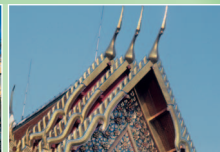




GR Vietnam Holdings Limited

(Incorporated in Bermuda with limited liability)
Stock Code: 139

INTERIM REPORT 2007/2008



CORPORATE INFORMATION

Executive Directors

Wong Howard (*Chairman & Chief Executive Officer*)
 Wong Yat Fai
 Wu Qing
 Lam Sai Ho, Anthony

Independent Non-executive Directors

Tung Tat Chiu, Michael
 Li Chi Ming
 Wan Ngar Yin, David

Audit Committee

Tung Tat Chiu, Michael (*Chairman*)
 Li Chi Ming
 Wan Ngar Yin, David

Remuneration Committee

Li Chi Ming (*Chairman*)
 Tung Tat Chiu, Michael
 Wan Ngar Yin, David

Company Secretary and Qualified Accountant

Szeto Pui Tong, Patrick

Auditors

Ernst & Young

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
 Hang Seng Bank Limited

Registered Office

Clarendon House
 2 Church Street
 Hamilton HM 11
 Bermuda

Head Office and Principal Place of Business

Room 1603-05
 Harcourt House
 39 Gloucester Road
 Wanchai, Hong Kong

Principal Share Registrar

Butterfield Fund Services
 (Bermuda) Limited
 Rosebank Centre
 11 Bermudiana Road
 Pembroke HM08
 Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited
 26th Floor
 Tesbury Centre
 28 Queen's Road East
 Wanchai
 Hong Kong

Company's Website

www.139hk.com

Stock Code

139

The Board of Directors (the “Board”) of GR Vietnam Holdings Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007 (the “Period”) together with comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	For the six months ended 30 September	
		2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
REVENUE	2		
Electronic products		44,436	32,353
Treasury investment		(26,425)	8,885
		18,011	41,238
Cost of electronic products sold		(42,936)	(32,142)
Brokerage and commission expenses		(1,235)	(84)
		(44,171)	(32,226)
		(26,160)	9,012
Other income and gains	3	119,382	569
Selling and distribution costs		(124)	(208)
Administrative expenses		(25,273)	(7,730)
Other operating expenses		(18)	(40)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		(64,732)	(68,811)
Conversion option derivative		–	339
Finance costs	5	(3)	(18)
PROFIT/(LOSS) BEFORE TAX	4	3,072	(66,887)
Tax	6	–	–
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		3,072	(66,887)
DIVIDEND	7	–	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		HK0.21cent	HK(5.90)cents
Diluted		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2007 (Unaudited) Notes	31 March 2007 (Audited) HK\$'000	31 March 2007 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	394		445
Prepaid land lease payment	–		–
Convertible notes – loan portion	40,465		39,842
Available-for-sale equity investments	69,718		212,669
Total non-current assets	110,577		252,956
CURRENT ASSETS			
Convertible notes – Conversion option derivative	2,520		2,520
Equity investments at fair value through profit or loss	9	187,304	118,873
Inventories	10	30	2,011
Trade and bills receivables	11	3,299	10,462
Prepayments, deposits and other receivables		44,880	997
Pledged time deposits		7,149	6,996
Cash and cash equivalents		57,020	48,425
Total current assets		302,202	190,284
CURRENT LIABILITIES			
Trade and bills payables	12	2,267	5,866
Tax payable		10	10
Other payables and accruals		7,634	23,327
Finance lease payables		28	69
Total current liabilities		9,939	29,272
NET CURRENT ASSETS		292,263	161,012
TOTAL ASSETS LESS CURRENT LIABILITIES		402,840	413,968
NON-CURRENT LIABILITIES			
Deferred tax liabilities		976	9,335
Net assets		401,864	404,633
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Issued capital	13	16,318	13,599
Reserves		385,546	391,034
Total equity		401,864	404,633

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Unaudited six months ended 30 September 2007								
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Available-for-sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total Equity HK\$'000
At 1 April 2007	13,599	380,286*	556 *	551,174*	-	81,332*	(222)*	(622,092)*	404,633
Issue of shares	2,719	54,380	-	-	-	-	-	-	57,099
Share issue expenses	-	(1,436)	-	-	-	-	-	-	(1,436)
Equity-settled share option arrangement	-	-	-	-	15,233	-	-	-	15,233
Changes in fair values of available-for-sale equity investments	-	-	-	-	-	9,037	-	-	9,037
Deferred tax arising from changes in fair value of available-for sale equity investments	-	-	-	-	-	8,359	-	-	8,359
Disposal of available-for-sale equity investments	-	-	-	-	-	(94,126)	-	-	(94,126)
Exchange realignment	-	-	-	-	-	-	(7)	-	(7)
Profit for the period	-	-	-	-	-	-	-	3,072	3,072
At 30 September 2007	16,318	433,230*	556 *	551,174*	15,233*	4,602*	(229)*	(619,020)*	401,864

