Stock Code: 000026 200026 Short form of the Stock: S FIYTA A FIYTA B Public Notice No:2007-040

SHENZHEN FIYTA HOLDINGS LTD.

2007 Semi Annual Report Summary

§ 1 Important

I.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of the Company hereby confirm that there are no significant omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individually and/or jointly, for the authenticity, accuracy and completion of the whole contents.

This summary of the Semi-annual Report is taken from the full text of the Semi-annual Report and is published together with it on the CSRC designated website Investors are advised to read carefully the full text of the semi-annual report if they want to know the detailed information.

1.2 No director, director or any senior executive has expressed that he/she is not sure for the genuineness, accuracy or completeness of this annual report or has any different opinion on the same.

1.3 All the directors attended the board meeting.

1.4 The semi annual financial report has not been audited by the certified public accountants.

1.5 Mr. Wu Guangquan, the Chairman of the Board, Mr. Xu Dongsheng, the Managing Director, Mr. Li Dehua, Deputy General Manager and Chief Financial Officer and Mr. Hu Xinglong, Manager of the Financial Department, hereby ensure the accuracy and completeness of the financial report enclosed in this semi-annual report.

§2 Company Information

2.1. Basic Data

Short form of the stock:	S FIYTA A, FIYTA B	
Stock Code:	000026, 200026	
Stock Exchange Listed with	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Names	Hao Huiwen	Li Wenjing
Liaison Address	20th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen	20th Floor, FIYTA Technology Building, Gaoxin S. Road One, Nanshan District, Shenzhen
Tel.	0755-86013992	0755-86013669
Fax	0755-83348369	0755-83348369
E-mail	investor@fiyta.com.cn	investor@fiyta.com.cn

2.2 Financial Data Summary

2.2.1 Financial Highlights

In RMB

	End of the report period	End of the previous year		Increase/decrease of the end of the report period vs the end of the previous year (%)	
		Before adjustment	After adjustment	Before adjustment	After adjustment
Total assets	864,748,180.98	771,947,475.56	775,110,230.56	12.02%	11.56%
Owners'/shareholders' equity	591,828,217.78	562,634,460.99	564,828,187.41	5.19%	4.78%
Net assets per share	2.374	2.257	2.265	5.19%	4.78%
	Report period (Jan to Jun)	Same Period of the Previous Year		Increase/decrease of the report period vs the same period of the previous year (%)	
		Before adjustment	After adjustment	Before adjustment	After adjustment
Operating profit	30,145,875.35	15,629,210.86	16,964,402.50	92.88%	77.70%
Total profit	30,982,796.88	17,078,612.65	17,078,612.65	81.41%	81.41%
Net profit	27,000,030.37	13,595,389.06	13,185,342.01	98.60%	104.77%
Net profit after deduction of non-recurring loss/gain	25,415,706.56	12,338,589.59	11,928,542.54	105.99%	113.07%
Basic earnings per share	0.108	0.055	0.053	98.60%	104.77%
Diluted earnings per share	0.108	0.055	0.053	98.60%	104.77%
Net assets-income ratio	4.56%	2.49%	2.41%	2.07%	2.15%
Net cash flows arising from operating activities	-31,592,113.96	-26,564,640.47			
Net cash flows per share arising from operating activities	-0.13	-0.11			

2.2.2 Non-recurring gain and loss items

√ Applicable ☐ Inapplicable

In RMB

Non-recurring gain and loss items	Amount
Net amount of non-operating income and expenses	836,921.53
Earnings from short term investment	836,668.09
Amount affected by the income tax	-89,265.81
Total	1,584,323.81

