



Jiwa Bio-Pharm Holdings Limited

積華生物醫藥控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 2327)

INTERIM RESULTS

For the six months ended 30 September 2007

The directors (the “Directors”) of Jiwa Bio-Pharm Holdings Limited (the “Company”) are pleased to present the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2007 (the “Period”).

FINANCIAL HIGHLIGHTS

	Six months ended		Increase
	30 September		
	2007	2006	
	\$'000	\$'000	
Turnover	132,136	99,103	33%
Gross Profit	62,066	47,037	32%
Profit from operations	26,342	16,974	55%
Profit attributable to equity holders	15,015	11,117	35%

RESULTS AND DIVIDENDS

Performances of the Group’s core business were satisfactory during the Period with turnover amounted to HK\$132,136,000, representing an increase of 33% over the corresponding Period last year; profit from operations rose substantially by 55% to HK\$26,342,000; and profit attributable to equity holders surged from HK\$11,117,000 to HK\$15,015,000 which represented an increase of 35%.

The Board does not recommend a payment of an interim dividend for the six months ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW

In 2007, the Group was able to maintain an overall gross profit margin at a level of 47%, despite that the Group, together with the whole industry, was hit by a number of factors including an increase in cost of chemical bulk materials and appreciation of foreign currency. This was mainly attributable to the management’s efforts in optimizing the product structure, developing specialist drugs in the move to become an “innovative enterprise”.

* for identification only

The group sold 32 types of drugs in total during the period under review, in which the anti-infectious, musculo-skeletal and gastro-intestinal drugs accounted for 34.4%, 31.9% and 27.8% respectively. Among these, pharmaceutical products self-developed and sold by the Group (“Pharmaceutical Products”) accounted for 71.9% of the total sales, while European pharmaceutical products distributed by the Group (“Trading Pharmaceutical Products”) and Chinese healthcare products produced and sold by the Group (“Healthcare Products”) accounted for 24.7% and 3.4% of the total sales respectively. Certification and product development processes in respect of the pharmaceutical bulk materials (“Pharmaceutical Bulk Materials”) plant in Jiangsu Province, the PRC went smooth and the plant is expected to commence production gradually in the first half of 2008.

Pharmaceutical products

During the Period, the sales of Pharmaceutical Products amounted to HK\$95,026,000, representing an increase of 42.7% as compared to corresponding period last year, whereas the segmental results recorded an increase of 68.5% to HK\$23,222,000. Although the gross profit of anti-infectious drugs decreased as a result of the rising price of antibiotics bulk materials, the emerging effectiveness of a reformed marketing and sales system, the surging market penetration rate and the growing demand for new products in the market were more than sufficient to offset the effect of rising price of bulk materials and led to prominent results for this segment.

Trading pharmaceutical products

During the Period, turnover of Trading Pharmaceutical Products was HK\$32,655,000, representing an increase of 15% as compared to corresponding period last year while the segmental results decreased for 2.3% as compared to last year to HK\$6,844,000. Decline in the gross profit of the product was mainly attributable to the rising Euros which led to an increase of the cost of Trading Pharmaceutical Products.

During the Period under review, the world class patented product Artrodar, for which the Group is the sole agent in China, was listed on “A Guide to treat orthopedics” (the “Guide”) in light of its specific organic function and outstanding treatment effect. The Guide is prepared by a group of top-notch State-class orthopedics experts, in which Artrodar is considered not only as symptom-relieving, but is also able to treat the disease progress with specific treatment function. The inclusion of Artrodar in the Guide forms a strong academic support for our marketing efforts and lays a solid ground for a full-scale launch into the PRC market.

Trading Pharmaceutical Products remained affected by the fluctuations in Euro. Nevertheless, the management is of the view that the new drugs have a brilliant future and will invigorate such segmental results to grow fast.

Healthcare products

During the period, the sales of Healthcare Products amounted to HK\$4,436,000 representing an increase of 7% as compared to corresponding period last year. In 2007, the Group conducted a series of brand-establishing work for our top healthcare product Royal 2000 HHT (Qi Xue Tong) through different promotion channels. The outcome was agreeable and a survey revealed that recognition for this product had increased with higher customer valuation. During the period, the loss of segmental results for Healthcare Products was HK\$1,370,000. The expanded loss was mainly due to an increase of investment in advertising expense. The management expects such segmental results will improve following the gradual increase of brand’s penetration.