	Unaudited six months ended 30 September 2006								
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Available-for-sale equity investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total Equity HK\$'000
At 1 April 2006	11,332	310,000	556	551,174	-	67,832	(82)	(583,292)	357,520
Changes in fair values of available-for-sale equity investments	-	-	-	-	-	(18,754)	-	-	(18,754)
Deferred tax arising from changes in fair value loss of available-for-sale equity investments	-	-	-	-	-	6,471	-	-	6,471
Exchange realignment	-	-	-	-	-	-	(12)	-	(12)
Loss for the period	-	-	-	-	-	-	-	(66,887)	(66,887)
At 30 September 2006	11,332	310,000	556	551,174	-	55,549	(94)	(650,179)	278,338

* These reserve accounts comprise the consolidated reserves of HK\$385,546,000 (31 March 2007: HK\$391,034,000) in the condensed consolidated balance sheet.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(106,630)	(3,461)
NET CASH INFLOW FROM INVESTING ACTIVITIES	59,763	185
CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	55,622	(38)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,755	(3,314)
Cash and cash equivalents at beginning of period	55,421	25,511
Effect of foreign exchange rate changes, net	(7)	(12)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	64,169	22,185
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,415	11,302
Non-pledged time deposits with original maturity of less than three months when acquired	50,605	4,023
Time deposits with original maturity of less than three months when acquired, pledged as security for bank facilities	7,149	6,860
	64,169	22,185

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

These condensed consolidated interim financial statements have not been audited by the Company's Auditors but have been reviewed by the Company's Audit Committee.

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended 31 March 2007 except for the adoption of the following amendment mandatory for accounting periods beginning on or after 1 January 2007:–

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
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

The Group has assessed the impact of the adoption of the above new and revised Hong Kong Financial Reporting Standards and concluded that there was no significant impact on the Group's results and financial position.

2. Revenue and segmental information

(a) Primary reporting format – business segments

For the management purpose, the Group is currently organised in three operating divisions – electronic products, treasury investment and corporate & others. An analysis of the Group's revenue and results by business segments for the Period and the corresponding previous period is as follows:

	Electronic products		Treasury investment		Corporate & others		Consolidated	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Segment Revenue:								
Sales to external customers	44,436	32,353	-	-	-	-	44,436	32,353
Gains/(losses) from treasury investment	-	-	(26,425)	8,885	-	-	(26,425)	8,885
Total	44,436	32,353	(26,425)	8,885	-	-	18,011	41,238
Segment results	76	(1,381)	20,167	(61,780)	(18,940)	(3,894)	1,303	(67,055)
Interest income and unallocated gains							1,971	370
Unallocated expenses							(199)	(184)
Finance costs							(3)	(18)
Profit/(loss) before tax							3,072	(66,887)
Tax							-	-
Profit/(loss) for the period							3,072	(66,887)

(b) Secondary reporting format – geographical segments

An analysis of the Group's revenue by geographical segments for the Period and the corresponding previous period is as follows:–

	The People's Republic of China (Including Hong Kong)		United States of America and Europe		Consolidated	
	2007	2006	2007	2006	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment Revenue:						
Electronic products	19,407	28,250	25,029	4,103	44,436	32,353
Treasury investment	(26,425)	8,885	–	–	(26,425)	8,885
	(7,018)	37,135	25,029	4,103	18,011	41,238

3. Other income and gains

	For the six months ended 30 September	
	2007	2006
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income	1,955	363
Gain on disposal of available-for-sale equity investments	117,302	–
Gain on disposal of items of property, plant and equipment	5	–
Others	120	206
	119,382	569

4. Profit/(loss) before tax

The Group's profit/(loss) before tax is arrived at after charging:–

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Depreciation	110	92

5. Finance costs

	For the six months ended 30 September	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
Interest on bank overdrafts wholly repayable within five years	1	13
Interest on finance lease	2	5
	3	18

6. Tax

No Hong Kong profits tax has been provided during the Period (2006: Nil) as the Group did not derive any assessable profit attributable to its operation in Hong Kong.

No provision for tax in the Mainland China has been made during the Period (2006: Nil) since no assessable profit has been generated by the subsidiaries operating in the Mainland China.