2.2.3 Discrepancies between Chinese Accounting Standards (CAS) and International Accounting Standards (IAS)

☐ Applicable √ Inapplicable

§3 Changes in Share Capital and Particulars about Shareholders

3.1 Change in the Company's Shares

☐ Applicable √ Inapplicable

3.2 Shares Held by Top 10 Shareholders and Top 10 Shareholders of Negotiable Shares

In shares

Total Shareholders					18,737
Shares held by the top 10 shareholders					
Names of Shareholders	Nature of Shareholders	Proportion of shares held	Total shares held	Q'ty of Non-negotiable Shares Held	Shares pledged or frozen
CATIC SHENZHEN HOLDINGS LTDS.	State owned corporate	52.24%	130,248,000	130,248,000	0
Henan Fangchen Technology & Trade Co., Ltd.	Domestic non-state corporate	2.50%	6,231,100	0	-
Shenzhen Xinglun Network Technology Co., Ltd.	Domestic non-state corporate	1.89%	4,700,157	0	-
Kaifeng Xinfeng Trade Co., Ltd.	Domestic non-state corporate	1.65%	4,101,800	0	-
Shanghai Delin Property Management Co., Ltd.	Domestic non-state corporate	1.59%	3,951,975	0	-
Bank of China – E Fund Stable Growth Securities Investment Fund	Domestic non-state corporate	1.12%	2,803,619	0	-
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND	Domestic non-state corporate	1.09%	2,710,800	0	-
Bank of China – E Fund Positive Growth Securities Investment Fund	Domestic non-state corporate	1.04%	2,600,000	0	-
China Minsheng Banking Corp., Ltd. – Oriental Carefully Selected Mixed Open-End Securities Investment Fund	Domestic non-state corporate	0.86%	2,141,476	0	-
Bank of China – Huabao Xingye Advance Growth Stock Type Securities Investment Fund	Domestic non-state corporate	0.80%	2,000,000	0	-

Shares held by the top ten shareholders of negotiable shares		
Names of Shareholders	Q'ty of Negotiable Shares Held	Share Type
Henan Fangchen Technology & Trade Co., Ltd.	6,231,100	RMB ordinary shares
Shenzhen Xinglun Network Technology Co., Ltd.	4,700,157	RMB ordinary shares
Kaifeng Xinfeng Trade Co., Ltd.	4,101,800	RMB ordinary shares
Shanghai Delin Property Management Co., Ltd.	3,951,975	RMB ordinary shares

Bank of China – E Fund Stable Growth Securities Investment Fund	2,803,619	RMB ordinary shares
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND	2,710,800	Foreign shares listed domestically
Bank of China – E Fund Positive Growth Securities Investment Fund	2,600,000	RMB ordinary shares
China Minsheng Banking Corp., Ltd. – Oriental Carefully Selected Mixed Open-End Securities Investment Fund	2,141,476	RMB ordinary shares
Bank of China – Huabao Xingye Advance Growth Stock Type Securities Investment Fund	2,000,000	RMB ordinary shares
Industrial and Commercial Bank of China – E Fund Value Based Growth Mixed Securities Investment Fund	1,699,848	RMB ordinary shares
Relationship/concerted action among the above shareholders	The shareholder that holds over 5% (including 5%) of the total share capital is CATIC SHENZHEN HOLDINGS LTD. In the report period there was no change in the shareholding and there were no shares held by it pledged or frozen. Among the top ten shareholders, there exists no business relationship between the promoter shareholder and other shareholders of negotiable shares. The Company has not found any business relationship among other shareholders of negotiable shares and cannot identify whether there are any shares held other shareholders of negotiable shares pledged or frozen.	

