



MACRO-LINK INTERNATIONAL HOLDINGS LIMITED

新華聯國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

Interim Results Announcement For the Six Months Ended 30 June 2007

The Board of Directors (the “Directors”) of MACRO-LINK International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2007, along with comparative figures. Such results have been reviewed by the Company’s audit committee (“Audit Committee”):

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2007	2006
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover	Notes 3	41,216	37,637
Cost of sales		(20,895)	(25,006)
Gross profit		20,321	12,631
Other revenue		1,276	1,271
Other income		–	226
Selling and distribution costs		(6,626)	(3,253)
Administrative expenses		(6,304)	(6,514)
Profit from operations		8,667	4,361
Finance costs		(986)	(479)
Gain on disposal of subsidiaries		–	3,686
Profit before taxation and minority interests		7,681	7,568
Taxation	4	(161)	–
Profit for the period		7,520	7,568
Attributable to:			
Equity holders of the Company		4,145	5,280
Minority interests		3,375	2,288
		7,520	7,568
Profit/(Loss) per share attributable to the equity holders of the Company during the year (expressed in HK\$)			
Basic	5	0.36 cents	0.46 cents
Diluted		N/A	N/A

* For identification purposes only

CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2007 (Unaudited) HK\$'000	As at 31 December 2006 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Land use rights		4,811	4,723
Property, plant and equipment		70,396	71,586
Intangible assets		12,212	4,748
Goodwill		10,924	10,924
		98,343	91,981
Current assets			
Inventories		52,892	47,249
Trade receivables	6	10,521	15,279
Prepayment, deposit and other receivables		11,047	7,066
Amount due from related parties	9	37,344	32,397
Bank balances and cash		50,070	31,832
		161,874	133,823
Total assets		260,217	225,804
EQUITY			
Capital and reserve attributable the Company's Equity shareholders	7	11,493	11,493
Reserves		86,059	82,667
		97,552	94,160
Minority interests		53,664	50,289
		151,216	144,449
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		2,759	2,704
		2,759	2,704
Current liabilities			
Trade payables	8	18,555	17,672
Accruals, deposit received and other payables		32,325	15,999
Amount due to directors		–	812
Amounts due to related parties		14,546	14,168
Bank borrowings and overdraft – secured due within one year		40,816	30,000
		106,242	78,651
Total liabilities		109,001	81,355
Total equity and liabilities		260,217	225,804
Net current assets		55,632	55,172
Total assets less current liabilities		153,975	147,153

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2007 (in HK Dollars)

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Macro-Link Sdn. Bhd., a company incorporated in Malaysia.

The address of the register office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are engaged in production and distribution of wine.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Hong Kong Accounting standard ("HKAS") 34: Interim Financial Reporting standards and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities, which are carried at fair value.

The accounting policies are adopted consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 with addition for the following amendments and interpretations which are relevant to the Group's operation and are adopted for the first time by the Group for the Period:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

These amendments and interpretations had no material effect on the Group's accounting policies.

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective:

HKFRS 8	Operating Segment ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HK(IFRIC) – Int 11	HKFRS2 – Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Agreements ³

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

² Effective for annual periods beginning on or after 1 March 2007

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

The directors of the Company anticipate that the application of these standards, or amendments will have no material impact on the financial statements of the Company.

The unaudited condensed interim financial statements have reviewed by the audit committee of the Company and were approved by the board of directors on 21 September 2007.

3. TURNOVER

	1.1.2007 to 30.06.2007 HK\$'000 (Unaudited)	1.1.2006 to 30.06.2006 HK\$'000 (Unaudited)
Production and distribution of wine	41,216	37,637

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group and the Company has no assessable profit for the period.

Hong Kong Profits Tax

Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the period. No provision for Hong Kong profits tax was made for the period ended 30 June 2007 (2006: Nil) as the Company and its subsidiaries had no assessable profit during the period.

No provision for deferred tax has been made in respect of accelerated capital allowances as the Directors consider that a liability is not expected to crystallize in the foreseeable future (2006: Nil).

