



GR VIETNAM HOLDINGS LIMITED

越南控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 139)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2008

The Board of Directors (the “Board”) of GR Vietnam Holdings Limited (the “Company”) announces the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2008 (the “Period”) together with comparative figures for the corresponding previous period as follows:–

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2008	2007
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<i>Notes</i>		
REVENUE	2		
Electronic products		23,453	44,436
Treasury investment		22,875	(26,425)
		<u>46,328</u>	<u>18,011</u>
Cost of electronic products sold		(23,248)	(42,936)
Brokerage and commission expenses		(431)	(1,235)
		<u>(23,679)</u>	<u>(44,171)</u>
		<u>22,649</u>	<u>(26,160)</u>
Other income and gains	3	1,481	119,382
Selling and distribution costs		(76)	(124)
Administrative expenses		(14,408)	(25,273)
Other operating expenses		(1,753)	(18)
Impairment of an available-for-sale equity investment		(6,777)	–
Fair value losses, net:			
Equity investments at fair value through profit or loss		(182,462)	(64,732)
Conversion option derivative		–	–
Finance costs	5	(3)	(3)
PROFIT/(LOSS) BEFORE TAX	4	<u>(181,349)</u>	<u>3,072</u>
Tax	6	–	–
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY		<u>(181,349)</u>	<u>3,072</u>
DIVIDEND	7	–	–
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		<u>HK(6.42) cents</u>	<u>HK0.21cent</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 September 2008 (Unaudited) HK\$'000	31 March 2008 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		571	361
Prepaid land lease payment		–	–
Convertible notes-loan portion		42,670	43,285
Available-for-sale equity investments	9	23,693	27,768
Total non-current assets		<u>66,934</u>	<u>71,414</u>
CURRENT ASSETS			
Convertible notes – conversion option derivative		1,588	1,588
Equity investments at fair value through profit or loss	10	207,991	323,793
Inventories	11	131	162
Trade receivables	12	19,577	24,642
Prepayments, deposits and other receivables		8,401	1,387
Pledged time deposits		7,328	7,274
Cash and cash equivalents		176,982	244,012
Total current assets		<u>421,998</u>	<u>602,858</u>
CURRENT LIABILITIES			
Trade and bills payables	13	13,012	16,413
Tax payable		11	11
Other payables and accruals		7,203	7,689
Total current liabilities		<u>20,226</u>	<u>24,113</u>
NET CURRENT ASSETS		<u>401,772</u>	<u>578,745</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		468,706	650,159
NON-CURRENT LIABILITIES			
Convertible bonds		154,315	154,315
Deferred tax liabilities		22	22
Total non-current liabilities		<u>154,337</u>	<u>154,337</u>
Net assets		<u>314,369</u>	<u>495,822</u>
EQUITY ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Issued capital	14	28,247	28,247
Equity component of convertible bonds		47,257	47,257
Reserves		238,865	420,318
Total equity		<u>314,369</u>	<u>495,822</u>

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 to 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 2008 except for the adoption of the following amendment mandatory for accounting periods beginning on or after 1 January 2008:

HKAS 39 AND HKFRS 7 Amendment	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

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 organized 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	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment Revenue:								
Sales to external customers	23,453	44,436	-	-	-	-	23,453	44,436
Gains/(losses) from treasury investment	-	-	22,875	(26,425)	-	-	22,875	(26,425)
Total	23,453	44,436	22,875	(26,425)	-	-	46,328	18,011
Segment results	(1,304)	76	(173,202)	20,167	(8,179)	(18,940)	(182,685)	1,303
Interest income and unallocated gains							1,481	1,971
Unallocated expenses							(142)	(199)
Finance costs							(3)	(3)
Profit/(loss) before tax							(181,349)	3,072
Tax							-	-
Profit/(loss) for the period							(181,349)	3,072

(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	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Segment Revenue:						
Electronic products	23,453	19,407	–	25,029	23,453	44,436
Treasury investment	22,875	(26,425)	–	–	22,875	(26,425)
	<u>46,328</u>	<u>(7,018)</u>	<u>–</u>	<u>25,029</u>	<u>46,328</u>	<u>18,011</u>

3. Other income and gains

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Bank interest income	1,469	1,955
Gain on disposal of available-for-sale equity investments	–	117,302
Gain on disposal of items of property, plant and equipment	–	5
Others	12	120
	<u>1,481</u>	<u>119,382</u>