3.3 Change in Controlling Shareholder and the Actual Controller

□ Applicable √ Inapplicable

§4 Directors, Supervisors and Senior Executives

4.1 Changes in shares held by directors, supervisors and senior executives

□ Applicable √ Inapplicable

The Company's stock option held by and number of restrictive shares granted to the aforesaid persons

□ Applicable √ Inapplicable

§5 Report of the Board of Directors

5.1 Status of Principal Business Based on Sectors and Products

In RMB '000

Principal Businesses Based on Sectors						
Based on sectors or products	Business income	Business costs	Gross profit rate (%)	Increase/decrease of revenue from principal businesses over the previous year (%)	Increase/decrease of principal business cost over the same period of previous year (%)	Increase/decrease of gross profit rate over the same period of the previous year (%)
Industrial manufacture and sales	6,971.83	3,250.97	53.37%	14.75%	14.24%	0.21%
Retail	25,432.82	19,650.88	22.73%	73.54%	71.10%	1.10%
Property operation	2,734.19	388.79	85.78%	21.88%	-0.75%	3.24%
Other business	249.11	99.69	59.98%	54.71%	35.69%	5.61%

Principal Businesses Based on Products						
Manufacture and sales of FIYTA watches	6,971.83	3,250.97	53.37%	14.75%	14.24%	0.21%
Sales of foreign top brand watches	25,432.82	19,650.88	22.73%	73.54%	71.10%	1.10%

Where: the total amount of the related transactions in which the Company sold products and offered labor services to its controlling shareholder and its subsidiaries in the report period was RMB 3.2482 million.

5.2 Principal Businesses Based on Regions

In RMB '000

Regions	Operation income	Increase/decrease of revenue from businesses over the previous year (%)
Northeast China	3,647.50	57.00%
North China	4,612.33	60.50%
Northwest China	7,320.74	68.10%
East China	4,736.03	49.70%
Southwest China	1,330.72	35.50%
South China	10,407.43	48.00%

5.3 Significant change in principal business and its structure in comparison with the previous report period and the reasons.

□ Applicable √ Inapplicable

5.4 Material Changes in the Earning Capacity (Gross Profit Rate) of the Principal Business over the Previous Year

□ Applicable √ Inapplicable

5.5 Reasons of Big Change in Profit Composition over the Previous Year

□ Applicable √ Inapplicable

5.6. Application of the Proceeds Raised through Share Offering

5.6.1 Application of Proceeds Raised through Share Offering

□ Applicable √ Inapplicable

5.6.2 Change of Projects

□ Applicable √ Inapplicable

5.7 Plan of the Board of Directors to Update the Business Plan of the Second Half Year

□ Applicable √ Inapplicable

5.8 Prediction of the possibility of the accumulated net profit from the year beginning to the end of the next report period being of loss; or warning for big changes in the net profit in comparison with the same period of the previous year and the reasons

√ Applicable ☐ Inapplicable

As the Company's income from the principal business grows and the earning power improves, it is predicted that the accumulative net profit of January to September 2007 shall increase by 50%－100% over the same period of the previous year.

5.9 Explanation of the Board of Directors on the Non-standard Auditor's Report of the Report Period Issued by the Certified Public Accountants

☐ Applicable √ Inapplicable

5.10 Explanation of the Board of Directors on the Change of the Affairs Involved in the Non-standard Auditor's Report of the Previous Year and the Treatment

☐ Applicable √ Inapplicable

§6 Important Events

6.1 Assets Acquisition and Sales of Assets and Assets Restructuring

6.1.1 Assets Acquisition

☐ Applicable √ Inapplicable

6.1.2 Sales of Assets

☐ Applicable √ Inapplicable

6.1.3 Progress and of the assets restructuring or acquisition/sales of assets and effect of the activity upon the operation result and financial status of the report period report since publication of the assets restructuring report or announcement on acquisition/sales of assets

☐ Applicable √ Inapplicable

6.2. Guarantees

☐ Applicable √ Inapplicable

6.3 Non-Operational Related Assets & Liabilities

√ Applicable ☐ Inapplicable

In RMB '000

Related Parties	Fund provided to related parties		Fund provided by related parties to the Company	
	Amount incurred	Balance	Amount incurred	Balance
Shenzhen CATIC Property Management Co., Ltd.	843.00	58.30	716.50	716.50
Shenzhen Rainbow Supermarket Co., Ltd.	2,405.20	0.00	0.00	0.00

Shenzhen Maiwei Cable TV Equipment Co Ltd	0.00	0.00	154.40	154.40
Shenzhen CATIC Real Estate	0.00	0.00	659.70	0.00
Total	3,248.20	58.30	1,530.60	870.90

Where: The total amount of the funds the Company provided to the holding shareholder and its subsidiaries was RMB 3,248.20 thousand and the balance was RMB 58.30 thousand in the report period.