The PRC Income Tax

Pursuant to 開國稅發2006 27 號文件 issued by the PRC tax bureau, the Yunnan Shangeli-la Winery Company Limited is entitled to an exemption from the PRC enterprise income tax for the period from 1 January 2006 to 31 December 2007 and a 50% reduction for the next consecutive three years (the "Tax Exemption Period") under the relevant tax rules and regulations in the PRC.

Shangeli-la (Qinghuangdao) Winery Limited, a subsidiary of the Company being a foreign investment enterprise established in the Coastal Open Economics Region of Qinghuangdao, the PRC, which is subject to preferential enterprise income tax rate of 24% and is entitled to full exemption from the PRC enterprise income tax for two years starting from its first profit-making year and a 50% reduction for the next consecutive three years under the relevant applicable to foreign investment enterprise in the PRC. Guangzhou Zangji Trading Company Limited, a subsidiary of the Company is subject to the PRC enterprise income tax rate of 33% based on the assessable profit arising for the year. Both Shangeli-la (Qinghuangdao) Winery Limited and Guangzhou Zangji Trading Company Limited have been reported loss since their establishment. Xiamen Zanmi Winery Limited, a subsidiary of the Company is subject to the PRC enterprise income tax rate of 14% based on the assessable profit arising for the year.

5. EARNINGS PER SHARE

The calculation of the basic profit per share is based on the profit attributable to shareholders of HK\$4,145,000 (six months ended 30 June 2006: profit of HK\$5,280,000) and on 1,149,263,455 (Period from 1 January 2006 to 30 June 2006: 1,149,263,455) shares in issue during the period.

There were no potential shares in existence for the six months ended 30 June 2007 and 2006 accordingly and no diluted loss per share has been presented.

6. TRADE RECEIVABLES

The Group generally allows an average credit period ranging from 30 to 90 days (31 December 2006: 30 to 90 days) to its trade customers which major customers with whom specific terms have agreed.

	As at 30 June 2007 HK\$'000 (Unaudited)	As at 31 December 2006 HK\$'000 (Audited)
Within 90 days	10,399	15,236
90 days to 180 days	56	2
More than 180 days and within 360 days	66	77
	10,521	15,315
Less: provision of doubtful debts	–	(36)
	10,521	15,279

The carrying amounts of trade receivables approximate their fair values.

7. SHARE CAPITAL

	Number of Ordinary shares	Amount HK\$'000
Shares of HK\$0.01 each		
Authorised:		
At 31 December 2006 and 30 June 2007	16,000,000,000	160,000
Issued and fully paid:		
At 31 December 2006 and 30 June 2007	1,149,263,455	11,493

8. TRADE PAYABLES

	As at 30 June 2007 HK\$'000 (Unaudited)	As at 31 December 2006 HK\$'000 (Audited)
Within 90 days	15,100	14,768
90 days to 180 days	96	525
More than 180 days and within 360 days	3,359	2,379
	18,555	17,672

The carrying amounts of trade payables approximate their fair values.

9. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group has entered into the following significant related party transactions which in the opinion of the Directors were conducted under-commercial terms and in the normal course of the Group's business.

	1.1.2007 to 30.06.2007 HK\$'000	1.1.2006 to 30.06.2006 HK\$'000
– 雲南香格里拉金六福酒業銷售有限公司		
– Received	18,622	26,463
– Receivable	16,224	11,174
– 北京金六福酒有限公司 (“北京金六福”)		
– Receivable	4,077	–

- (i) The above transactions were carried out at cost plus mark-up basis.

- (ii) 雲南香格里拉金六福酒業銷售有限公司 and 北京金六福酒有限公司 are related parties of the Group as M Wu Xiang Dong, being an executive director of the Company is a common director of both companies.