7. Dividend

The Board has resolved not to pay any interim dividend for the six months ended 30 September 2007 (2006: Nil).

8. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of basic earnings/(loss) per share amounts is based on the profit for the Period attributable to ordinary equity holders of the Company of HK\$3,072,000 (2006: loss of HK\$66,887,000) and the weighted average number of 1,457,945,342 (2006: 1,133,243,047 ordinary shares).

Diluted earnings per share for the period ended 30 September 2007 has not been shown as the share options outstanding during this period had an anti-dilutive effect on the basic earnings per share for this period.

Diluted loss per share for the period ended 30 September 2006 has not been shown as there were no dilutive events during this period.

9. Equity investments at fair value through profit or loss

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Listed equity investments in Hong Kong, at fair value	187,304	118,873

10. Inventories

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Finished goods	30	2,011

11. Trade and bills receivables

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Trade receivables	3,299	10,320
Bills receivables	–	142
	3,299	10,462

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management. In view of the aforementioned policy and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Ageing analysis:

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Within 1 month	2,333	10,102
1 to 2 months	607	–
2 to 3 months	359	360
	3,299	10,462

12. Trade and bills payables

Ageing analysis:

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Within 1 to 2 months	2,224	5,823
Over 3 months	43	43
	2,267	5,866

13. Share capital

	At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	600,000	600,000
Issued and fully paid		
– 1,631,783,047 (31 March 2007:1,359,883,047) ordinary shares of HK\$0.01 each	16,318	13,599

The Company entered into a placing agreement with placing agent on 6 July 2007, for the subscription of 271,900,000 new shares of the Company of HK\$0.01 each at a price of HK\$0.21 per share. 271,900,000 shares of HK\$0.01 each of the Company were issued and cash proceeds of HK\$55.7 million, net of share issue expenses of HK\$1,436,000, were received by the Company.

14. Related party transactions

During the Period, the Group had no related party transactions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's revenue for the Period was HK\$18.0 million, representing a decrease of HK\$23.2 million or 56.3% as compared with the corresponding period of last year. The decrease in revenue was mainly due to the realized loss of HK\$26.4 million on equity investment. The profit for the Period was HK\$3.1 million, compared to the loss of HK\$66.9 million for the corresponding period of last year. Earnings per share for the Period was HK0.21 cent. (2006: loss per share of HK5.9 cents). The Group's profit for the Period was primarily attributable to a profit of HK\$20.2 million in the treasury investment segment.

During the Period, the Group continued to put efforts in the product and market development of the electronic products and the products range extension. As a result, the sales revenue from electronic products trading increased by HK\$12.1 million, or 37.3% to HK\$44.4 million. Coupled with strict cost control, this segment has started to make contributions and recorded a small operating profit of HK\$0.1 million.

The Group continued to utilise its available fund in treasury investment. During the Period, this segment recorded a profit of HK\$20.2 million.

Prospects

With its young population and steady growth in disposable income, Vietnam has emerged as the second fastest growing economy in Asia. The economy of Vietnam is growing rapidly, in particular after joining as one of members of the World Trade Organization in January 2007. As driven by its rapid economic growth, influx of capital and improved standards of living, it will bring numerous investment opportunities across various industries, in particular, in the property and retail, logistics and infrastructure sectors.

In order to establish a foothold in the Vietnam market, the Group has entered into a referral agreement with Golden Resources Development International Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 677) ("Golden Resources") to introduce the Company to Vietnam Southern Food Corporation ("Vinafood II") and a independent third party for exploring business opportunities under Vietnam projects covering the operation of convenience stores and other retail business, provision of logistics services and investment in port infrastructure. Details relating to the above were disclosed in the Company's announcement dated 8 October 2007.

Through ongoing negotiation under the Vietnam projects, on 13 November 2007, the Group successfully entered into an agreement with Food Company of Ho Chi Minh City, a wholly-owned member of Vinafood II, to established a Joint Venture in Vietnam. The Joint Venture company will be engaged in the operation of convenience stores and other retail and commercial business. Details relating to the above were disclosed in the Company's announcement dated 14 November 2007.

For the second half of year to come, the Group will continue to negotiate with Vinafood II in exploring other business opportunities under the Vietnam projects. The Board considers that Vietnam projects have considerable growth potential and could bring in new income streams to the Group in the long run.

Financial Review

The Group's sales revenue for the Period was HK\$18.0 million, representing a decrease of HK\$23.2 million or 56.3% as compared with the corresponding period of last year. The Group's sales revenue comprising the sales revenue of electronic products trading of HK\$44.4 million and realized loss on equity investment of HK\$26.4 million.