6.4 Significant Lawsuits and Arbitrations

☐ Applicable √ Inapplicable

6.5 Other Significant Events, their Impacts and the Solutions

☐ Applicable √ Inapplicable

6.5.1 Securities Investment

√ applicable ☐ non-applicable

In RMB

Type of Securities	Stock Code	Short form of stock	Original investment amount in RMB	Number of shares held	Book value at the end of the period	Proportion in the total securities investment at the end of the period	Gain and loss in the report period
Corporate shares	000543	WANNENG POWER (a)	3,000,000.00	1,100,000.00	3,000,000.00	100%	0.00
Other securities investments held at the end of the period			0.00	-	0.00	0.00%	0.00
Gain and loss from investment in securities already sold in the report period			-	-	-	-	0.00
Total			3,000,000.00	-	3,000,000.00	100%	0.00

6.5.2 Equity in other listed companies held by the Company

√ Applicable ☐ Inapplicable

In RMB

Stock Code	Short form of stock	Initial investment amount	Proportion in the company's equity	Book value at the end of the period	Gain and loss in the report period	Change in the owner's equity in the report period
600057	Xiaxin Electronics	6,496,000.00	0.13%	2,970,000.00	836,668.09	-
Total		6,496,000.00	-	2,970,000.00	836,668.09	-

6.5.3 Equity in non-listed financial enterprises and companies to be listed held by the Company

☐ Applicable √ Inapplicable

6.6 Statement of such activities as reception, research, communication, interview in the report period

Reception time	Reception place	Way of reception	Visitors received	Matters discussed and information provided
January 9, 2007	the Company	Site research	Tong Dongcai from Guojin Securities	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
January 19, 2007	the Company	Site research	Zhao Xuegui from Everbright Securities	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
February 8, 2007	the Company	Site research	Chen Chen from CITIC Securities	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
March 7, 2007	the Company	Site research	Pan Feng from E-Fund; Cao Jianfei from Huabao Fund; Yang Lei from Dacheng Fund	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
April 3, 2007	the Company	Site research	Shi Hongmei from Orient Securities	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
April 3, 2007	Head Office of Dacheng Fund	Communication	Cao Xiongfei, Yang Lei and Yang Jianhua from Da Cheng Fund	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
April 5, 2007	Head Office of E-Fund	Communication	Jiang Zuoliang, Panfeng, Sun Song from E-Fund	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of the Company's public brochures
June 16, 2007	the Company	Site Research	Zhao Fengbo from Martin Currie Fund	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of 2006 Annual Report and the Company's public brochures

June 29, 2007	the Company	Site research	Xia Maosheng from Guodu Securities	Development trend of the domestic luxury goods sector, some measures concerning the Company's strategic development, brand construction, terminal management in the past three years. Provision of 2006 Annual Report and the Company's public brochures