Pharmaceutical bulk materials

The pharmaceutical bulk materials segment recorded a loss of HK\$2,581,000 which is mainly used for operating expense, research and development, and expense for certification. The management believes that such segmental results will improve remarkably following the commencement of production of new pharmaceutical bulk materials.

During the Period, all projects of Jiangsu Jiwa Rintech Pharmaceutical Company Limited (“Jiangsu Jiwa Rintech”) were implemented systematically. Not only did the Cephalosporine plant obtain approval for environment issues and fire protection, it also passed the on-site inspection by the Food and Drug Administration of Jiangsu Province and a production license was issued. The plant is scheduled to complete in December 2007 for an inspection before acceptance. In respect of product certification, Cephalosporine product has passed the on-site examination by the Food and Drug Administration of Jiangsu Province and the approval is estimated to be obtained near the end of this year. After that, trial production will be conducted immediately to prepare for sales next year. In addition, after the Group’s application for its first psychiatric pharmaceutical bulk material Citalopram has been accepted for processing by the Food and Drug Administration of United States (FDA) and a registered number of Drug Master File (DMF) has been obtained, whereas the Group’s another psychiatric pharmaceutical bulk material Risperidone was also accepted for application processing by FDA in August this year. Obtaining DMF signifies a new milestone for the Group’s actual entrance into the US market.

SIGNIFICANT EVENTS

Proposed increase of authorized capital

On 11 June 2007, the Company announced that it proposed to increase its authorized share capital, from HK\$10,000,000 to HK\$100,000,000 by the creation of an additional 9,000,000,000 shares of HK\$0.01 each. After the increase, the authorised share capital of the Company would be HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. A special general meeting was held on 3 July 2007 and the proposal was approved during the meeting.

Acquisition of Shanxi Fanshi County Longchang Industrial Co. Ltd. (“Longchang Company”)

On 17 June 2007, Jiwa Development Company Limited, a wholly owned subsidiary of the Company, and a partner, had entered into sale and purchase agreement and co-operation agreement with two independent third parties (the “Vendors”) to purchase from the Vendors 70% and 30% equity capital in Longchang Company, for a consideration of RMB24,500,000 and RMB10,500,000 respectively.

Longchang Company is a limited liability company incorporated in the PRC, which possesses the rights to the exploitation of iron ores in an area comprising approximately 3 square kilometers in Fanshi County of Shanxi Province, the PRC.

Bonus Issue of Shares

The Board proposed to make a bonus issue on the basis of two new ordinary shares of HK\$0.01, credited as fully paid, for every one existing share held by the shareholders of the Company whose names are on the register of members of the Company on 31 August 2007. The relevant resolution was passed at the Annual General Meeting of the Company held on 31 August 2007.

FINANCIAL REVIEW

Liquidity

As at 30 September 2007, cash and cash equivalents of the Group totaled approximately HK\$18.3 million (31 March 2007: approximately HK\$27.2 million), of which approximately 10.8 % are in Hong Kong dollars, 67.7% in RMB, 21.28% in US dollars, 0.14% in Euro and 0.08% in Macau Pataca.

As at 30 September 2007, the Group had aggregate banking facilities of approximately HK\$163.1 million (31 March 2007: approximately HK\$90.0 million) of which approximately HK\$92.1 million (31 March 2007: approximately HK\$66.3 million) was utilized, as to approximately HK\$19.2 million in long term bank loans, as to approximately HK\$63.7 million in short term bank loans and as to the balance of approximately HK\$9.2 million in letters of guarantee issued by the relevant banks to independent third parties. The Group's aggregate banking facilities of approximately HK\$163.1 million includes approximately HK\$77.6 million equivalent in RMB denominated banking facilities.

The decrease in cash and cash equivalents and the increase in bank loans is mainly a result of the capital expenditure incurred for the new pharmaceutical bulk materials manufacturing plant and the acquisition of 70% of Longchang Company, which possesses the mining rights of iron ores in Fanshi County of Shanxi Province, the PRC.

As at 30 September 2007, the Group had current assets of approximately HK\$163.9 million (31 March 2007: approximately HK\$161.5 million) whilst current liabilities were approximately HK\$101.4 million (31 March 2007: approximately HK\$86.9 million).