(b) Key management personnel

Remuneration for key personnel management, including amount paid to the Company's directors and certain of the highest paid employee:

	The Group 1.1.2007 to 30.06.2007 HK\$'000	1.1.2006 to 30.06.2006 HK\$'000
Salaries and other short term benefit	1,420	1,800

10. SUBSEQUENT EVENTS

On 29 June 2007, Yunnan Shangeli-La Winery Co., Ltd. (“Yunnan Shangeli-La”) entered into a loan agreement with 中國農業發展銀行迪慶藏族自治州分行 (Diding Agriculture Development Bank) (the “Bank”) for bank facilities in the amount of RMB17,000,000 for a term of one year with interest calculated at 6.57% per annum. On the same day, Yunnan Shangeli-La also repaid a loan in the amount of RMB7,000,000 due repayable to the Bank.

On 4 July 2007, another loan in the amount of RMB23,000,000 was due and repaid by Yunnan Shangeli-La to the Bank.

In view of the additional capital needed for further expansion of its production and grape plantation, Yunnan Shangeli-La subsequently entered into a loan agreement with the Bank for a loan of RMB23,000,000 on 6 July 2007. The loan is granted for a period of one year with annual interest rate at 6.57%. As at 6 July 2007, Yunnan Shangeli-La had a total loan balance of RMB40,000,000.

With a view to further strengthen the Group's profitability, it was announced on 7 August 2007 that the Company would further acquire a 30% equity interest in Yunnan Shangeli-la from Yon Rui Investment Company Limited (“Yon Rui”) at a consideration of HK\$46.2 million (“the Yunnan Shangeli-La Agreement”). The consideration will be satisfied by way of allotment and issue of 171,180,000 new shares (the “New Shares”), representing 12.96% of the issued share capital of the Company as enlarged by the completion of the Yunnan Shangeli-La Agreement, to Yon Rui at HK\$0.27 per share credited as fully paid.

As stated in the announcement of the Company dated 7 August 2007 regarding the completion of acquisition of shares in the Company by JLF Investment Company Limited (the “Offeror”) and the unconditional mandatory general offer (the “Offer”) to be made by UOB Kay Hian (Hong Kong) Limited on behalf of the Offeror, the Offeror has given its irrevocable and unconditional written consent to the entering into of the Yunnan Shangeli-La Agreement by the Company and the transactions thereunder including but not limited to issue and allotment of the New Shares. It is expected that the completion of the Yunnan Shangeli-La Agreement will take place after the close of the Offer. Details of the acquisition were set out in the said announcement dated 7 August 2007.

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2007 (No interim dividend was recommended or paid for the six months ended 30 June 2006).

Review on financial performance

For period ended 30 June 2007, turnover and net profit of the Group was approximately HK\$41,216,000 and HK\$7,520,000 representing an increase of 10% and a slightly decrease of 1% respectively. After eliminating once of revenue of HK\$3,686,000 in year 2006, the net profit after tax's grow rate was 94%.

The total assets of the Group for the period ended 30 June 2007 was approximately HK\$260,217,000. Total liabilities of the Group was approximately HK\$109,001,000. The major liabilities of the Group was bank borrowing. Working capital of the Group was mainly financed by bank borrowing and reserves of approximately HK\$40,816,000. Taking into account of the existing financial resources, the Group has adequate financial resources to meet its ongoing operating and development requirements.

Other than the bank loans mentioned at the “Subsequent Event” of the “Notes to the condensed consolidated financial statements”, there was no interest-bearing borrowing as at 30 June 2007. The gearing ratio of the Group was 42%.

The Group had no formal treasury policy and did not enter into any form of financial arrangement for hedging during the period. As the transactions, including the revenues and expenses entered into by the Group's main operation subsidiaries were denominated in RMB, the exposure to foreign exchange risk is minimal. Therefore, no formal foreign exchange risk management policy was adopted by the Group.

Save and except for the formation of Yantai Shangeli-La Winery Company Limited on 18 May 2007, the Group had no significant investment, acquisition and disposal for the period ended 30 June 2007.

REVIEW OF OPERATION AND PROSPECTS

While China's rapid economic growth continues to be the focus of the world, the inflation of food prices had already exceeded the rate of economic growth. Our wine production business enjoyed flourished growth over the past six months and have achieved remarkable performance.