4. Profit/(loss) before tax

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

	For the six months ended 30 September	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Depreciation	<u>91</u>	<u>110</u>

5. Finance costs

	For the six months ended 30 September	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank overdrafts wholly repayable within five years	3	1
Interest on finance lease	–	2
	<hr/>	<hr/>
	3	3
	<hr/> <hr/>	<hr/> <hr/>

6. Tax

No Hong Kong profits tax has been provided during the Period (2007: 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 (2007: Nil) since no assessable profits 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 2008 (2007: 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 loss for the Period attributable to ordinary equity holders of the Company for the Period of HK\$181,349,000 (2007: profit of HK\$3,072,000) and the weighted average number of 2,824,643,047 (2007: 1,457,945,342) ordinary shares.

Diluted loss per share for the period ended 30 September 2008 has not been shown as the share options and the convertible bonds outstanding during this period had an anti-dilutive effect on the basic loss per share for this period.

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.

9. Available-for-sale equity investments

	At 30 September 2008 (Unaudited) HK\$'000	At 31 March 2008 (Audited) HK\$'000
Listed equity investments at fair value	20,986	27,768
Unlisted equity investments at fair value	2,707	–
	<hr/>	<hr/>
	23,693	27,768
	<hr/> <hr/>	<hr/> <hr/>

10. Equity investments at fair value through profit or loss

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Listed equity investments in Hong Kong, at fair value	<u>207,991</u>	<u>323,793</u>

11. Inventories

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Finished goods	<u>131</u>	<u>162</u>

12. Trade receivables

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Trade receivables	<u>19,577</u>	<u>24,642</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 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. Trade receivables are non-interest-bearing.

Ageing analysis:

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Within 1 month	4,994	24,642
1 to 2 months	14,583	—
	<u>19,577</u>	<u>24,642</u>

13. Trade and bills payables

Ageing analysis:

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Within 1 to 2 months	12,964	16,366
Over 3 months	48	47
	<u>13,012</u>	<u>16,413</u>

14. Share capital

	At 30 September 2008 (Unaudited) <i>HK\$'000</i>	At 31 March 2008 (Audited) <i>HK\$'000</i>
Authorised		
– 60,000,000,000 ordinary shares of HK\$0.01 each	<u>600,000</u>	<u>600,000</u>
Issued and fully paid		
– 2,824,643,047 (31 March 2008: 2,824,643,047) ordinary shares of HK\$0.01 each	<u>28,247</u>	<u>28,247</u>

15. 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\$46.3 million, representing an increase of HK\$28.3 million or 157.2% as compared with the corresponding period of last year. The increase in revenue was mainly due to the realized gain of HK\$20.3 million on equity investments. The loss for the Period was HK\$181.3 million, compared to the profit of HK\$3.1 million for the corresponding period of last year. Loss per share for the Period was HK6.42 cents. (2007: Earnings per share of HK0.21 cent). The Group's loss for the Period was primarily attributable to an unrealized loss on equity investments of HK\$182.5 million in the treasury investment segment.

During the Period, the financial turmoil in Vietnam had insignificant adverse financial impact on the Group since projects in Vietnam are at start-up stage and most of the investment costs for these projects have not yet been committed. The Group continued to put efforts in establishing its convenience stores business and port infrastructure investment in Vietnam. Through close coordination and cooperation with Vietnamese partners, the Group has been proceeding steadily and made progress in existing Vietnam projects. The Group has entered into an agreement with Vietnam Southern Food Corporation to purchase 5% of the current equity interest in Saigon Port-Hiep Phuoc Joint Stock Company and entered into a master franchise and license agreement with Circle K Stores Inc ("Circle K") to own and operate Circle K stores exclusively in Vietnam. The master franchise and license agreement has been successfully registered with the National Office of Intellectual Property of Vietnam.

Amidst sluggish sales demand and tight credit policies generally, the electronic products segment has been facing an increasingly difficult operating environment. During the Period, sales revenue from electronic products trading decreased by HK\$21.0 million, or 47.2% to HK\$23.5 million. This segment recorded an operating loss of HK\$1.3 million compared to a profit of HK\$0.1 million for the corresponding period of last year. To mitigate the operating loss, the Group has been maintaining strict control over operating costs and capital expenditures.

