GR Vietnam Holdings Limited

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

2009
Annual Report

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Wong Howard *(Chairman & Chief Executive Officer)*
Wong Yat Fai
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
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REMUNERATION COMMITTEE

Li Chi Ming *(Chairman)*
Tung Tat Chiu, Michael
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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.grvietnam.com

STOCK CODE

139

Chairman's Statement and Management Discussion and Analysis

BUSINESS REVIEW

The Group's revenue for the year ended 31 March 2009 (the "Year") was HK$28.0 million, representing an increase of HK$0.7 million or 2.5% compared with last year. The net loss for the Year was HK$280.7 million, compared to the loss of HK$222.9 million last year. Loss per share for the Year decreased to HK9.94 cents (2008: HK11.02 cents). The Group's net loss for the Year was primarily attributable to a net loss of HK$239.8 million in treasury investment.

During the Year, the global financial crisis continued to adversely affect economies and financial markets around the world. In September 2008, the abrupt collapse of Lehman Brothers further aggravated investor fears of the instability of the financial system in the United States, and triggered a further meltdown of global financial markets. Global stock markets and the local Hang Seng Index accelerated their nosedive. Commodity prices and consumer demand in the electronic products market also declined rapidly. As a result, the Group's performance in treasury investments and the electronic products trading segment for the Year was seriously affected.

Economy in Vietnam likewise suffered from this downturn. In the first half of the Year, financial turmoil in Vietnam was manifested in the form of a high inflation rate, a significant currency devaluation and a huge trading deficit. The deteriorating economic fundamentals dampened investor optimism and confidence in Vietnam and raised concerns about the stability of the financial system, particularly if conditions should continue to worsen. Since the Group's projects in Vietnam are at start-up stage and most of the investment costs for these projects have not yet been committed, the financial turmoil in Vietnam had insignificant adverse financial impact on the Group.

In the second half of the Year, in order to react to the adverse changes in the economic and financial environments in Vietnam, the Group decided to reduce the total invested capital of the Joint Venture Company. As for its convenience store operations in Vietnam, the Group undertook a cautious initiative to revise downward the target number of store openings for the Year and established five convenience stores in high traffic locations in commercial and tourist areas targeting customers in teenager, office worker and tourist groups.

Chairman's Statement and Management Discussion and Analysis

During the Year, sales of electronic products decreased by HK$107.6 million or 93.8% to HK$7.1 million. The marked decrease in revenue was mainly due to sluggish demand for the whole range of electronic trading products and the winding up of a major trading supplier. In the second half of the Year, the collapse of Lehman Brothers put local banks under pressure to tighten or withdraw banking facilities for many operators in the local market. This gave rise to financial difficulties for a large number of electronic products trading operations and assembly facilities with some operations having to close down. With the dramatic contraction in demand and a stock provision for the defective returned goods to the wound-up supplier, the operating loss for the electronic products segment increased by HK$8.9 million to HK$9.3 million for the Year.

The Group continued to utilise its available funds in treasury investment during the Year. However, under the effects of the financial tsunami, the local stock market became very volatile and highly vulnerable to any adverse change in market conditions. The Hang Seng Index fell by approximately 11,000 points from its highest point of approximately 23,000 in April 2008 to the lowest point of approximately 12,000 in March 2009. The continual local stock market turbulence negatively impacted the performance of the Group's treasury investment segment. Consequently, this segment for the Year incurred a net loss of HK$239.8 million.

PROSPECTS

Following a series of stimulus measures taken by the Vietnamese Government to restore and maintain the economy and the financial market, it is expected that Vietnam will be one of the fastest developing countries to recover from the global financial turmoil. For the year to come, the Group will continue its efforts to operate existing convenience stores and build up a solid foundation in preparation for another round of new store openings when market conditions improve.

Looking ahead, global economic and financial uncertainties will persist. The Group will adopt a cautious outlook for the year to come and will continue to pursue a prudent strategy in developing its existing and new businesses.

Chairman's Statement and Management Discussion and Analysis

FINANCIAL REVIEW

The Group's revenue for the Year was HK$28.0 million, representing an increase of HK$0.7 million or 2.5% compared with last year. The Group's revenue principally comprised the sales of electronic products of HK$7.1 million and income and gains of HK$20.1 million from treasury investment. During the Year, sales revenue from electronic products decreased by HK$107.6 million or 93.8% to HK$7.1 million.

Administrative expenses for the Year came to HK$30.9 million, representing a decrease of HK$8.3 million or 21.1% compared with last year. Other operating expenses for the Year came to HK$9.6 million, representing an increase of HK$9.5 million compared with last year. The increase was mainly due to the impairment of HK$6.3 million for other receivables during the Year.

Loss for the Year was HK$280.7 million, compared to the loss of HK$222.9 million last year. As at 31 March 2009, the Group's net asset value decreased by HK$281.3 million or 56.7% to HK$214.5 million. This was mainly due to the loss for the Year attributable to shareholders of HK$280.7 million. The Group maintained a sound financial position in terms of liquidity.

