



# GR VIETNAM HOLDINGS LIMITED

越南控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Formerly known as 139 Holdings Limited)

(Stock Code: 139)

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2008

The Board of Directors (the “Board”) of GR Vietnam Holdings Limited (the “Company”) announces the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2008 (the “Year”) together with comparative figures for the previous year as follows:–

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2008

		For the year ended 31 March	
		2008	2007
	Notes	HK\$'000	HK\$'000
<b>Revenue</b>	2, 3		
Electronic products		114,758	67,401
Treasury investment		(87,495)	(45,503)
		<u>27,263</u>	<u>21,898</u>
Cost of electronic products sold		(111,588)	(66,782)
Brokerage and commission expenses		(2,256)	(303)
		<u>(113,844)</u>	<u>(67,085)</u>
		<u>(86,581)</u>	<u>(45,187)</u>
Other income and gains	3	6,800	1,956
Selling and distribution costs		(200)	(271)
Administrative expenses		(39,227)	(17,654)
Other operating expenses		(82)	(89)
Gain on disposal of available-for-sale equity investments		113,847	–
Gain arising from redemption of convertible notes		–	755
Impairment of an available-for-sale equity investment		(3,794)	–
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		(222,592)	23,775
Conversion option derivative		(932)	(2,062)
Finance costs	4	(5,579)	(23)
<b>LOSS BEFORE TAX</b>	5	<u>(238,340)</u>	<u>(38,800)</u>

\* For identification purposes only

		<b>For the year ended 31 March</b>	
		<b>2008</b>	<b>2007</b>
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Tax</b>	6	<u>15,428</u>	<u>–</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<u><b>(222,912)</b></u>	<u><b>(38,800)</b></u>
<b>DIVIDEND</b>	7	<u>–</u>	<u>–</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
– Basic		<u><b>HK(11.02) cents</b></u>	<u><b>HK(3.16) cents</b></u>
– Diluted		<u><b>N/A</b></u>	<u><b>N/A</b></u>

**CONSOLIDATED BALANCE SHEET**

31 March 2008

	<i>Notes</i>	<b>As at 31 March</b>	
		<b>2008</b>	<b>2007</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		361	445
Prepaid land lease payment		–	–
Convertible notes - loan portion		43,285	39,842
Available-for-sale equity investments		27,768	212,669
Total non-current assets		<u>71,414</u>	<u>252,956</u>
<b>CURRENT ASSETS</b>			
Convertible notes - conversion option derivative		1,588	2,520
Equity investments at fair value through profit or loss	9	323,793	118,873
Inventories	10	162	2,011
Trade and bills receivables	11	24,642	10,462
Prepayments, deposits and other receivables		1,387	997
Pledged time deposits		7,274	6,996
Cash and cash equivalents		244,012	48,425
Total current assets		<u>602,858</u>	<u>190,284</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	16,413	5,866
Tax payable		11	10
Other payables and accruals		7,689	23,327
Finance lease payables		–	69
Total current liabilities		<u>24,113</u>	<u>29,272</u>
<b>NET CURRENT ASSETS</b>		<u>578,745</u>	<u>161,012</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>650,159</u>	<u>413,968</u>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds		154,315	–
Deferred tax liabilities		22	9,335
Total non-current liabilities		<u>154,337</u>	<u>9,335</u>
<b>Net assets</b>		<u>495,822</u>	<u>404,633</u>
<b>EQUITY</b>			
<b>Equity attributable to ordinary equity holders of the Company</b>			
Issued capital	13	28,247	13,599
Equity component of convertible bonds		47,257	–
Reserves		420,318	391,034
Total equity		<u>495,822</u>	<u>404,633</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments and conversion option derivative, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated. These financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The Group has adopted the new and revised HKFRSs 7 “Financial Instruments: Disclosures”; HKAS 1 Amendment “Capital 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”; HK(IFRIC)-Int 11 “HKFRS 2 – Group and Treasury Share Transactions”, applicable for the first time to the current year’s financial statements. The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