§ 7 Financial Report

7.1 Auditor's Opinion

Financial Report	√ Unaudited ☐ Audited

7.2 Financial Report

7.2.1. Balance Sheet

Prepared by: SHENZHEN FIYTA HOLDINGS LTD. June 30, 2007 In RMB

Items	Ending balance		Opening balance	
	Consolidated	Parent company	Consolidated	Parent company
Current assets:				
Monetary funds	67,373,208.75	61,305,801.33	60,226,078.54	48,521,282.16
Settlement funds				
Offered fund				
Transaction based financial assets	2,970,000.00	2,970,000.00	2,138,400.00	2,138,400.00
Notes receivable				
Accounts receivable	35,284,640.15	17,727,618.21	29,949,363.85	12,258,698.48
Advance to Suppliers	12,058,462.35	-0.01	7,785,252.34	59,999.99
Receivable premium				
Reinsurance accounts receivable				
Reserve for reinsurance contract receivable				
Interest receivable		2,770,434.88	244,066.90	2,770,434.88
Other receivables	21,437,385.99	262,622,917.04	13,863,209.85	214,996,031.04
Buy of resold financial assets				
Inventories	435,474,193.84	55,616,949.61	371,196,239.94	55,072,650.67
Non-current assets due within a year				
Other current assets	0.00	0.00	0.00	0.00
Total current assets	574,597,891.08	403,013,721.06	485,402,611.42	335,817,497.22
Non-current assets:				
Provision of loans and advance in cash				
Available-for-sale financial assets				
Held to maturity investments				
Long term accounts payable				

Long-term equity investment	5,519,041.29	147,433,298.65	5,519,041.29	161,199,323.70
Real Estate Investment				
Fixed assets	260,723,533.15	242,370,034.41	260,501,370.86	242,888,183.06
Construction-in-progress	205,261.50	205,261.50	151,261.50	151,261.50
Engineering supplies				
Disposal of fixed assets				
Productive biological asset				
Oil and gas asset				
Intangible assets	11,643,695.56	11,530,495.56	11,815,732.72	11,702,532.72
Development expenditures				
Goodwill				
Long-term expenses to be apportioned	7,923,238.20	6,041,404.06	8,557,457.77	6,226,236.60
Deferred income tax	4,135,520.20	4,003,061.18	3,162,755.00	3,030,295.98
Other non-current assets				
Total non-current assets	290,150,289.90	411,583,555.36	289,707,619.14	425,197,833.56
Total assets	864,748,180.98	814,597,276.42	775,110,230.56	761,015,330.78
Current liabilities				
Short-term Loan	190,000,000.00	190,000,000.00	140,000,000.00	140,000,000.00
Borrowings from the Central Bank:				
Deposit taking and due from banks				
Loan from other banks				
Transactional financial liabilities				
Notes payable				
Accounts payable	47,621,390.26	1,703,505.91	39,397,856.09	11,749,442.14
Advance receipts	3,862,052.99	74,292.00	550,455.25	242,866.25
Payment from sale of the repurchased financial assets				
Service charge and commission receivable				
Salaries Payable to Staff	5,099,331.72	2,042,139.61	4,838,675.92	2,048,540.41
Taxes payable	-21,751,641.51	3,789,861.31	-17,689,494.22	4,235,357.75
Interest payable				
Other payables	32,363,157.74	32,741,594.67	26,635,471.04	28,622,329.62
Reinsurance accounts payable				
Reserve for insurance contract				
Income from securities trading on commission				
Income from securities underwriting on commission				
Non-current liabilities due within a year				
Total other current liabilities	0.00	0.00	0.00	0.00
Total current liabilities	257,194,291.20	230,351,393.50	193,732,964.08	186,898,536.17

Non-current liabilities:				
Long-term Loan	0.00			
Bonds payable				
Long term accounts payable	5,000,000.00		5,000,000.00	
Special accounts payable	3,000,000.00	3,000,000.00	3,000,000.00	3,000,000.00
Predicted liabilities				
Deferred income tax liability			967,398.56	967,398.56
Other non-current liabilities				
Total non-current liabilities	8,000,000.00	3,000,000.00	8,967,398.56	3,967,398.56
Total liabilities	265,194,291.20	233,351,393.50	202,700,362.64	190,865,934.73
Owners'/shareholders' equity				
Paid-up capital (or capital stock)	249,317,999.00	249,317,999.00	249,317,999.00	249,317,999.00
Capital Reserve	191,847,232.65	191,847,232.65	191,847,232.65	191,847,232.65
Less: shares in stock				
Surplus Reserve	101,480,997.62	101,480,997.62	101,480,997.62	101,480,997.62
Reserve for general risks				
Retained Earnings	49,181,988.51	38,599,653.65	22,181,958.14	27,503,166.78
Balance of Foreign Currency Conversion in Statements				
Total owners' equity attributable to the parent company	591,828,217.78	581,245,882.92	564,828,187.41	570,149,396.05
Minority shareholders' equity:	7,725,672.00		7,581,680.51	
Total owner's equity	599,553,889.78	581,245,882.92	572,409,867.92	570,149,396.05
Total liabilities and owners' equity	864,748,180.98	814,597,276.42	775,110,230.56	761,015,330.78