Interest rate risk

The Group's bank borrowings are mainly denominated in RMB and RMB interest rates have frequently increased during the period. The Group had strategically borrowed the new bank loans mainly denominated in Hong Kong dollars and US dollars in order to minimise the interest rate risk.

As at 30 September 2007, the gearing ratio was approximately 19.5% (31 March 2007: approximately 15.2%), calculated based on the Group's total bank borrowings of approximately HK\$82.9 million (31 March 2007: approximately HK\$56.1 million) over the Group's total assets of approximately HK\$426 million (31 March 2007: approximately HK\$366.7 million).

Foreign currency risk

The Group has for its hedging purposes a 1 million US dollar forward exchange contract banking facility in place as at 30 September 2007 and actively monitors its net foreign currency exposures. As the bulk of the Group's transactions and assets are denominated in HK dollars, US dollars and RMB, the impact of foreign currency fluctuations is minimal and the current hedging facilities are considered sufficient for the near future.

Credit risk

The Group has a pragmatic approach towards credit risk management. New customers are usually not allowed on credit and the payment conduct of clients are monitored both to facilitate the determination of credit limit as well as a control over whether new sale deliveries should be made. The Group's sale staff and marketing agents pay regular visits to customers to promote the Group's products and at the same time would update information on the client's credit worthiness. The remuneration of sales staff and marketing agents are structured so that there is a goal congruence in maintaining a robust credit risk management system.

Capital commitments

The Group had capital commitments outstanding as at 30 September 2007 of approximately HK\$9 million (31 March 2007: approximately HK\$10.1 million) of which approximately HK\$2.2 million had been contracted for (31 March 2007: approximately HK\$4.9 million). Funding for the Group's capital commitments would come from internally generated cash flows as well as bank borrowings.

Charge on group assets

As at 30 September 2007, certain of the Group's assets with a net book value of approximately HK\$103.8 million (31 March 2007: HK\$73.1 million) were pledged to a bank to obtain credit facilities.

Contingent liabilities

As at 30 September 2007, the Group has not provided any form of guarantees for any company outside the Group and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

PROSPECT FOR THE SECOND HALF OF THE YEAR

Capture immense business opportunities from the reform of the pharmaceutical industry in the PRC

It is planned that the PRC will become a well-off society in a all-round way in 2020, to maintain the public hygiene in a charitable nature, to maintain a prevention oriented, focus on rural areas, balance between Chinese and Western medicine, a separation between administration and operation, a separation between drug and medical practice, enhance government's responsibility and involvement, optimize citizens' health policy, encourage social engagement, to build a public hygiene service system, medical services system, medical security system and pharmaceuticals supply security system which cover residents in both urban and rural areas so as to provide people with safe, effective, convenient and economy medical and hygiene services. The management considers that the domestic market in the PRC with 1.3 billion of population has already brought great business opportunities to the Group, together with the complementary effects of the medical system reform, hygienic system reform and pharmaceutical circulation reform brings new opportunities to the pharmaceutical corporations.

The Group will leverage on its geographical advantages in the PRC to optimize its brand-building work, and to capture different opportunities in order to actively increase its market share in pharmaceutical industry in the PRC.

In addition, in regard to the uprising costs, the Group will cope with this issue by looking for more new income streams and cost control. In the second half of the year, the Group will continue to execute the rigorous measures of “improving effectiveness while saving cost” which has been successful in the past so as to improve the economic effectiveness of the products.

Enhance R&D capability by internal promotion and external acquisition

During the Period, the administrative department of Kunming municipal government hosted a “corporate technological centre” on-site accreditation assessment. After due assessment and examination led by a group of experts, the Group’s Kunming production base passed the accreditation of both levels in Kunming and Yunnan Province. The accreditation of “corporate technological centres” affirms the Group’s effort and success in the R&D of new drug.

To cope with the Group’s international cooperation and development, the Group is now actively setting up a bio-technological research centre, botanical drug research centre as well as drug preparation and prescription system centre. In addition, the Group will co-operate with scientific researchers in Hong Kong, Europe and the United States to conduct the most advanced research projects. Besides new drug development, the Group will also seek for production cost saving proposals in order to increase the investment returns of various products.