## 2. Segment information

An analysis by principal activity and geographical areas of operation of the Group's segment revenue, segment results, certain assets and liabilities and other segment information for the years ended 31 March 2008 and 2007 are summarised as follows:–

### (a) Primary reporting format-business segments

#### Group

	Electronic products		Treasury investment		Corporate and others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	114,758	67,401	–	–	–	–	114,758	67,401
Losses from treasury investment	–	–	(87,495)	(45,503)	–	–	(87,495)	(45,503)
<b>Total</b>	<b>114,758</b>	<b>67,401</b>	<b>(87,495)</b>	<b>(45,503)</b>	<b>–</b>	<b>–</b>	<b>27,263</b>	<b>21,898</b>
<b>Segment results</b>	<b>(423)</b>	<b>(2,576)</b>	<b>(213,787)</b>	<b>(31,224)</b>	<b>(22,390)</b>	<b>(5,703)</b>	<b>(236,600)</b>	<b>(39,503)</b>
Interest income and unallocated gains							6,315	1,397
Unallocated expenses							(2,476)	(671)
Finance costs							(5,579)	(23)
Loss before tax							(238,340)	(38,800)
Tax							15,428	–
Loss for the year							<b>(222,912)</b>	<b>(38,800)</b>
<b>Assets and liabilities</b>								
Segment assets	34,243	19,780	396,843	374,916	65,128	21,454	496,214	416,150
Unallocated assets							178,058	27,090
Total assets							<b>674,272</b>	<b>443,240</b>
Segment liabilities	22,027	10,965	120	16,517	1,636	1,730	23,783	29,212
Unallocated liabilities							154,667	9,395
Total liabilities							<b>178,450</b>	<b>38,607</b>

	Electronic products		Treasury investment		Corporate and others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>								
Depreciation	6	3	–	–	218	192	224	195
Unallocated depreciation							–	3
							<u>224</u>	<u>198</u>
Capital expenditure	12	20	–	–	130	220	<u>142</u>	<u>240</u>
Impairment of an available-for-sale equity investment	–	–	3,794	–	–	–	<u>3,794</u>	–
Equity-settled share option arrangements	88	–	–	–	15,144	–	<u>15,232</u>	–
Fair value losses/(gains) on equity investments at fair value through profit or loss	–	–	222,592	(23,775)	–	–	<u>222,592</u>	<u>(23,775)</u>

**(b) Secondary reporting format-geographical segments**

**Group**

	People's Republic of China (the "PRC") (including Hong Kong)		United States of America and Europe		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>						
Electronic products	72,312	59,787	42,446	7,614	114,758	67,401
Treasury investment	(87,495)	(45,503)	–	–	(87,495)	(45,503)
	<u>(15,183)</u>	<u>14,284</u>	<u>42,446</u>	<u>7,614</u>	<u>27,263</u>	<u>21,898</u>
<b>Other segment information:</b>						
Segment assets	<u>674,272</u>	<u>443,240</u>	<u>–</u>	<u>–</u>	<u>674,272</u>	<u>443,240</u>
Capital expenditure	<u>142</u>	<u>240</u>	<u>–</u>	<u>–</u>	<u>142</u>	<u>240</u>

### 3. Revenue, other income and gains

For the year ended 31 March

2008 2007

HK\$'000 HK\$'000

#### Revenue

Sales of goods	114,758	67,401
Losses on disposal of equity investments at fair value through profit or loss	(96,685)	(53,455)
Dividend income from equity investments	4,501	4,171
Interest income from convertible notes	4,689	3,781
	<u>27,263</u>	<u>21,898</u>

#### Other income and gains

Bank interest income	6,297	1,382
Gain on disposal of items of property, plant and equipment	3	–
Others	500	574
	<u>6,800</u>	<u>1,956</u>

### 4. Finance costs

For the year ended 31 March

2008 2007

HK\$'000 HK\$'000

Interest on bank overdrafts wholly repayable within five years	5	15
Interest on finance lease	2	8
Imputed interest on convertible bonds	5,572	–
	<u>5,579</u>	<u>23</u>

### 5. Loss before Tax

The Group's loss before tax is arrived at after charging:–

For the year ended 31 March

2008 2007

HK\$'000 HK\$'000

Cost of inventories sold	111,588	66,782
Depreciation	224	198
	<u>111,812</u>	<u>66,980</u>

### 6. Tax

During the Year, net deferred tax liabilities of HK\$15,428,000, mainly arising from the disposal of available-for-sale equity investments, was credited to the income statement. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the Year (2007: Nil). No provision for the Mainland China corporate income tax has been made as the Group did not generate any assessable profits in Mainland China during the Year (2007: Nil).