The Group continued to utilise its available funds in treasury investment. Due to the global financial tsunami, the global financial markets and economies have continued to deteriorate during the Period. As local stock market sentiment and investor confidence inevitably weakened further, Hang Seng index fell by approximately 6,000 points from around 23,000 points in April 2008 to around 17,000 points in September 2008. Due to the high volatility of the local stock market, the treasury investment segment recorded a loss of HK\$173.2 million including an unrealized loss of HK\$182.5 million on equity investments.

Prospects

With the Vietnam market as its future strategic investment focus, the Group will intensify its efforts in establishing the operation of Circle K chain stores business in Vietnam in the second half of this financial year.

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

Financial Review

The Group's sales revenue for the Period was HK\$46.3 million, representing an increase of HK\$28.3 million or 157.2% as compared with the corresponding period of last year. The Group's sales revenue mainly comprised the sales revenue of electronic products trading of HK\$23.5 million and realized gain on equity investments of HK\$20.3 million.

The loss for the Period was HK\$181.3 million, compared to profit of HK\$3.1 million for the corresponding period of last year. As at 30 September 2008, the Group's consolidated net asset value was HK\$314.4 million (31 March 2008: HK\$495.8 million). The Group maintained a strong liquid position in terms of high asset liquidity and nil of bank borrowings.

Liquidity and Financial Resources

During the Period, the Group generally financed its operations with internally generated cash flow and banking facilities. The Group's bank and short term deposits as at 30 September 2008 amounted to HK\$184.3 million (31 March 2008: HK\$251.3 million).

As at 30 September 2008, the Group had no bank overdrafts, short or long term interest-bearing bank borrowings (31 March 2008: Nil).

As at 30 September 2008, the Group's current ratio was 20.9 times (31 March 2008: 25 times) based on current assets of HK\$422.0 million (31 March 2008: HK\$602.9 million) and current liabilities of HK\$20.2 million (31 March 2008: HK\$24.1 million).

As at 30 September 2008, the Group had capital commitments of HK\$66.9 million (31 March 2008: HK\$66.9 million). Apart from that, the Group had no other contingent liabilities or other material commitments.

Capital Structure

As at 30 September 2008, the Group's gearing ratio, being the convertible bonds payable to net worth and convertible bonds was 32.9% (31 March 2008: 23.7%).

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.

The Company's convertible bonds have been separated into liability and equity components. The fair value of the liabilities component of the convertible bonds at 30 September 2008 approximated to HK\$154.3 million. There has been no conversion of the convertible bonds during the Period.

Significant Investments

As at 30 September 2008, the Group held the convertible notes issued by a company listed on the Stock Exchange with fair value amount of the conversion option derivative of HK\$1.6 million and the carrying amount of the loan portion of HK\$42.7 million. The fair value of the loan portion is approximated to its fair value. The interest income for the Period was HK\$0.6 million.

As at 30 September 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\$231.7 million. The related dividend income for the Period was HK\$1.9 million.

Post Balance Sheet Events

On 3 November 2008, the Group entered into a restated and amended joint venture agreement with Food Company of Ho Chi Minh City (the “Food Company”) to restate and amend the following terms of the joint venture agreement dated 13 November 2007 (the “JV agreement”) and its subsequent supplemental agreement:–

- (A) The long stop date of the JV agreement has been extended to 30 June 2009.
- (B) The scope of business of joint venture company established by a subsidiary of the Company and the Food Company (the “JV Company”) has been expanded to include property leasing and property management.
- (C) The total invested capital and total legal capital of the JV Company have been reduced to US\$4 million and US\$2 million respectively.

Details relating to the above were disclosed in the Company’s announcement dated 3 November 2008.

Details of Charges on Assets

As at 30 September 2008, a fixed deposit of HK\$7.3 million (31 March 2008: HK\$7.3 million) was 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 2008, 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.

CORPORATE GOVERNANCE

The Board is committed to maintaining good corporate governance, consistently enhancing transparency and effective accountability in order to maximize shareholder's benefit. Detailed disclosure of the Company's corporate governance practices was stated in its last published 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 throughout the Period 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 Period 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.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the executive directors of the Company 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

Hong Kong, 8 December 2008

* *for identification purposes only*