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group financed its operations generally with internally generated cash flow, cash reserve and banking facilities. The Group's bank and short-term deposits as at 31 March 2009 were HK$161.0 million (31 March 2008: HK$251.3 million).

As at 31 March 2009, the Group had no bank overdrafts, or short and long term interest-bearing bank borrowings (31 March 2008: Nil).

As at 31 March 2009, the Group's current ratio was 35.3 times (31 March 2008: 25.0 times) based on current assets of HK$332.2 million (31 March 2008: HK$602.9 million) and current liabilities of HK$9.4 million (31 March 2008: HK$24.1 million).

As at 31 March 2009, the Group had capital commitments for capital contribution to a joint venture company of HK$15.3 million (2008: HK$66.9 million). Apart from this, the Group had no other contingent liabilities or material commitments.

CAPITAL STRUCTURE

As at 31 March 2009, the Group's gearing ratio, being convertible bonds payable to net worth and the convertible bonds payable was 44.3% (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 exposure to exchange risks is minimal.

POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 7 April 2009, the Group entered into a supplemental agreement with Vietnam Southern Food Corporation (a Vietnam stated-owned enterprise) ("VSFC") for acquisition of a 5% equity interest in Saigon Port – Hiep Phuoc Joint Stock Company (the "Saigon Port Company"), whereby additional capital of VND2,500,000,000 (approximately HK$1,095,000) was made by the Group, to attain its 5% shareholding in Saigon Port Company. On 29 May 2009, an agreement was entered into between the Group and VSFC for termination of all the agreements in relation to the transfer of shares of the Saigon Port Company to the Group. The Group's aggregate capital payment of HK$3,775,000 was subsequently refunded to the Group by VSFC.

SIGNIFICANT INVESTMENTS

As at 31 March 2009, the Group had convertible notes issued by a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with fair value amount of the conversion option derivative of HK$0.5 million and the carrying amount of the loan portion of HK$46.7 million. The carrying amount of the loan portion is approximated to its fair value. The interest income for the Year was HK$4.6 million.

As at 31 March 2009, 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$176.8 million. The related dividend income for the Year was HK$2.9 million.

Chairman's Statement and Management Discussion and Analysis

DETAILS OF CHARGES ON ASSETS

As at 31 March 2009, a fixed deposit of HK$7.3 million (2008: HK$7.3 million) was pledged to secure banking facilities granted to the Group.

MATERIAL ACQUISITIONS AND DISPOSALS

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

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 March 2009, the Group had a total of 97 employees, of which 21 were based in Hong Kong, 24 based in Mainland China and 52 based in Vietnam. The Group is committed to staff training and development and 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 employees according to individual performance and industry practice.

APPRECIATION

On behalf of the board of directors (the "Board"), I would like to take this opportunity to express our appreciation to all management and staff members for their contribution during the past year.

On behalf of the Board
Wong Howard
Chairman of the Board

Hong Kong, 13 July 2009

Directors and Senior Management Profile

EXECUTIVE DIRECTORS

Wong Howard, aged 53, is an executive director, the Chairman of the Board, the Chief Executive Officer and the Chairman of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Wong joined the Group in February 2000. He has over 20 years of senior management experience in overall strategy, business development and retail chain shops establishment. Mr. Wong had been a Managing Director of a listed company in Hong Kong for two years before joining the Group.

Wong Yat Fai, aged 49, is an executive director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Wong joined the Group in February 2000. He holds a professional diploma in banking from The Hong Kong Polytechnic University. Prior to joining the Group, Mr. Wong had over 13 years of working experience in an international banking group. He is a non-executive director of C C Land Holdings Limited, Yugang International Limited, Y.T. Realty Group Limited and The Cross-Harbour (Holdings) Limited, all being listed on the Main Board of the Stock Exchange.

Lam Sai Ho, Anthony, aged 43, is an executive director and a member of the Executive Committee of the Company. He is also a director of certain subsidiaries of the Company. Mr. Lam joined the Group in November 2007. He graduated from the University of Sydney in Australia, majoring in Economics and Psychology. After graduation, Mr. Lam joined the Merchant Banking Division of the State Bank of New South Wales, and had been extensively involved in the corporate financing and the securitization of assets and mortgages. Mr. Lam returned to Hong Kong and joined Golden Resources Group in 1991 and has been appointed in several key senior management positions in Hong Kong and other Asian countries including Vietnam and Thailand. Mr. Lam is currently the Vice Chairman and executive director (appointed on 3 December 2008) of Golden Resources Development International Limited (a company listed on the Main Board of the Stock Exchange), a substantial shareholder of the Company. Besides, Mr. Lam was the Chairman of Prosperity Investment Holdings Limited (formerly known as "GR Investment International Limited"), a company listed on the Main Board of the Stock Exchange and actively involved in the areas of corporate finance and investment management.