As mentioned in the 2006 annual report, the Group intends to aggressively increase its brand awareness and sales and marketing efforts. The Group already has a total of four direct distribution channels in the PRC, namely Guangzhou Zangji Trading Co. Limited (廣州藏吉商貿有限公司) (“Guangzhou Zangji”) and Diding Shangeli-la Economics Development Zone Tinlai Winery Limited (迪慶香格里拉經濟開發區天賴酒業有限公司) (“Diding Shangeli-la”), Shangeli-la (Qinhuangdao) Winery Ltd. (香格里拉(秦皇島)葡萄酒有限公司), and Xiamen Zangmi Winery Co., Ltd. (廈門藏秘酒業有限公司). Yet we will continue to seek possible opportunities that could help us achieving our target.

In order to cope with production requirement caused by the growing sales volume, on 18 May 2007, Yunnan Shangeli-La had invested HK\$10,300,000 (RMB10,000,000) to formed Yantai Shangeli-La Company Limited which owns 133,334 square meter of farmland for the growing of grapes. This move intended to secure quality grape juice for future wine production,

Benefited from the launch of new products and strengthened propaganda in Yunnan and Guangzhou provinces, we are able to charge a higher premium for the new products while at the same time maintaining growth in sales volume.

With effective cost control, the cost to expense ratio in the first half of 2007 has reduced. This was mainly due to the economy of scale achieved in increase in production volume. The falling cost of grape juices also played an important part in reducing the cost of production. Though the cost in the propaganda increased, the magnitude of its contribution to revenue has significantly outweighed its cost.

Great emphasis has been laid on the communication and collaboration with governments, taxation departments and banks at various levels so as to create favorable conditions for the Company's on-going development. The Company was honored by the People's Government of Diqing Tibetan Autonomous Prefecture as "Excellent and Strong Enterprise" and "Enterprise with Harmonious Labor Relationship of Diqing Prefecture" and awarded the title of "Advanced Unit in Safe Production and Tax Payment" by Shangri-La Economic Development Zone in Diqing Prefecture.

Employees were regularly provided with appropriate training to conform with the "six management mechanisms". A directive document on establishing an effective management system was released by the Company to its managements at the beginning of this year with the purpose to share corporate development goal with its employees.

During the period, the Company made remarkable achievements in product innovation by developing and launching two new products to the market. In order to enhance productivity, we have also finalized a water treatment facility reform plan which is now in the course of implementation.

Furthermore, a number of studies on the thorough implementation of the new wine standard GB15037 were conducted. All technicians, quality controllers and managerial personnel were encourage to study new standard and prepare themselves for the full implementation of this standard by making all necessary amendments to technical documents and inspection procedures.

In order to further enhanced its corporate image as an advance enterprise, the Company also applied for "Yunnan Innovative Pilot Enterprise", striving to market itself as an innovation-oriented enterprise.

In Brand Building effort, the Group has made the following achievements during the period:

- i. On 10 March 2007, Shangri-La wine (香格里拉葡萄酒) topped the list among its many competitors in the evaluation of "Top 10 Excellent Wines" organised by Yunnan Provincial Department of Commerce.
- ii. On 20 March 2007, at the 2007 National Spring Candy and Wine Exhibition held in Chongqing, Shangri-La Zangmi Dry Red Wine (香格里拉•藏秘干红葡萄酒) was awarded "2006 China Top Ten Innovative Wines".
- iii. On 12 April 2007, the Ministry of Commerce announced the entry list of "China Famous Wines", a total of eleven entries, and Shangri-La wine was among one of them.
- iv. The Company has participated in the Fifteenth China Kunming Import & Export Commodities Fair held in Kunming during 6 June 2007 to 10 June 2007 and our products were well received.
- v. Progress on cracking down infringements and fake commodities.

In the first half of 2007, by complaining to the industrial and commercial departments, a number of infringement cases in Fujian, Guizhou, Wenzhou and Anhuishe were investigated and fake commodities were destroyed, thereby safeguarding the Company's reputation and consumers' interest.
- vi. Initiated both by the Company and the Diqing County of Diqing Tibetan Autonomous Prefecture joins to initiate the "Plateau Grape Planting Project". The Company is promoting its vineyard as "the world's highest sea-level vineyard" so as to enrich the green connotations of Shangri-La wine brand.