7.2.2 Statement of Profit

Prepared by: SHENZHEN FIYTA HOLDINGS LTD.　　January to June, 2007　　In RMB

Items	Report Period		Same Period of the Previous Year	
	Consolidated	Parent company	Consolidated	Parent company
I. Total business income	350,380,602.40	100,926,241.66	231,353,224.49	84,240,346.76
Including: business income	350,380,602.40	100,926,241.66	231,353,224.49	84,240,346.76
Interest income				
Earned premium				
Service charge and commission income				
II. Total operating cost	321,071,395.14	91,272,205.36	215,724,013.63	77,443,610.99
Including: business income	230,404,336.46	42,956,580.97	147,959,110.10	37,942,818.18
Interest payment				
Service charge and commission expense				
Surrender value				
Compensation pay-out, net				
Provision of reserve for insurance contract, net				

Payment of Policy Dividends				
Reinsurance expenses				
Business Taxes and Surcharge	2,106,269.38	1,744,703.03	1,393,440.96	1,200,007.23
Sales expenses	47,669,139.13	26,650,743.15	36,359,095.06	22,164,024.18
Overheads	34,079,236.97	19,815,542.67	27,926,820.32	15,864,374.25
Financial expenses	6,812,413.20	104,635.54	2,085,547.19	272,387.15
Loss from impairment of assets				
Add: Income from change of fair value (loss is stated with “-“)				
Investment income (loss is stated with “-“)	836,668.09	836,668.09	1,335,191.64	1,335,191.64
Including: income from investment in associates and joint ventures				
Exchange income (loss is stated with “-“)				
III. Operating Profit (loss is stated with “-“)	30,145,875.35	10,490,704.39	16,964,402.50	8,131,927.41
Plus: Non-operating income	843,780.30	331,739.40	186,868.70	
Less: Non-operating expenses	6,858.77		72,658.55	3,556.96
Including: Loss from disposal of non-current assets				
IV. Total profit (total loss is stated with “-“)	30,982,796.88	10,822,443.79	17,078,612.65	8,128,370.45
Less: Income tax expense	3,838,775.02	-274,043.08	4,013,334.62	2,460,180.05
V. Net Profit (loss is stated with “-“)	27,144,021.86	11,096,486.87	13,065,278.03	5,668,190.40
Net profit attributable to the owner of the parent company	27,000,030.37	11,096,486.87	13,185,342.01	5,668,190.40
Minority shareholders’ equity	143,991.49		-120,063.98	
VI. Earnings per share*				
(I) Basic earnings per share	0.108		0.053	
(II) Diluted earnings per share	0.108		0.053	