Mr. Lam is an Executive Committee Member of the Customer Liaison Group for Rice under the Trade and Industry Department in Hong Kong, and the Executive Committee Member of the Federation of Hong Kong Industries. He had been awarded the Ap Bac Medal from the Vietnam Government in recognition of his contribution to the rice industry in Vietnam. Apart from being active members in different business chambers and associations around the world, Mr. Lam is also a regular speaker in major international conferences.

Directors and Senior Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Li Chi Ming, aged 51, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He joined the Group in February 2000. Mr. Li holds an Honorary Bachelor of Laws (LLB) and Postgraduate Certificate in Laws (PCLL) from The University of Hong Kong, and Master of Laws (LLM) from City University of Hong Kong. He has been a Partner of Messrs Poon, Yeung & Li, Solicitors over 19 years.

Tung Tat Chiu, Michael, aged 47, is an independent non-executive director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He joined the Group in September 2000. Mr. Tung holds a Bachelor of Arts degree in law and accounting from The University of Manchester in the United Kingdom. Mr. Tung is a practicing solicitor in Hong Kong. He is the company secretary of various listed companies in Hong Kong.

Wan Ngar Yin, David, aged 48, is an independent non-executive director and a member of both the Audit Committee and Remuneration Committee of the Company. He joined the Group in September 2004. Mr. Wan holds a bachelor degree in social sciences from The University of Hong Kong and a master degree in business administration from the University of Sydney in Australia. Mr. Wan is a member of the Hong Kong Securities Institute, a member of the CPA Australia, an associate member of Hong Kong Institute of Certified Public Accountants, an associate member of The Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants.

COMPANY SECRETARY

Szeto Pui Tong, Patrick, aged 49, joined the Group in March 2000, is the Financial Controller, Qualified Accountant and the Company Secretary of the Group. Before joining the Group, Mr. Szeto has over 13 years of experience in finance and accounting field. Mr. Szeto holds a master degree of business in accounting from Monash University in Australia and is an associate member of the Hong Kong Institute of Certified Public Accountants, the Hong Kong Institute of Company Secretaries, the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators.

Report of the Directors

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the trading and distribution of electronic products and other merchandise and securities investment and trading. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2009 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 33 to 102.

The directors do not recommend the payment of any dividend in respect of the year.

SUMMARY FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

SUMMARY FINANCIAL INFORMATION (continued)

RESULTS

	Year ended 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**27,952**	27,263	21,898	10,323	39,858
Profit/(loss) before tax	**(280,729)**	(238,340)	(38,800)	(46,482)	25,125
Tax	**22**	15,428	–	–	–
Profit/(loss) for the year attributable to ordinary equity holders of the Company	**(280,707)**	(222,912)	(38,800)	(46,482)	25,125

Assets and liabilities

	As at 31 March				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**394,237**	674,272	443,240	371,921	325,003
Total liabilities	**179,701**	178,450	38,607	14,401	9,093
Net assets	**214,536**	495,822	404,633	357,520	315,910

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

There were no movements in either the Company's authorised or issued share capital during the year. Details of the Company's share capital are set out in note 25 to the financial statements.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 21 August 2009 to Tuesday, 25 August 2009, 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 2009 annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 20 August 2009.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the Companies Act 1981 of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 March 2009, the Company had no reserves available for distribution. The Company's share premium account and capital redemption reserve, with an aggregate balance of HK$701,611,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales of electronic products to the Group's five largest customers accounted for 99% of the sales from the electronic products segment for the year and sales to the largest customer included therein amounted to 72%. Purchases of electronic products from the Group's five largest suppliers accounted for 99% of the total purchases from the electronic products segment for the year and the largest supplier included therein amounted to 73%.

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

The directors of the Company during the year were:

Executive directors:
Mr. Wong Howard
Mr. Wong Yat Fai
Mr. Lam Sai Ho, Anthony

Independent non-executive directors:
Mr. Li Chi Ming
Mr. Tung Tat Chiu, Michael
Mr. Wan Ngar Yin, David

DIRECTORS (continued)

In accordance with Clause 98 of the bye-laws of the Company, Mr. Wong Yat Fai and Mr. Li Chi Ming, the existing directors of the Company, will retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the said meeting.

The Company has received annual confirmations of independence from Mr. Li Chi Ming, Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David and as at the date of this report still considers them to be independent pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 8 and 9 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Wong Howard, Mr. Wong Yat Fai and Mr. Lam Sai Ho, Anthony has a service contract with the Company for a term of two years commencing on 1 February 2009, 1 April 2009 and 21 November 2007 respectively.

All the independent non-executive directors of the Company have been appointed for a fixed term of one year commencing on 27 September 2008.

All directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed above, no director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

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. Details of the Share Option Scheme are set out in note 27 to the financial statements.

