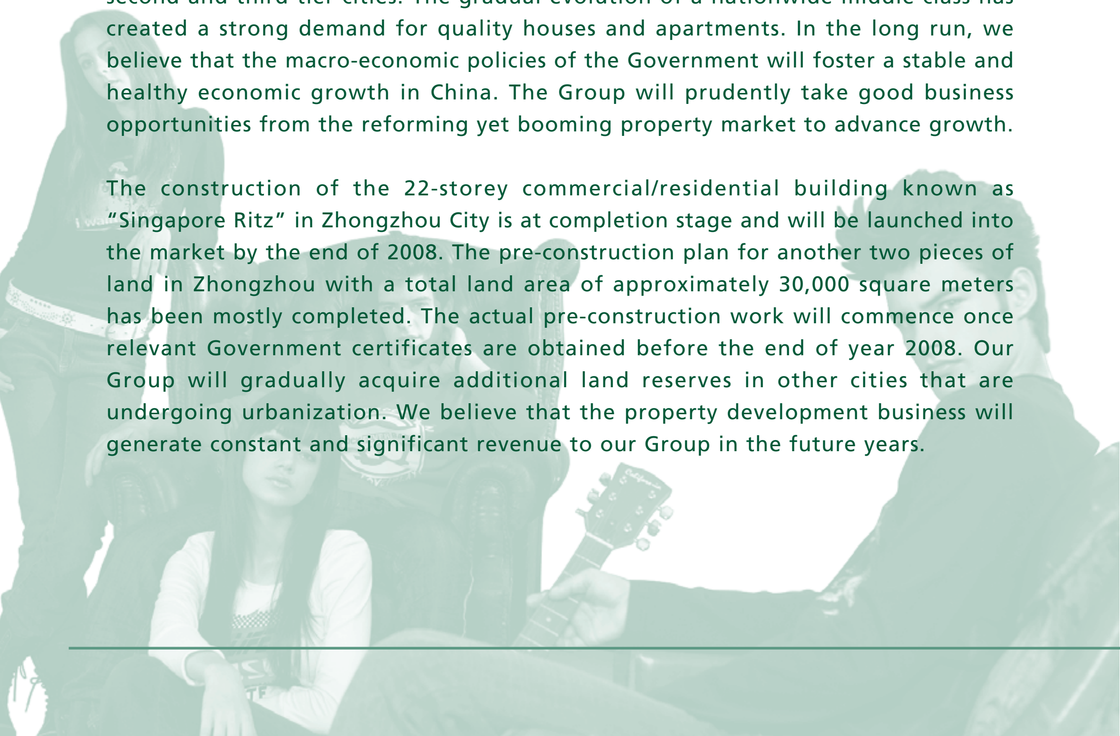
On 4 January 2008, a placement issue of 320 million new ordinary shares of HK$0.01 each at a price of HK$0.072 each were made to three independent subscribers, namely, Mr. Neo Hock Soon, Ms. Neo Guek Peng and Mr. Fan Po Lo. The net proceeds of approximately HK$22.8 million are intended to be used as to approximately HK$9.1 million for general working capital, and as to approximately HK$13.7 million for expansion of property development and business of the Group.

PROSPECT

We foresee that the fashion retail market will be increasingly competitive and volatile. The Group will operate retail business under modest risk and low cost only. We will continue to terminate the leases of loss-making shops immediately or allow them to lapse upon expiry. Nevertheless, we will maintain a smaller retail operation with good effort, and will boost "Fun" image through cost-effective communication of its unique brand character to our selected customers.

A strong and expanding China economy leads to fast diffusion of urbanization to second and third tier cities. The gradual evolution of a nationwide middle class has created a strong demand for quality houses and apartments. In the long run, we believe that the macro-economic policies of the Government will foster a stable and healthy economic growth in China. The Group will prudently take good business opportunities from the reforming yet booming property market to advance growth.

The construction of the 22-storey commercial/residential building known as "Singapore Ritz" in Zhongzhou City is at completion stage and will be launched into the market by the end of 2008. The pre-construction plan for another two pieces of land in Zhongzhou with a total land area of approximately 30,000 square meters has been mostly completed. The actual pre-construction work will commence once relevant Government certificates are obtained before the end of year 2008. Our Group will gradually acquire additional land reserves in other cities that are undergoing urbanization. We believe that the property development business will generate constant and significant revenue to our Group in the future years.



LIQUIDITY AND FINANCIAL RESOURCES

The gross profit percentage of sales in self-operated stores was approximately 38%, while that of sales to franchise stores was 33%.

Apparel inventory level as at 31 December 2007 was HK$5.2 million, as compared with HK$10.9 million at 30 June 2007. Average stock turnover for the period was 0.7 month, as compared with 1.0 month for the same period last year.

Net cash inflow from operating activities was HK$8.9 million, compared with a net cash outflow of HK$13.1 million for the same period last year. Cash balance at 31 December 2007 was HK$40.5 million, compared with a balance of HK$20.4 million at 30 June, 2007.

Outstanding bank loans as at 31 December 2007 amounted to HK$41.7 million, compared with a balance of HK$40.0 million as at 30 June 2007. The bank loans are secured by the Group's interest in leasehold land included in inventories under the category of properties under development and the Group's investment properties and interest in leasehold land held for own use under operating leases.

Capital commitment contracted for but not provided in the financial statement as at 31 December 2007 was approximately HK$30.5 million, as compared with HK$29.4 million at 30 June 2007.

The debt equity ratio at 31 December 2007 was 0.55, compared with 0.42 at 30 June 2007.