7.2.3 Cash Flow Statement

Prepared by: SHENZHEN FIYTA HOLDINGS LTD. January to June, 2007 In RMB

Items	Report Period		Same Period of the Previous Year	
	Consolidated	Parent company	Consolidated	Parent company
I. Net cash flows arising from operating activities				
Cash received from sales of goods and supply of labor	409,107,319.92	103,924,762.27	279,614,438.26	95,107,822.32
Net increase of the				

customers' deposit and amount from banks				
Net increase of borrowing from the central bank				
Net increase of borrowing from other financial institutions				
Cash received from the premium of the original insurance contract				
Cash received from the reinsurance business, net				
Increase of the reserve from policy holders and investment, net				
Increase of transactional financial assets, net				
Cash from collection of interest, service charge and commission				
Increase of loan from other banks, net				
Increase of fund from repurchase business, net				
Rebated taxes received				
Other cash in connection with operation activities as received	5,389,442.42	2,776,003.47	1,498,569.30	1,009,428.31
Subtotal of cash flow in from operating activities	414,496,762.34	106,700,765.74	281,113,007.56	96,117,250.63
Cash paid for purchase of goods and reception of labor services	337,985,392.66	31,526,203.50	225,397,611.12	36,853,225.59
Net increase of loans and advances to the customers				
Net increase of amounts due from the central bank and other banks				
Cash from payment for settlement of the original insurance contract				
Cash for payment of interest, service charge and commission				
Cash for payment of policy dividend				
Cash paid to and for staff	36,542,923.26	16,962,882.54	28,530,696.04	13,018,518.31
Taxes paid	19,117,691.66	11,573,497.56	12,412,814.74	7,373,835.97
Other operation related cash payments	52,442,868.72	77,209,800.69	41,336,526.13	63,257,829.46
Subtotal of cash flow out from operating activities	446,088,876.30	137,272,384.29	307,677,648.03	120,503,409.33
Net cash flows arising from operating activities	-31,592,113.96	-30,571,618.55	-26,564,640.47	-24,386,158.70
II. Cash flows arising from investment activities:				

Cash received from recovery of investment			3,000,000.00	3,000,000.00
Cash received from investment income				
Net amount of cash received from disposal of fixed assets, intangible assets and other long term assets	561,045.00	561,045.00	112,885.00	
Net cash received from disposal of subsidiaries and other operating units.				
Other investment related cash receipts				
Subtotal of cash flow in from investment activities	561,045.00	561,045.00	3,112,885.00	3,000,000.00
Cash paid for construction/purchase of fixed assets, intangible assets and other long term assets	6,844,601.83	2,227,708.28	10,123,823.65	5,408,915.42
Cash paid for investment				
Net increase of hypothecated loans				
Net cash paid by subsidiaries and other operating units				
Other investment related cash payments				
Subtotal of cash flow out from investment activities	6,844,601.83	2,227,708.28	10,123,823.65	5,408,915.42
Net cash flow arising from investment activities	-6,283,556.83	-1,666,663.28	-7,010,938.65	-2,408,915.42
III. Cash flows arising from fund raising activities:				
Cash received from absorption of investment				
Incl.: Cash received from absorption of minority shareholders' investment				
Cash received from borrowings	70,000,000.00	70,000,000.00	40,000,000.00	40,000,000.00
Cash received from bond issuing				
Other fund raising related cash receipts				
Subtotal of cash flow in from fund-raising activities	70,000,000.00	70,000,000.00	40,000,000.00	40,000,000.00
Cash paid for liabilities repayment	20,000,000.00	20,000,000.00		
Cash paid for dividend/profit distribution or repayment of interest	4,977,199.00	4,977,199.00	1,461,300.00	1,461,300.00
Incl.: Dividend and profit paid by the subsidiaries to minority shareholders				
Other fund raising related cash payments				

Subtotal of cash flow out from fund-raising activities	24,977,199.00	24,977,199.00	1,461,300.00	1,461,300.00
Net cash flow arising from fund-raising activities	45,022,801.00	45,022,801.00	38,538,700.00	38,538,700.00
IV. Amount involved in change of exchange rate influencing the cash and cash equivalent				
V. Net increase of cash and cash equivalents	7,147,130.21	12,784,519.17	4,963,120.88	11,743,625.88
Plus: Opening balance of cash and cash equivalents	60,226,078.54	48,521,282.16	47,710,206.11	29,988,789.99
VI. Ending balance of cash and cash equivalents	67,373,208.75	61,305,801.33	52,673,326.99	41,732,415.87