A summary of the movement of the share options granted under the Share Option Scheme during the year ended 31 March 2009 is set out as follows:–

Name or category of participant	At 1 April 2008	Number of share options granted/ exercised/ cancelled/lapsed during the year	At 31 March 2009	Date of grant of share options	Exercise period of share options*	Exercise price of share options (HK$ per share)
Director						
Mr. Wong Howard	16,300,000	–	16,300,000	13/8/2007	13/8/2007-12/8/2009	0.357
Mr. Wong Yat Fai	16,300,000	–	16,300,000	13/8/2007	13/8/2007-12/8/2009	0.357
Other employees						
In aggregate	24,430,000	–	24,430,000	13/8/2007	13/8/2007-12/8/2009	0.357
Other participant	16,300,000	–	16,300,000	13/8/2007	13/8/2007-12/8/2009	0.357
	73,330,000	–	73,330,000			

SHARE OPTION SCHEME (continued)

* 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 31 March 2009, 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	0.75%
Mr. Wong Yat Fai	Beneficial owner	21,299,000	0.75%

(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	0.58%
Mr. Wong Yat Fai	Beneficial owner	16,300,000	0.58%

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Details of the above share options as required to be disclosed by the Listing Rules have been disclosed under the heading "Share Option Scheme" above and note 27 to the financial statements.

In addition to the above, as at 31 March 2009, certain director(s) had non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the previous requirement of having a minimum of two shareholders.

Save as disclosed above, as at 31 March 2009, 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' interests in shares and underlying shares of the Company" and "Share Option Scheme" above and in the share option scheme disclosures in note 27 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

At 31 March 2009, the following interests of 5% or more of the Company's issued share capital were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	Long/ Short Position	Capacity	Number of ordinary shares	Percentage of the Company's issued share capital
Golden Resources Development International Limited	Long	Interests held by controlled corporations	680,000,000 *(Note)*	24.07%
High Super Enterprises Limited	Long	Beneficial Owner	680,000,000 *(Note)*	24.07%

Note: Golden Resources Development International Limited was deemed to be interested in 680,000,000 shares of the Company reported by High Super Enterprises Limited, a corporation wholly controlled by Golden Resources Development International Limited indirectly.

Save as disclosed above, as at 31 March 2009, no persons had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this report, no director is considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

CORPORATE GOVERNANCE

Details of the corporate governance are set out in the section headed "Corporate Governance Report" in the annual report.

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events of the Group are set out in note 34 to the financial statements.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On Behalf of the Board

Wong Howard
Chairman

Hong Kong
13 July 2009

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 March 2009.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs.

The Company has applied the principles set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules.

Throughout the year under review, the Company has complied with all the code provisions set out in the CG Code with the exception of the code provision A.2.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarized below.

The Board will regularly review and enhance the corporate governance standards and practices of the Company to ensure that they comply with statutory and regulatory updates and align with business developments.

A. THE BOARD

A.1 RESPONSIBILITIES AND DELEGATION

Direction and control of the Company's business are vested in its Board. It is the duty of the Board to establish policies, strategies and plans, and to provide leadership in the attainment of the objective of creating value to shareholders. Directors of the Board have carried out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decision all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The day-to-day management, administration and operation of the Company are led by the executive directors and senior management of the Company. The Board has delegated a schedule of responsibilities to these officers for the implementation of Board decisions. The Board periodically reviews the delegated functions and work tasks. Prior to entering any significant transactions, the aforesaid officers have to obtain Board approval.

A.2 BOARD COMPOSITION

The following chart illustrates the structure and membership of the Board and the Board Committees:

Board of Directors
Executive Directors
Mr. Wong Howard, *Chairman of the Board and Chief Executive Officer*
Mr. Wong Yat Fai
Mr. Lam Sai Ho, Anthony

Independent Non-executive Directors
Mr. Li Chi Ming
Mr. Tung Tat Chiu, Michael
Mr. Wan Ngar Yin, David

Audit Committee
Mr. Tung Tat Chiu, Michael, *Chairman*
Mr. Li Chi Ming
Mr. Wan Ngar Yin, David

Executive Committee
Mr. Wong Howard, *Chairman*
Mr. Wong Yat Fai
Mr. Lam Sai Ho, Anthony

Remuneration Committee
Mr. Li Chi Ming, *Chairman*
Mr. Tung Tat Chiu, Michael
Mr. Wan Ngar Yin, David

During the year ended 31 March 2009, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications and accounting and related financial management expertise. The Company has also adopted the recommended best practice under the CG Code for having at least one-third of its Board members being independent non-executive directors.

The list of directors (by category) is disclosed in all corporate communications issued by the Company from time to time. The biographical details of the directors and the relationships among the members of the Board are disclosed under "Directors and Senior Management Profile" in this annual report.

The composition of the Board reflects the necessary balance of skills and experience appropriate for the requirements of the business of the Group and for the exercise of independent judgement. Each executive director supervises specific areas of the Group's business in accordance with his expertise. The independent non-executive directors are of sufficient calibre and number for their views to carry weight. They bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through participation at Board meetings, taking the lead in managing issues involving potential conflict of interests, and serving on Board committees, the independent non-executive directors have made various contributions to the effective direction of the Company.