The Group's current ratio at 31 December 2007 was 1.16, compared with 1.42 at 30 June, 2007. Quick ratio was 0.84, compared with 1.09 as at 30 June, 2007.

HUMAN RESOURCES

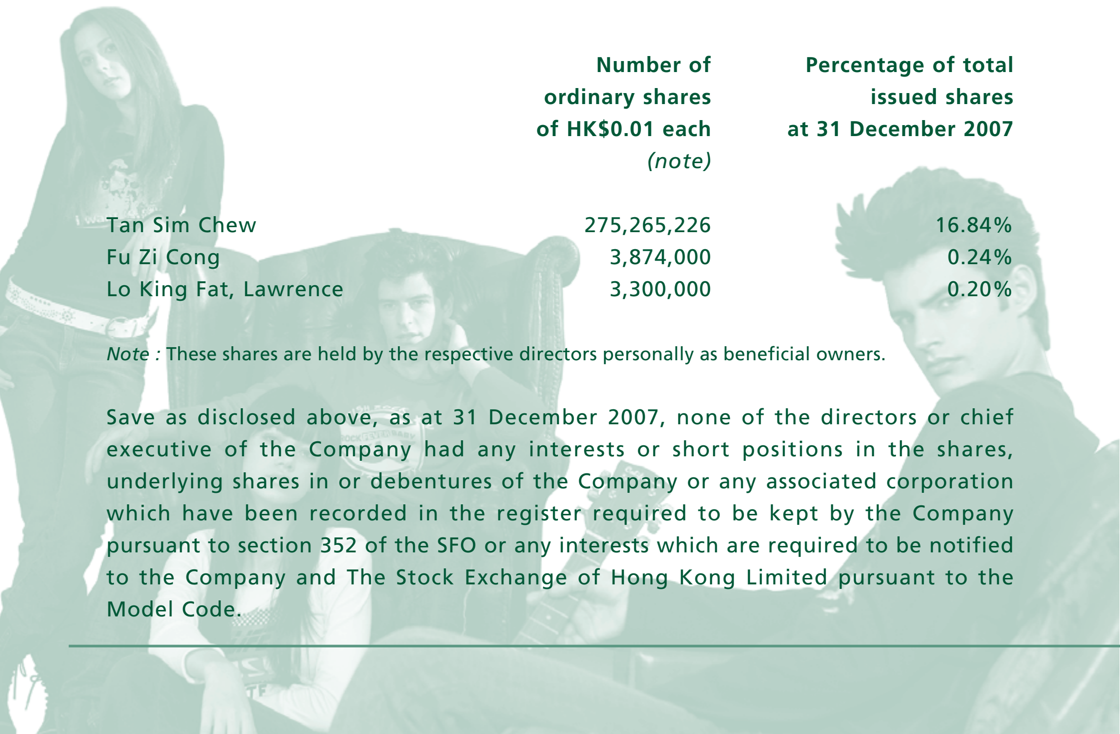
At 31 December 2007, the Group had 760 employees of which 757 were employed in the PRC for the Group's retailing and property development businesses.

The Group offers competitive remuneration, bonus and share option packages based on the performance of the Group and that of individual employees. We also provide relevant training programs to strengthen the Group's human resources and keep high quality personnel at all levels.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2007, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as 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 Companies (the "Model Code") were as follows:

Long positions in shares in the Company



	Number of ordinary shares of HK$0.01 each *(note)*	**Percentage of total issued shares at 31 December 2007**
Tan Sim Chew	275,265,226	16.84%
Fu Zi Cong	3,874,000	0.24%
Lo King Fat, Lawrence	3,300,000	0.20%

Note : These shares are held by the respective directors personally as beneficial owners.

Save as disclosed above, as at 31 December 2007, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares in or debentures of the Company or any associated corporation which have been recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

SHARE OPTION SCHEME

The existing share option scheme of the Company was approved on 16 December 2005 ("Share Option Scheme"). The Directors may, at their discretion, invite any participant to take up options to subscribe for shares in the Company. The Share Option Scheme remains in force for a period of 10 years from 16 December 2005.

During the period, no option was granted, exercised or cancelled. There was no outstanding options as at 1 July 2007 and 31 December 2007.

Apart from the foregoing, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2007, the persons having an interest in 5% or more of the issued share capital of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the Part XV of SFO were as follows :

	Number of ordinary shares	**Percentage of total issued shares**
Tan Sim Chew *(note 1)*	275,265,226	16.84%
Leader Symbol Holdings Limited *(note 2)*	178,242,477	10.90%
Ng Guek Keow *(note 2)*	178,242,477	10.90%

Notes:

1. These 275,265,226 shares are held by Mr. Tan Sim Chew personally.

2. These 178,242,477 shares were held by Leader Symbol Holdings Limited. Ms. Ng Guek Keow had 100% interest in Leader Symbol Holdings Limited and accordingly was deemed to have interest in these 178,242,477 shares.

Save as disclosed herein, no other person was recorded in the register of interests and short positions maintained under section 336 of Part XV of the SFO as having an interest of in 5% or more of the issued share capital of the Company as at 31 December 2007.

CORPORATE GOVERNANCE

The Company has adopted all the code provisions in the Code on Corporate Governance Practice ("the Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Listing Rules"). In the opinion of the Directors, the Company has met the code provisions of the Code during the six months ended 31 December 2007.

The Company has established an audit committee comprising three independent non-executive directors. The audit committee has reviewed together with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim results for the six months ended 31 December 2007.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the Model Code throughout the six months ended 31 December 2007.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 31 December 2007, neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's shares during the period.

By Order of the Board
Tan Sim Chew
Chairman

Hong Kong, 27 March 2008