The profit for the Period was HK\$3.1 million, compared to loss of HK\$66.9 million for the corresponding period of last year. As at 30 September 2007, the Group's consolidated net asset value was HK\$401.9 million (at 31 March 2007: HK\$404.6 million). The Group maintained a sound financial position in terms of high assets liquidity and nil debt burden.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow and banking facilities and placing of new shares. The Group's bank and short term deposits as at 30 September 2007 amounted to HK\$64.2 million (at 31 March 2007: HK\$55.4 million). The increase was mainly due to the placement of new shares for the amount of HK\$55.7 million.

As at 30 September 2007, there were no bank overdrafts, short and long term interest-bearing bank borrowings by the Group (at 31 March 2007: Nil).

As at 30 September 2007, the Group's current ratio was 30.4 times (at 31 March 2007: 6.5 times) based on current assets of HK\$302.2 million (at 31 March 2007: HK\$190.3 million) and current liabilities of HK\$9.9 million (at 31 March 2007: HK\$29.3 million).

As at 30 September 2007, the Group had no contingent liabilities or material commitments for the purchase of property, plant and equipment.

Capital Structure

As at 30 September 2007, the Group's gearing ratio, being the total finance lease payables to net worth was 0.01% (31 March 2007: 0.02%).

The Group's bank deposits and borrowings are mainly denominated in Hong Kong dollars. Most of the Group's sales and purchases are made in United States dollars and Hong Kong dollars. Therefore, the Group's exchange risks exposure is minimal.

On 6 July 2007, the Company entered into an agreement with a placing agent for placement of 271,900,000 new shares at HK\$0.21 per share. The 271,900,000 placing shares represented approximately 20% of the then issued share capital of the Company. The net proceeds from the placing of approximately HK\$55.7 million were used as additional working capital for the Group.

Post Balance Sheet Events

- (i) On 2 October 2007, the Company and High Super Enterprises Limited ("the Subscriber"), a wholly-owned subsidiary of Golden Resources, entered into a subscription agreement. Under the subscription agreement, the Subscriber agreed to subscribe for 680 million new shares, representing approximately 29.31% of the then enlarged issued share capital of the Company for a total price of HK\$170 million. The new shares subscription was completed on 21 November 2007. Details of the above were disclosed in the Company's announcement dated 8 October 2007.
- (ii) On 2 October 2007, the Company and Golden Resources also entered into a referral agreement whereby Golden Resources agreed to introduce the Company to a independent third party and Vinafood 11 to explore business opportunities under the Vietnam projects covering the operation of convenience stores, provision of logistics services and investment in the Saigon Port. Details of the above were disclosed in the Company's announcement dated 8 October 2007.
- (iii) On 12 October 2007, the best efforts placing agreement was completed and a total of 500,000,000 best efforts placing shares of the Company were allotted and issued. The net proceeds from such placing were approximately HK\$102.9 million.

- (iv) On 13 November 2007, the Group entered into an agreement with Food Company of Ho Chi Minh City to establish a Joint Venture company in Vietnam. The Joint Venture company will be principally engaged in the operation of convenience stores, and other retail and commercial business. Details of the above were disclosed in the Company's announcement dated 14 November 2007.
- (v) On 16 November 2007, the three-years HK\$200 million zero coupon convertible bonds agreement was completed. Details relating to the above were disclosed in the Company's announcement dated 11 July 2007.

Significant Investments

As at 30 September 2007, the Group had convertible notes issued by a listed company on the Stock Exchange with carrying amount of HK\$43.0 million. The related interest for the Period was HK\$0.6 million.

As at 30 September 2007, the Group maintained a portfolio of equity investments (including available-for-sale equity investments and equity investments at fair value through profit or loss) with total carrying amount of HK\$257.0 million. The related dividend income for the Period was HK\$3.5 million.

Details of Charges on Assets

As at 30 September 2007, a fixed deposit of HK\$7.1 million (2006: HK\$6.9 million) were pledged to secure banking facilities granted to the Group.

Material Acquisitions and Disposals

During the Period, the Company had no other material acquisitions and disposals of subsidiaries or associates.

Employment, Training and Development

As at 30 September 2007, the Group had a total of 42 employees of which 20 were based in Hong Kong and 22 based in Mainland China. The Group has committed itself to staff development and structured training programs for all employees.

Remuneration packages are maintained at a competitive level and reviewed on a periodic basis. Bonus and share options are awarded to certain employees according to the assessment of individual performance and industry practice.