PROSPECT

In the second half of 2007, the Company, under the leadership of the new Board of Directors, will strive to achieve better results by leveraging on the rapid economic growth of the PRC.

We will further enhance product sales and marketing, duly increase marketing expenditure, and make preparation in advance for comprehensive marketing, promotion and guidance sales in the coming Mid-Autumn Festival and the National Day as well as product display in representative supermarkets. Besides, Two new products tailored for the occasion in gift packaging will be launched in the coming Spring Festival to meet customers' need.

We will continue to improve our marketing strategy, strengthen supervision and inspection on key markets, namely, Fujian, Zhejiang, Guangzhou, Hunan, Yunnan, Shanghai and Jiangsu.

Production will further be strengthened and product quality, quantity and transportation will be secured to ensure the supply of wine to major markets across the country. Attention will be paid to tightening control on overall expenditures.

We will reinforce communication with customers to ensure recovery of debts and to ensure the Group will have adequate working capital throughout the period.

LIQUIDITY AND FINANCIAL INFORMATION

As at 30 June 2007, the Group's total borrowings amounted to approximately HK\$40.816 million and cash, bank balances and deposits amounted to approximately HK\$50.070 million. The Group's current ratio was 153% and gearing ratio which is expressed as a ratio of total bank liabilities to total assets was 42%. Bank balances and cash and deposits were in Hong Kong dollars.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES

The Group had no significant exposure to foreign exchange fluctuation.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Save for the events that are mentioned in "Subsequent Events" in note 12, during the accounting period, there was no material acquisition or disposal of the Company's subsidiaries and associates.

EMPLOYEE INFORMATION

Total number of staff members was 354 as at 30 June 2007. The Directors believe that the quality of its employees is the most important factor in sustaining the Group's growth and improving its cost effectiveness. The Group's emolument policies are formulated on the performance of individual employees and are reviewed annually. The Group also provides medical insurance, and provident fund scheme (as the case may be) to its employees depending on the location of such employees.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30 June 2007.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2007, with deviation from code provision A.4.2 of the CG Code in respect of the rotation of directors.

Under the code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to Bye-law 87(1) of the Bye-laws of the Company, one-third of the Directors for the time being shall retire from the office by rotation at each annual general meeting provided that the Chairman of the Board and/or the Managing Director of the Company shall not be subject to retirement by rotation.

In the opinion of the Board, the continuity of leadership by the Chairman and Managing Director is important for the stability and growth of the Company. The Board therefore considers that both the Chairman and Managing Director of the Company should not be subject to retirement by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Upon enquiry by the Company, all directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial report for the six months ended 30 June 2007. The Audit Committee comprises the three Independent Non-executive Directors, namely Mr Ting Leung Huel, Stephen, Mr Cao Kuangyu and Mr E Meng.

REMUNERATION COMMITTEE

A Remuneration Committee has been established in accordance with the requirements of the CG Code. The Remuneration Committee comprises two Executive Directors, namely Mr Fu Kwan and Mr Shu Shi Ping, and three Independent Non-executive Directors, namely Mr Ting Leung Huel, Stephen, Mr Cao Kuangyu and Mr E Meng.

APPRECIATION

The Directors would like to express their sincere appreciation to the continuous support by our shareholders and for all the dedicated efforts of the management and staff of the Group during the period.

By order of the Board
Fu Kwan
Executive Director

Hong Kong, 21 September 2007

As at the date of this notice, the board of Directors comprise five executive directors, namely Mr. Fu Kwan, Mr. Wu Xiang Dong, Mr. Shu Shi Ping, Mr. Chan Yeuk and Mr. Zhang Jian and three independent non-executive Directors, namely Mr. Cao Kuangyu, Mr. E Meng and Mr. Ting Leung Huel, Stephen.

“Please also refer to the published version of this announcement in China Daily.”