The Company has received written annual confirmation from each independent non-executive director of independence pursuant to the requirements of the Listing Rules.

A.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Wong Howard is the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

A.4 APPOINTMENT AND RE-ELECTION OF DIRECTORS

All directors of the Company are appointed for a specific term. Each executive director is engaged on a service contract for a term of 2 years. Each independent non-executive director is appointed for a term of 1 year.

Though the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. In addition, the Company has adopted "Directors Nomination Procedures" as written guidelines in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

In addition, the procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, all directors of the Company are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy or as an addition to the Board shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

Pursuant to the aforesaid, Mr. Wong Yat Fai and Mr. Li Chi Ming shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. The Board recommended the re-appointment of both retiring directors standing for re-election at the forthcoming annual general meeting. The Company's circular, sent together with this annual report, contains detailed information of the above directors.

During the year ended 31 March 2009, the Board, through its meeting held on 14 July 2008 (with all the then directors of the Company present at such meeting), has reviewed the Board structure, assessed the independence of the independent non-executive directors and recommended the re-election of the retiring directors standing for re-election at the 2008 annual general meeting of the Company.

A.5 INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

All directors of the Company receive an induction on appointment to ensure understanding of the operations of the Group and director's responsibilities and obligations under the Listing Rules. Such induction is normally supplemented with visits to the Group's key plant sites and/or meetings with the senior management of the Company.

Directors of the Company are continually updated on legal and regulatory developments and business and market changes to facilitate the discharge of their responsibilities. Additional briefings and professional development for directors will be arranged as necessary.

A.6 BOARD MEETINGS

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with directors in advance to facilitate attendance. In addition, notice of at least 14 days is given of a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to directors together with the notice of meeting in order to give them an opportunity to include any other matters for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to directors at least 3 days before each Board meeting to keep the directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman, Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

Any material transaction that involves a conflict of interests for a substantial shareholder or a director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records at Board Meetings

The Board has met regularly during the year ended 31 March 2009 for reviewing and discussing the financial and operating performance and development of the Group, acquisitions and investments and other related matters. Attendance records of directors at these four Board meetings are set out below:-

Name of Director	Attendance/Number of Board Meetings
Executive Directors	
Mr. Wong Howard	4/4
Mr. Wong Yat Fai	4/4
Mr. Lam Sai Ho, Anthony	4/4
Independent Non-executive Directors	
Mr. Li Chi Ming	4/4
Mr. Tung Tat Chiu, Michael	4/4
Mr. Wan Ngar Yin, David	4/4

A.7 MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code") on terms no less exacting than the Model Code as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made of the Company's directors and all of them have confirmed that they have complied with the required standards as set out in the Model Code and the Own Code throughout the period from 1 April 2008 to the date of this report.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees has been noted by the Company.

B. BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Audit Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference and are available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

B.1 REMUNERATION COMMITTEE

The Remuneration Committee comprises a total of three members, namely Mr. Li Chi Ming (Chairman), Mr. Tung Tat Chiu, Michael and Mr. Wan Ngar Yin, David. All of them are independent non-executive directors of the Company.

The duties of the Remuneration Committee are mainly to (i) make recommendations on the establishment of procedures for developing remuneration policy and structure of the executive directors and the senior management, such policy shall ensure that no director or any of his/her associates will participate in deciding his/her own remuneration; (ii) make recommendations on the remuneration packages of the executive directors and the senior management; and (iii) review and approve the remuneration packages of the executive directors and the senior management by reference to the performance of the individual and the Company as well as market practice and conditions.

The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee consults with the Chairman of the Board/Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

During the year ended 31 March 2009, the Remuneration Committee has met once with the presence of all the committee members. The members in that meeting had generally review the remuneration policy and structure of the Group, the current remuneration packages of the directors and senior management of the Group.

Details of the remuneration of each director of the Company for the year ended 31 March 2009 are set out in note 8 to the financial statements contained in this annual report.

B.2 AUDIT COMMITTEE

The Audit Committee comprises a total of three members, namely, Mr. Tung Tat Chiu, Michael, Mr. Li Chi Ming and Mr. Wan Ngar Yin, David, all of whom are independent non-executive directors. Mr. Tung Tat Chiu, Michael is the Chairman of the Audit Committee whilst Mr. Wan Ngar Yin, David possesses the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The duties of the Audit Committee are mainly to (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditors before submission to the Board; (ii) review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the year ended 31 March 2009, the Audit Committee has met twice (with all the members present at both meetings) and has reviewed the financial statements, results announcements and reports for the year ended 31 March 2008 and for the six months ended 30 September 2008, the financial reporting and compliance procedures, and the report from the senior management on the Company's internal control and risk management; and considered the re-appointment of external auditors. The external auditors were invited to attend one of the meetings without the presence of executive directors to discuss with the Audit Committee on issues arising from the audit and financial reporting matters.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditors.