## 7. Dividend

The Board has resolved not to pay any final dividend for the year ended 31 March 2008 (2007: Nil). In addition, no interim dividend was paid for the Year (2007: Nil).

## 8. Loss per share attributable to ordinary equity holders of the Company

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company for the Year of HK\$222,912,000 (2007: HK\$38,800,000) and the weighted average number of 2,022,585,853 ordinary shares in issue during the Year (2007: 1,226,382,773).

A diluted loss per share amount for the year ended 31 March 2008 has not been disclosed, as the share options and the convertible bonds outstanding during the Year had an anti-dilutive effect on the basic loss per share for this Year. A diluted loss per share amount for the year ended 31 March 2007 has not been disclosed as no diluting events existed during that Year.

## 9. Equity investments at fair value through profit or loss

	As at 31 March	
	2008	2007
	HK\$'000	HK\$'000
Listed equity investments in Hong Kong, at fair value	<u>323,793</u>	<u>118,873</u>

## 10. Inventories

	As at 31 March	
	2008	2007
	HK\$'000	HK\$'000
Raw materials	–	1,978
Finished goods	<u>162</u>	<u>33</u>
	<u>162</u>	<u>2,011</u>

## 11. Trade and bills receivables

Aged analysis:

	As at 31 March	
	2008	2007
	HK\$'000	HK\$'000
Within 1 month	<u>24,642</u>	<u>10,102</u>
1 to 2 months	–	–
2 to 3 months	–	<u>360</u>
	<u>24,642</u>	<u>10,462</u>

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 two 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. There is a significant concentration of credit risk as over 97% (2007: 66%) of the balances represented receivables from two major customers within the electronic products segment. Trade receivables are non-interest-bearing. The carrying amounts of trade and bills receivables approximate to their fair values.



## 12. Trade and bills payables

Aged analysis:

	As at 31 March	
	2008	2007
	HK\$'000	HK\$'000
Within 1 to 2 months	16,366	5,823
Over 3 months	47	43
	<u>16,413</u>	<u>5,866</u>

## 13. Share capital

	As at 31 March	
	2008	2007
	HK\$'000	HK\$'000
<b>Authorised</b>		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u>600,000</u>	<u>600,000</u>
<b>Issued and fully paid</b>		
– 2,824,643,047 (2007: 1,359,883,047) ordinary shares of HK\$0.01 each	<u>28,247</u>	<u>13,599</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group's revenue for the Year was HK\$27.3 million, representing an increase of HK\$5.4 million or 24.5% compared with last year. This was mainly attributable to an increase of HK\$47.4 million in sales revenue of electronic products. The net loss for the Year was HK\$222.9 million, compared to the net loss of HK\$38.8 million last year. Loss per share for the Year increased to HK11.02 cents (2007: HK3.16 cents). The Group's net loss for the Year was primarily attributable to a net loss of HK\$213.8 million in treasury investment.

During the Year, the Group continued to look for strategic investments with growth potential to complement and diversify its existing businesses. With a young population and steady growth in disposal incomes, the economy of Vietnam has been growing rapidly, in particular after Vietnam's entry as a member of the World Trade Organization in January 2007. The Board believes that investment in an economy with high growth and potential such as that of Vietnam, if successful, will bring a myriad of economic benefits to the Group. In order to establish a foothold in the growing Vietnam market, the Group, on 2 October 2007, entered into a referral agreement with Golden Resources Development International Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, Stock Code: 677) ("Golden Resources") to explore business opportunities in Vietnam covering convenience store and other retail business, provision of logistics services and investment in port infrastructure. Details of this agreement were disclosed in the Company's announcement dated 8 October 2007.