SHARE OPTION SCHEME

The Company currently operates a share option scheme (the “Share Option Scheme”) adopted on 27 August 2003 for the purpose of providing incentives and rewards to eligible participants (including but not limited to the directors and employees of the Group) who contribute to the success of the Group’s operations.

A summary of the movement of the share options granted under the Share Option Scheme during the six months ended 30 September 2007 is set out as follows:-

Name or category of participant	Date of grant*	Exercise period**	Exercise price per share (HK\$)	Number of share options outstanding as at 1 April 2007	Number of share options granted during the Period	Number of share options exercised/ cancelled/ lapsed during the Period	Number of share options outstanding as at 30 September 2007
Director							
Wong Howard	13/8/2007	13/8/2007-12/8/2009	0.357	-	16,300,000	-	16,300,000
Wong Yat Fai	13/8/2007	13/8/2007-12/8/2009	0.357	-	16,300,000	-	16,300,000
Wu Qing	13/8/2007	13/8/2007-12/8/2009	0.357	-	16,300,000	-	16,300,000
Other Employees							
In aggregate	13/8/2007	13/8/2007-12/8/2009	0.357	-	37,290,000	-	37,290,000
				-	86,190,000	-	86,190,000

* The closing price of the Company’s shares immediately before the date of grant was HK\$0.365.

** The vesting period of the share options is from the date of grant until the commencement of the exercise period.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2007, the interests of the directors of the Company in the shares and underlying shares of the Company (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register required to be maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:-

(1) Long position in ordinary shares of the Company

Name of director	Capacity	Number of ordinary shares held	Percentage of the Company's issued share capital
Mr. Wong Howard	Beneficial owner	21,299,000	1.31%
Mr. Wong Yat Fai	Beneficial owner	21,299,000	1.31%
Mr. Wu Qing	Beneficial owner	21,299,000	1.31%

(2) Long position in underlying shares of the Company – physically settled unlisted equity derivatives

Name of director	Capacity	Number of underlying shares in respect of the share options granted	Percentage of the underlying shares over the Company's issued share capital
Mr. Wong Howard	Beneficial owner	16,300,000	0.99%
Mr. Wong Yat Fai	Beneficial owner	16,300,000	0.99%
Mr. Wu Qing	Beneficial owner	16,300,000	0.99%

Details of the above share options as required to be disclosed by the Listing Rules have been disclosed under the paragraph headed "Share Option Scheme" above.

In addition to the above, Messrs. Wong Howard and Wong Yat Fai hold shares in certain subsidiaries of the Company in a non-beneficial capacity, solely for the purpose of complying with the previous requirement of having a minimum of two shareholders.

Save as disclosed above, as at 30 September 2007, none of the directors or chief executive of the Company had any interests or short position in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 September 2007, no persons had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published Annual Report for the year ended 31 March 2007.

The Company has complied with the code provisions set out in Code on Corporate Governance Practices (the "CG Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007 except there is no separation of the roles of Chairman and Chief Executive Officer as specified in the code provision A.2.1 of the CG Code. Mr. Wong Howard currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long term business strategies. As such, it is beneficial to the business prospects of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

AUDIT COMMITTEE

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial report. The Audit Committee has reviewed the Company's unaudited consolidated interim financial statements for the six months ended 30 September 2007 and discussed auditing, financial and internal control, and financial reporting matters of the Company. The Audit Committee comprises three members, Mr. Tung Tat Chiu, Michael (Chairman of the Audit Committee), Mr. Li Chi Ming and Mr. Wan Ngar Yin, David, all of whom are independent non-executive directors of the Company.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted its code of conduct regarding directors' dealings in the securities of the Company (the "Own Code") on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, the directors have confirmed that they have complied with the required standard set out in the Model Code and the Own Code during the six months ended 30 September 2007.

COMPLIANCE WITH WRITTEN GUIDELINES FOR SECURITIES TRANSACTIONS BY THE RELEVANT EMPLOYEES OF THE COMPANY

The Company has established written guidelines for the relevant employees of the Company (the "Relevant Employees") in respect of their dealings in the securities of the Company (the "Written Guidelines") on terms no less exacting than the required standard set out in the Model Code. For this purpose, "Relevant Employee" includes any employee of the Company or a director or an employee of a subsidiary or holding company of the Company who, because of such office or employment, is likely to be in possession of unpublished price sensitive information in relation to the Company or its securities. No incident of non-compliance of the Written Guidelines was noted by the Company during the six months ended 30 September 2007.

On behalf of the Board
Wong Howard
Chairman

Hong Kong, 7 December 2007