Initiating iron ore business to inject new forces to the Group’s profit growth

The Group acquired an iron ore business in Shanxi in June this year and is now in the process of productivity enhancement and applying for production. According to market information, the price of powdered iron produced in Shanxi Province has been increasing, the average price rose from RMB600 per ton in June to RMB900 per tone in October. The Management expects that the iron ore business can be included in the next financial year’s account and will become another source of income for the Group.

In the background of stability, the management will strive to improve returns for shareholders, and is open for developing in high quality projects; the management will not obviate the possibility of diversifying the Group’s businesses. Nevertheless, our pharmaceutical business has maintained a robust growth, together with the Group’s advantages in good timing, geographical convenience and excellent human resources, pharmaceutical products will continue to be our core business.

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)*For the six months ended 30 September 2007**(Expressed in Hong Kong dollars)*

		Six months ended	
		30 September	
	<i>Note</i>	2007	2006
		\$'000	\$'000
		(Unaudited)	(Unaudited)
Turnover	2	132,136	99,103
Cost of sales		70,070	(52,066)
Gross profit		62,066	47,037
Other revenue		1,740	405
Other net income/(loss)		1,184	117
Selling expenses		(16,532)	(10,572)
Administrative expenses		(20,843)	(18,285)
Share-based payment expenses		(837)	(1,085)
Other operating expenses		(436)	(643)
Profit from operations		26,342	16,974
Finance cost	3	(2,484)	(1,204)
Profit before tax	3	23,858	15,770
Taxation	4	(3,674)	(1,818)
Profit for the period		20,184	13,952
Attributable to:			
Equity holders of the Company		15,015	11,117
Minority interest		5,169	2,835
		20,184	13,952
Earnings per share			
— Basic	5	0.98 cents	2.22 cents
— Diluted	5	0.98 cents	2.22 cents

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

At 30 September 2007

(Expressed in Hong Kong dollars)

	<i>Notes</i>	At 30 September 2007 \$'000 (Unaudited)	At 31 March 2007 \$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		163,603	159,291
Land use rights		27,357	26,978
Construction in progress		36,768	8,912
Intangible assets		1,483	2,356
Goodwill		25,942	942
Available-for-sale financial assets		1,268	1,229
Deferred tax assets		5,617	5,536
		<u>262,038</u>	<u>205,244</u>
Current assets			
Inventories		44,191	39,041
Accounts and bills receivable	6	72,328	69,715
Land use rights		654	635
Prepayments and other receivables		26,602	22,826
Amount due from related companies		1,852	2,080
Tax recoverable		—	—
Cash and cash equivalents		18,316	27,192
		<u>163,943</u>	<u>161,489</u>
Current liabilities			
Bank loans		57,006	44,234
Accounts and bills payable	7	37,484	31,873
Amount due to related companies		874	—
Amount due to a director		96	96
Accrued expenses and other payables		4,117	9,264
Tax payable		1,881	1,417
		<u>101,458</u>	<u>86,884</u>
Net current assets		<u>62,485</u>	74,605
Total assets less current liabilities		324,523	279,849
Non current liabilities			
Bank loans		25,842	11,911
Net Assets		<u>298,681</u>	<u>267,938</u>
CAPITAL AND RESERVES			
Share capital	8	16,050	5,000
Reserves		236,451	223,105
Equity attributable to equity holders of the Company		252,501	228,105
Minority interest		46,180	39,833
		<u>298,681</u>	<u>267,938</u>

NOTES ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2007

(Expressed in Hong Kong dollars)

1 Basis of preparation and principal accounting policies

The unaudited condensed consolidated accounts for the six months ended 30 September 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The unaudited condensed consolidated accounts have been prepared on the historical cost basis. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2007.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2007, as described in the annual financial statements for the year ended 31 March 2007.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 March 2007.