B.3 EXECUTIVE COMMITTEE

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Mr. Wong Howard, acting as the Chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Group.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2009.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such information and explanation to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

D. INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board maintains an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the year under review, the Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group

E. EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company on their reporting responsibilities for the Company's financial statements for the year ended 31 March 2009 is set out in the section headed "Independent Auditors' Report" in this annual report.

A summary of audit and non-audit services provided by the external auditors for the year ended 31 March 2009 and their corresponding remuneration is as follows:

Nature of Services	Remuneration (HK$)
Audit services	1,050,000
Non-audit services *(Note)*	143,400

Note: It represents tax compliance service fee

F. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board believes that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company maintains a website at "www.grvietnam.com" as a communication platform with shareholders and investors, where the Group's corporate information, operations and developments and financial information are available for public access. Shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Room 1603-05, 16/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong or via email to "info@grvietnam.com" for any enquiries which are dealt with in an informative and timely manner.

The general meetings of the Company provide an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Audit Committee and Remuneration Committee and, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board Committee, normally attend the annual general meeting and other relevant shareholder meetings to answer questions raised.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintain regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

G. SHAREHOLDER RIGHTS

As one of the measures to safeguard shareholder interests and rights, separate resolutions are proposed at shareholder meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Upon implementation of amendments in the Listing Rules with effect from 1 January 2009, all resolutions proposed at shareholder meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.grvietnam.com) immediately after the relevant general meetings.

Independent Auditors' Report

ERNST & YOUNG
安 永

TO THE SHAREHOLDERS OF GR VIETNAM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the financial statements of GR Vietnam Holdings Limited set out on pages 33 to 102, which comprise the consolidated and company balance sheets as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

TO THE SHAREHOLDERS OF GR VIETNAM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

13 July 2009

Consolidated Income Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
REVENUE			
Electronic products		**7,118**	114,758
Treasury investment		**20,056**	(87,495)
Others		**778**	–
	5	**27,952**	27,263
Cost of electronic products sold		**(7,096)**	(111,588)
Brokerage and commission expenses		**(888)**	(2,256)
Others		**(590)**	–
		(8,574)	(113,844)
		19,378	(86,581)
Other income and gains	5	**2,549**	6,800
Selling and distribution costs		**(123)**	(200)
Administrative expenses		**(30,944)**	(39,227)
Other operating expenses		**(9,587)**	(82)
Gain on disposal of available-for-sale equity investments		**–**	113,847
Impairment of available-for-sale equity investments		**(14,272)**	(3,794)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss		**(230,616)**	(222,592)
Conversion option derivative		**(1,097)**	(932)
Finance costs	6	**(16,017)**	(5,579)
LOSS BEFORE TAX	7	**(280,729)**	(238,340)
Tax	10	**22**	15,428
LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11	**(280,707)**	(222,912)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic		**HK(9.94 cents)**	HK(11.02 cents)
Diluted		**N/A**	N/A

Consolidated Balance Sheet

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**2,027**	361
Prepaid land lease payment	*14*	**–**	–
Convertible notes-loan portion	*16*	**46,663**	43,285
Available-for-sale equity investments	*17*	**13,392**	27,768
Total non-current assets		**62,082**	71,414
CURRENT ASSETS			
Convertible notes-conversion option derivative	*16*	**491**	1,588
Equity investments at fair value through profit or loss	*18*	**163,369**	323,793
Inventories		**437**	162
Trade receivables	*19*	**688**	24,642
Prepayments, deposits and other receivables	*20*	**6,123**	1,387
Pledged time deposits	*21*	**7,323**	7,274
Cash and cash equivalents	*21*	**153,724**	244,012
Total current assets		**332,155**	602,858
CURRENT LIABILITIES			
Trade payables	*22*	**77**	16,413
Tax payable		**11**	11
Other payables and accruals		**9,290**	7,689
Total current liabilities		**9,378**	24,113
NET CURRENT ASSETS		**322,777**	578,745
TOTAL ASSETS LESS CURRENT LIABILITIES		**384,859**	650,159
NON-CURRENT LIABILITIES			
Convertible bonds	*23*	**170,323**	154,315
Deferred tax liabilities	*24*	**–**	22
Total non-current liabilities		**170,323**	154,337
Net assets		**214,536**	495,822

Consolidated Balance Sheet

31 March 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	*25*	**28,247**	28,247
Equity component of convertible bonds	*23*	**47,257**	47,257
Reserves	*26(a)*	**139,032**	420,318
Total equity		**214,536**	495,822