On 13 November 2007, the Group successfully entered into an agreement with Food Company of Ho Chi Minh City, a wholly-owned member of Vietnam Southern Food Corporation (“VSFC”) (a Vietnam state-owned enterprise) to establish a joint venture in Vietnam. The joint venture company will be engaged in the operation of convenience store, other retail and commercial business. Details of this agreement were disclosed in the Company’s announcement dated 14 November 2007.

On 14 April 2008, the Group entered into a further agreement with VSFC to purchase 5% of the current equity interest in Saigon Port-Hiep Phuoc Joint Stock Company (“Saigon Port Company”) for a total consideration of VND3,155 million (approximately HK\$1.5 million). The Saigon Port Company was established in Vietnam and is principally engaged in the construction and operation of the Saigon – Hiep Phuoc Port located in Vietnam. The total investment capital of the Saigon Port Project is estimated at VND2,735,000,000,000 (approximately HK\$1.3 billion). Details of this agreement were disclosed in the Company’s announcement dated 14 April 2008.

On 30 April 2008, the Group entered into a master franchise and license agreement (“the License Agreement”) with Circle K Stores Inc. (“Circle K”). Under the License Agreement, Circle K grants to the Group an exclusive right to own and operate Circle K stores located in Vietnam for a period of twenty-five (25) years.

Thus in the second half of the Year, the Group was successfully building up its platform and starting to establish its convenience store business and port infrastructure investment in Vietnam.

During the Year, sales of electronic products increased by HK\$47.4 million or 70.3% to HK\$114.8 million. The increase in revenue was mainly due to sales orders for certain new electronic products. With strict cost control and contributions from sales of these new electronic products, the operating loss of the electronic products segment has been decreased by HK\$2.2 million to HK\$0.4 million for the Year.

The Group continued to utilize its available funds in treasury investment. During the Year, the local stock market was very volatile and highly vulnerable to any adverse changes in market conditions. In the second half of the Year, the ripple effect of the sub-prime crisis in the US coupled with macro economic controls in Mainland China eroded local stock market sentiment and investor confidence. The Hang Seng Index fell by approximately 11,500 points from its historical high of 32,000 points in October 2007 to its lowest points of approximately 20,500 points in March 2008. This recent local stock market turbulence has adversely affected the performance of the Group’s treasury investment segment. This segment for the Year incurred a net loss of HK\$213.8 million.

## **Prospects**

Despite the recent outbreak of financial turmoil in Vietnam, the Group will, in the year ahead, continue to negotiate with VSFC or other strategic partners in exploring other business opportunities in Vietnam. It is expected that the recent financial turmoil was cyclical and could be properly addressed and that the Vietnam economy will grow in the long run. With the Vietnam market as its future strategic investment focus, the Group will continue its efforts to explore and develop businesses with high growth potential in Vietnam. The Board believes that existing Vietnam projects would have considerable growth potential

and bring new income streams to the Group in the long run.

Looking ahead, as global economic uncertainties will persist, the Group will be placed on alert and will continue to pursue a prudent strategy in developing its existing and new businesses.

## **Financial Review**

The Group's revenue for the Year was HK\$27.3 million, representing an increase of HK\$5.4 million or 24.5% compared with last year. The Group's revenue principally comprised the sales of electronic products of HK\$114.8 million and the loss on disposal of listed equity investments of HK\$87.5 million from treasury investment. During the Year, the revenue from electronic products increased by HK\$47.4 million or 70.3% to HK\$114.8 million.

Administrative expenses for the Year came to HK\$39.2 million, representing an increase of HK\$21.6 million or 122.2% compared with last year. The increase was mainly due to the provision of HK\$15.2 million for the equity-settled share option arrangement during the Year.

The loss for the Year was HK\$222.9 million, compared to the loss of HK\$38.8 million last year. The increased loss for the Year was attributable to the fair value loss on listed equity investments of HK\$222.6 million. As at 31 March 2008, the Group's net asset value increased by HK\$91.2 million or 22.5% to HK\$495.8 million. This was mainly due to the placement of new shares. The Group maintained a sound financial position in terms of strong liquidity.