- Amendment to HKAS 1, Amendments to ‘Capital Disclosures’, applicable for annual periods beginning on or after 1 January 2007;
- HKFRS 7, ‘Financial Instruments: Disclosures’, applicable for annual periods beginning on or after 1 January 2007;
- HK(IFRIC) Interpretation 8, ‘Scope of HKFRS 2’, effective for annual periods beginning on or after 1 May 2006;
- HK(IFRIC) Interpretation 9, ‘Reassessment of Embedded Derivatives’, effective for annual periods beginning on or after 1 June 2006;
- HK(IFRIC) Interpretation 10, ‘Interim Financial Reporting and Impairment’, effective for annual periods beginning on or after 1 November 2006;
- HK(IFRIC) Interpretation 11, ‘Group and Treasury Share Transactions’, effective for annual periods beginning on or after 1 March 2007;

The adoption of these new HKFRSs has no material effect on the Group’s result and financial position for the current or prior accounting periods reflected in these financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

- HKFRS 8, ‘Operating Segments’ effective for annual periods beginning on or after 1 January 2009;
- HK(IFRIC) Interpretation 12, ‘Service Concession Arrangements’, effective for annual periods beginning on or after 1 January 2008; and
- HKAS 23 (Revised), ‘Borrowing Costs’, effective for annual periods beginning on or after 1 January 2009.

The Directors of the Company anticipate that the application of these new HKFRS will have no material impacts on the financial statements of the Group.

The interim financial statements have been authorised for issue by the Board of Directors (the “Board”) on 10 December 2007. These interim financial statements are unaudited, but have been reviewed by the Audit Committee of the Company.

2 Segment reporting

An analysis of the Group's revenue and results by business segments is as follows:

For the six months ended 30 September

	Pharmaceutical Products		Trading Pharmaceutical Products		Health Care Products		Pharmaceutical Bulk Materials		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue										
Anti-infectious	45,459	33,935	—	165	—	—	—	—	45,459	34,100
Gastro-intestinal	14,936	6,800	21,762	19,288	—	—	—	—	36,698	26,088
Musculo-skeletal	31,295	23,585	10,893	8,937	—	—	—	—	42,188	32,522
Cerebro-cardiovascular	908	332	—	—	—	—	—	—	908	332
Others	2,428	1,926	—	—	4,436	4,135	19	—	6,883	6,061
	95,026	66,578	32,655	28,390	4,436	4,135	19	—	132,136	99,103
Segment results	23,222	13,780	6,844	7,003	(1,370)	(342)	(2,581)	(2,382)	26,115	18,059
Less: Unallocated (expenses)/income									1,063	—
									27,179	18,059
— Share-based payment expenses									(837)	(1,085)
— Finance costs									(2,484)	(1,204)
— Taxation									(3,674)	(1,818)
— Minority interests									(5,169)	(2,835)
Profit attributable to shareholders									15,015	11,117

3 Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2007	2006
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Cost of inventories*	69,988	51,014
Staff costs	6,958	6,404
Retirement costs	785	628
Depreciation	4,831	4,017
Operating lease charges in respect of premises	1,256	1,240
Interest on bank advances wholly repayable within five years	2,484	1,204
Research and development costs	512	1,132

* Cost of inventories includes \$3,846,168 (2006: \$2,513,000) relating to staff cost, depreciation expenses, operating lease charges and retirement costs, amounts of which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

4 Taxation

	Six months ended 30 September	
	2007	2006
	\$'000	\$'000
	(Unaudited)	(Unaudited)
Current tax		
Provision for Hong Kong Profits Tax	649	731
Provision for PRC income tax	2,923	985
	<u>3,572</u>	<u>1,716</u>
Deferred tax		
Origination and reversal of temporary differences	102	102
	<u>3,674</u>	<u>1,818</u>

The provision for Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profits for the Period.

Profits of Kunming Jida Pharmaceutical Co. Ltd (“KJP”), a subsidiary of the Company in the People’s Republic of China (the “PRC”) was subject to PRC income tax at 24%. As KJP is recognised as a new high technology enterprise, according to the Provisions on the Tax Policy of State High Technology Development Zone, Kunming, KJP is entitled to a reduced tax rate of 15%. On 18 January 2002, KJP received an approval from the local tax bureau, pursuant to which KJP was granted a 50% tax relief for the period up to 31 December 2004. As stipulated by Implementation Procedures of the Ministry of Finance on the Adoption of Rules Governing Preferential Tax Treatments in the “Provisions of the State Council for the Encouragement of Foreign Investment”, the minimum PRC income tax rate applicable to a new high technology enterprise is 10%. Consequently, KJP was granted a preferential tax rate of 10% from 1 January 2002 to 31 December 2004 pursuant to approval documents issued by the local tax bureau on 14 March 2003 and 17 January 2004.