Wong Howard
Director

Wong Yat Fai
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

	Attributable to ordinary equity holders of the Company									
	Issued capital	Share premium account	Share option reserve	Capital reserve	Equity component of convertible bonds	Contributed surplus	Available-for-sale equity investment revaluation reserve	Exchange fluctuation reserve	Accumulated losses	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2008	28,247	701,055	12,960	556	47,257	551,174	104	(527)	(845,004)	495,822
Change in fair values of available-for-sale equity investments	–	–	–	–	–	–	(14,376)	–	–	(14,376)
Exchange realignment	–	–	–	–	–	–	–	(475)	–	(475)
Total income and expense recognised directly in equity	–	–	–	–	–	–	(14,376)	(475)	–	(14,851)
Impairment of available-for-sale equity investments	–	–	–	–	–	–	14,272	–	–	14,272
Loss for the year	–	–	–	–	–	–	–	–	(280,707)	(280,707)
Total income and expense for the year	–	–	–	–	–	–	(104)	(475)	(280,707)	(281,286)
At 31 March 2009	28,247	701,055*	12,960*	556*	47,257	551,174*	–*	(1,002)*	(1,125,711)*	214,536

* These reserve accounts comprise the consolidated reserves of HK$139,032,000 (2008: HK$420,318,000) in the consolidated balance sheet.

Consolidated Statement of Changes in Equity

Year ended 31 March 2009

		Attributable to ordinary equity holders of the Company									
	Notes	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Equity component of convertible bonds HK$'000	Contributed surplus HK$'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
Change in fair values of available-for-sale equity investments		–	–	–	–	–	–	34,940	–	–	34,940
Deferred tax arising from changes in fair value of available-for-sale equity investments		–	–	–	–	–	–	(6,115)	–	–	(6,115)
Release upon disposal of available-for-sale equity investments, net of deferred tax		–	–	–	–	–	–	(113,847)	–	–	(113,847)
Exchange realignment		–	–	–	–	–	–	–	(305)	–	(305)
Total income and expense recognised directly in equity		–	–	–	–	–	–	(85,022)	(305)	–	(85,327)
Impairment of an available-for-sale equity investment		–	–	–	–	–	–	3,794	–	–	3,794
Loss for the year		–	–	–	–	–	–	–	–	(222,912)	(222,912)
Total income and expense for the year		–	–	–	–	–	–	(81,228)	(305)	(222,912)	(304,445)
Issue of shares	25	14,519	317,580	–	–	–	–	–	–	–	332,099
Share issue expenses	25	–	(3,545)	–	–	–	–	–	–	–	(3,545)
Issue of convertible bonds	23	–	–	–	–	47,257	–	–	–	–	47,257
Exercise of share options	25	129	6,734	(2,272)	–	–	–	–	–	–	4,591
Equity-settled share option arrangements	27	–	–	15,232	–	–	–	–	–	–	15,232
At 31 March 2008		28,247	701,055*	12,960*	556*	47,257	551,174*	104*	(527)*	(845,004)*	495,822

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(280,729)**	(238,340)
Adjustments for:			
Bank interest income	*5*	**(2,402)**	(6,297)
Finance costs	*6*	**16,017**	5,579
Depreciation	*7*	**293**	224
Gain on disposal of items of property, plant and equipment	*5*	**–**	(3)
Gain on disposal of available-for-sale equity investments		**–**	(113,847)
Impairment of available-for-sale equity investments		**14,272**	3,794
Impairment of other receivable		**6,258**	–
Fair value losses/(gains), net:			
Equity investments at fair value through profit or loss		**230,616**	222,592
Conversion option derivative		**1,097**	932
Equity-settled share option arrangements	*27*	**–**	15,232
		(14,578)	(110,134)
Increase in convertible notes-loan portion		**(3,378)**	(3,443)
Increase in equity investments at fair value through profit or loss		**(70,192)**	(427,512)
Decrease/(increase) in inventories		**(275)**	1,849
Decrease/(increase) in trade receivables		**23,954**	(14,180)
Increase in prepayments, deposits and other receivables		**(10,994)**	(390)
Increase/(decrease) in trade payables		**(16,336)**	10,547
Increase/(decrease) in other payables and accruals		**1,601**	(15,638)
Exchange realignment		**(480)**	(349)
Cash used in operations		**(90,678)**	(559,250)
Interest paid		**(9)**	(7)
Net cash outflow from operating activities		**(90,687)**	(559,257)

Consolidated Cash Flow Statement

Year ended 31 March 2009

	Notes	2009 **HK$'000**	2008 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale equity investments		**–**	252,479
Proceeds from disposal of items of property, plant and equipment		**–**	5
Purchases of items of property, plant and equipment		**(1,959)**	(142)
Purchases of available-for-sale equity investments		**–**	(32,638)
Interest received		**2,402**	6,297
Net cash inflow from investing activities		**443**	226,001
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	*25*	**–**	332,099
Proceeds from exercise of share options	*25*	**–**	4,591
Proceeds from issue of convertible bonds, net	*23*	**–**	196,000
Share issue expenses	*25*	**–**	(3,545)
Capital element of finance lease rental payments		**–**	(69)
Net cash inflow from financing activities		**–**	529,076
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(90,244)**	195,820
Cash and cash equivalents at beginning of year		**251,286**	55,421
Effect of foreign exchange rate changes, net		**5**	45
CASH AND CASH EQUIVALENTS AT END OF YEAR		**161,047**	251,286
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*21*	**137,332**	11,438
Non-pledged time deposits with original maturity of less than three months when acquired	*21*	**16,392**	232,574
Time deposits with original maturity of less than three months when acquired, pledged as a security for bank overdraft facilities	*21*	**7,323**	7,274
		161,047	251,286