## **Liquidity and Financial Resources**

During the Year, the Group generally financed its operation with internally generated cash flow and banking facilities and the placing of new shares. The Group's bank and short-term deposits as at 31 March 2008 increased to HK\$251.3 million (at 31 March 2007: HK\$55.4 million). The increase was mainly due to the issuance of new shares with the net proceeds of HK\$328.6 million during the Year.

As at 31 March 2008, the Group had no bank overdrafts, short and long term interest-bearing bank borrowings (at 31 March 2007: Nil).

As at 31 March 2008, the Group's current ratio was 25.0 times (at 31 March 2007: 6.5 times) based on current assets of HK\$602.9 million (at 31 March 2007: HK\$190.3 million) and current liabilities of HK\$24.1 million (at 31 March 2007: HK\$29.3 million).

As at 31 March 2008, the Group had capital commitments for capital contribution to a joint venture company of HK\$66.9 million (2007: Nil). Apart from that, the Group had no other contingent liabilities or other material commitments.

## **Capital Structure**

As at 31 March 2008, the Group's gearing ratio, being convertible bonds payable to net worth and convertible bonds payable was 23.7% (at 31 March 2007: Nil).

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 exchange risks the Group is exposed to are 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.

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 this subscription agreement were disclosed in the Company's announcement dated 8 October 2007.

On 12 October 2007, a best efforts placing agreement was completed and a total of 500,000,000 best efforts placing shares of the Company at HK\$0.21 per share were allotted and issued. The net proceeds from this placing were approximately HK\$102.9 million.

On 16 November 2007, a three-year HK\$200 million zero coupon convertible bonds agreement was completed. The convertible bonds can be converted into 800,000,000 ordinary shares of the Company at the conversion price of HK\$0.25 per share. The net proceeds from this placing were approximately HK\$196 million.

## **Significant Investments**

As at 31 March 2008, the Group held the convertible notes issued by a company listed on the Stock Exchange of Hong Kong Limited with fair value amount of the conversion option derivative of HK\$1.6 million and the carrying amount of the loan portion of HK\$43.3 million. The fair value of the loan portion is approximated to its fair value. The interest income for the Year was HK\$4.7 million.

As at 31 March 2008, 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\$351.6 million. The related dividend income for the Year was HK\$4.5 million.

## **Charges on Assets**

As at 31 March 2008, a fixed deposit of HK\$7.3 million (2007: HK\$7.0 million) was pledged to secure banking facilities granted to the Group.

## **Material Acquisitions and Disposals**

During the Year, the Company had no material acquisitions and disposals of subsidiaries and associates.

## **Employment, Training and Development**

As at 31 March 2008, the Group had a total of 44 employees, of which 21 were based in Hong Kong and 23 based in Mainland China. The Group is committed to staff training and development and organized structured training programs for all employees.

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

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 20 August 2008 to Friday, 22 August 2008, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the 2008 annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 19 August 2008.

## **CORPORATE GOVERNANCE**

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effecting accountability to maximize shareholders' benefit. Detailed disclosure of the Company's corporate governance practices is included in the annual report for the year ended 31 March 2008.

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules for the year ended 31 March 2008, except that 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 Chairman and 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.

## **AUDIT COMMITTEE**

The Audit Committee meets at least twice a year to monitor and review the integrity and effectiveness of the Company's financial reporting. The Audit Committee has met with the external auditors of the Company, Messrs, Ernst & Young, to review the accounting principles and practices adopted by the Group and the annual results of the Group for the year ended 31 March 2008. The Audit Committee has also 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.

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

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

## **DIRECTORS OF THE COMPANY**

As at the date hereof, the Company's executive directors are Mr. Wong Howard, Mr. Wong Yat Fai, and Mr. Lam Sai Ho, Anthony and the independent non-executive directors of the Company are Mr. Li Chi Ming, Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David.

On behalf of the Board  
**Wong Howard**  
*Chairman of the Board*

Hong Kong, 14 July 2008