5 Earnings per share

The calculation of basic earnings per share is based on the Group's profits attributable to shareholders of HK\$15,015,000 (2006: HK\$11,117,000) and on the weighted average of 1,534,344,261 (2006: 500,000,000) ordinary shares in issue during the period.

The diluted earnings per share is based on the profit attributable to shareholders of HK\$15,015,000 (2006: HK\$11,117,000) and the weighted average of 1,534,344,261 (2006: 500,725,932) ordinary shares in issue during the period, after adjusting the effect of all dilutive potential share under the Company's share option scheme.

The computation of basic and diluted earnings per share for the six months ended 30 September 2007 has been adjusted for the effect of bonus issue during the period.

6 Accounts and bills receivable

An ageing analysis of the accounts and bills receivable is as follows:

	At 30 September 2007 \$'000 (Unaudited)	At 31 March 2007 \$'000 (Audited)
Within 3 months	41,409	37,977
Aged over 3 months but less than 6 months	17,584	10,667
Aged over 6 months	10,089	20,768
	<u>69,082</u>	69,412
Bills receivable	3,246	303
	<u>72,328</u>	<u>69,715</u>

All of the above balances are expected to be recovered within one year.

7 Accounts and bills payable

An ageing analysis of the accounts and bills payable is as follows:

	At 30 September 2007 \$'000 (Unaudited)	At 31 March 2007 \$'000 (Audited)
Accounts payable		
— Due within 1 month or on demand	10,461	8,879
— Due after 1 month but within 3 months	15,789	13,836
— Due after 3 months but within 6 months	1,388	1,278
— Due over 6 months	58	—
Bills payable	9,788	7,880
	<u>37,484</u>	<u>31,873</u>

All of the above balances are expected to be settled within one year.

8 Share capital

	At 30 September 2007		At 31 March 2007	
	No. of shares	Amount \$'000 (Unaudited)	No. of shares	Amount \$'000 (Audited)
Authorised:				
Ordinary shares of \$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>	<u>1,000,000,000</u>	<u>10,000</u>
Issued and fully paid:				
	<u>1,605,000,000</u>	<u>16,050</u>	<u>500,000,000</u>	<u>5,000</u>

A summary of the movements in the issued capital of the Company is as follows:

	At 30 September 2007	
	No. of shares	Amount \$'000
At 1 April 2007	500,000,000	5,000
Issue of shares on exercise of share options:	35,000,000	350
Bonus issue of shares	<u>1,070,000,000</u>	<u>10,700</u>
At 30 September 2007	<u>1,605,000,000</u>	<u>16,050</u>

During the period, bonus issue of two new shares of HK\$0.01 was credited as fully paid for every one share held by the shareholders whose name appeared on the register of members of the Company on 31 August 2007.

OTHER INFORMATION

Employment and Remuneration Policy

As at 30 September 2007, the Group had a total of approximately 521 employees (31 March 2007: approximately 510 employees). The Group's remuneration policies are in line with prevailing market practice and formulated on the basis of the performance and experience of individual employees. Apart from basic salaries, other staff benefits included provident funds and medical schemes. The Company may also grant share options to eligible employees under its share option scheme.

Purchase, Sale or Redemption of Listed Securities of the Company

There were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 September 2007.

Corporate Governance

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules of Stock Exchange during the period.

Director's Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors. The Company, having made specific enquiry, confirms that all directors have complied with the required standards set out in Model Code throughout the six months ended 30 September 2007.

Review of Interim Results

The audit committee, comprising of the three independent non-executive directors of the Company, has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the unaudited interim financial statements of the Group for the six months ended 30 September 2007.

Publication of Detailed Interim Results Announcement on the Stock Exchange

The interim report for the period ended 30 September 2007 will be dispatched to the shareholders and published on both of the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Directors, I would like to express our gratitude to our shareholders and business associates for their continued support, and extend our sincere appreciation to all management and staff members of the Group for their ongoing dedication, commitments and contributions throughout the Period.

By Order of the Board

Lau Kin Tung

Vice Chairman and Chief Executive Officer

Hong Kong, 10 December 2007

As at the date of this announcement, the Board comprises Mr. Lau Yau Bor, Mr. Lau Kin Tung and Madam Chan Hing Ming as executive directors of the Company and Mr. Fung Tze Wa, Mr. Choy Ping Sheung and Mr. Seet Lip Chai as independent non-executive directors of the Company.