7.2.4 Statement of Change in Owner's Equity

Prepared by: SHENZHEN FIYTA HOLDINGS LTD. June 30, 2007 In RMB

Items	Amount in the report period									Amount in the previous period								
	Total owners' equity attributable to the parent company							Minority shareholders' equity:	Total owner's equity	Total owners' equity attributable to the parent company							Minority shareholders' equity:	Total owner's equity
	Paid-up capital (or capital stock)	Capital Reserve	Less: shares in stock	Surplus Reserve	Reserve for general risks	Retained Earnings	Others			Paid-up capital (or capital stock)	Capital Reserve	Less: shares in stock	Surplus Reserve	Reserve for general risks	Retained Earnings	Others		
I. Balance at the end of the previous year	249,317,999.00	191,847,232.65		101,480,997.62		19,988,231.72		7,580,050.49	570,214,511.48	249,317,999.00	191,847,232.65		98,654,301.02		-6,448,293.31		7,502,682.77	540,873,922.13
Plus: Change of accounting policy						2,193,726.42		1,630.02	2,195,356.44									
Correction of previous errors																		
II. Balance at the year beginning	249,317,999.00	191,847,232.65		101,480,997.62		22,181,958.14		7,581,680.51	572,409,867.92	249,317,999.00	191,847,232.65		98,654,301.02		-6,448,293.31		7,502,682.77	540,873,922.13
III. Amount involved in the change of increase/decrease (decrease is marked with						27,000,030.37		143,991.49	27,144,021.86				2,826,696.60		26,436,525.03		77,367.72	29,340,589.35

“-“)																		
(I) Net profit						27,000,030.37		143,991.49	27,144,021.86						29,263,221.63		77,367.72	29,340,589.35
(II) Profit and loss directly charged to the owner’s equity																		
1. Net change in the fair value of the financial assets available for sale																		
2. Influence from change of the other owner’s equity of the investee																		
3. Influence from the income tax in connection with the owner’s equity as charged																		
4. Others																		
Total of the aforesaid (I) and (II)						27,000,030.37		143,991.49	27,144,021.86						29,263,221.63		77,367.72	29,340,589.35
(III) Capital provided and decreased by the owner																		
1. Capital provided by the owner																		
2. Amount of share payment charged to the																		

owner's equity																		
3. Others																		
(IV) Profit Distribution													2,826,696.60		-2,826,696.60			0.00
1. Provision of surplus public reserve													2,826,696.60		-2,826,696.60			0.00
2. Provision for general risks																		
3. Distribution to the owner (or shareholders)																		
4. Others																		
(V) Internal carry-over of owner's equity																		
1. Increased capital converted from capital reserve (or capital stock)																		
2. Increased capital converted from surplus reserve (or capital stock)																		
3. Making up Deficit with Surplus Public Reserve																		
4. Others																		
IV. Ending balance	249,317,999.0	191,847,232.6		101,480,997.6		49,181,988.51		7,725,672.00	599,553,889.7	249,317,999.0	191,847,232.6		101,480,997.6		19,988,231.72		7,580,050.49	570,214,511.4

	0	5		2					8	0	5		2					8

7.3 Notes to the Accounting Statements

7.3.1 In case there is any change in accounting policy or accounting estimate, or correction of accounting errors, describe the relevant details, the cause(s) and amount affected

In the report period, the Company conducted adjustment of the opening balance on the balance sheet in accordance with the new Enterprise Accounting Standard, recognized the deferred income tax asset amounting to RMB 3,162,755, deferred income tax liability amounting to RMB 967,398.56; the opening balance of the retained earnings and minority shareholders' equity were adjusted correspondingly.

7.3.2 In case significant change takes place in the consolidation scope of the financial statements, describe the causes and the amount affected

□ Applicable √ Inapplicable