Balance Sheet

31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**113**	–
Investment in a subsidiary	*15*	**–**	–
Total non-current assets		**113**	–
CURRENT ASSETS			
Due from subsidiaries	*15*	**371,397**	565,546
Prepayments, deposits and other receivables		**140**	49
Cash and cash equivalents	*21*	**363**	41,544
Total current assets		**371,900**	607,139
CURRENT LIABILITIES			
Accruals		**984**	1,180
Due to subsidiaries	*15*	**7,498**	7,498
Total current liabilities		**8,482**	8,678
NET CURRENT ASSETS		**363,418**	598,461
TOTAL ASSETS LESS CURRENT LIABILITIES		**363,531**	598,461
NON-CURRENT LIABILITIES			
Convertible bonds	*23*	**170,323**	154,315
Total non-current liabilities		**170,323**	154,315
Net assets		**193,208**	444,146
EQUITY			
Issued capital	*25*	**28,247**	28,247
Equity component of convertible bonds	*23*	**47,257**	47,257
Reserves	*26(b)*	**117,704**	368,642
Total equity		**193,208**	444,146

Wong Howard
Director

Wong Yat Fai
Director

Notes to the Financial Statements

31 March 2009

1. CORPORATE INFORMATION

GR Vietnam Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Rooms 1603-5, 16/F., Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries consisted of the trading and distribution of electronic products and other merchandise, and securities investment and trading. During the year ended 31 March 2009, the Group also involved in certain investment projects in Vietnam.

2.1. BASIS OF PREPARATION

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 a conversion option derivative, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2009. 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 income and expenses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

2.2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – 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 principal effects of adopting these new interpretations and amendments to HKFRSs are as follows:

(a) Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and* HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing in the near term, if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

2.2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(a) Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets* (continued)

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

(b) HK(IFRIC)-Int 12 *Service Concession Arrangements*

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation has had no impact on the financial position or results of operations of the Group.

(c) HK(IFRIC)-Int 14 *HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

2.3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* [1]
HKFRS 1 (Revised)	*First-time Adoption of HKFRSs* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – *Vesting Conditions and Cancellations* [1]
HKFRS 3 (Revised)	*Business Combinations* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments* [1]
HKFRS 8	*Operating Segments* [1]
HKAS 1 (Revised)	*Presentation of Financial Statements* [1]
HKAS 23 (Revised)	*Borrowing Costs* [1]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* [1]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives* [5]
HK(IFRIC)-Int 13	*Customer Loyalty Programmes* [3]
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate* [1]
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation* [4]
HK(IFRIC)-Int 17	*Distribution of Non-cash Assets to Owners* [2]
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* [2]

2.3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Apart from the above, the HKICPA has also issued *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods ending on or after 30 June 2009
* Improvements to HKFRSs contains amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture entity and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

A joint venture is treated as:

(a) a subsidiary, if the Group has unilateral control, directly or indirectly, over the joint venture;

(b) a jointly-controlled entity, if the Group does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(c) an associate, if the Group does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20% of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(d) an equity investment accounted for in accordance with HKAS 39 *Financial Instruments: Recognition and Measurement*, if the Group holds, directly or indirectly, less than 20% of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is a member of the key management personnel of the Group;

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over the following estimated useful life.

Buildings	50 years or over the lease terms, whichever is shorter
Leasehold improvements	Over the remaining lease terms or 3 years, whichever is shorter
Plant and machinery	7 to 10 years
Motor vehicles, furniture, fixtures and equipment	3 to 5 years

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Financial assets in the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Revenue-Treasury investment" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment of available-for-sale equity investments" and are transferred from the available-for-sale equity investment revaluation reserve.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when the Group first assesses there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance amount. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade and other receivables, an impairment allowance is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market, economic, or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. An impairment allowance is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. In addition, the Group evaluates other factors, such as the share price volatility. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at amortised cost

Financial liabilities including trade payables, other payables and finance lease payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "Finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories represented finished goods for trading and are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) the profit or loss on the trading of equity investments at fair value through profit or loss on the transaction dates when the relevant contract notes are executed;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholder's right to receive payment has been established.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

Other employee benefits

Retirement benefits schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Pursuant to the relevant regulations of Mainland China, subsidiaries of the Company operating in Mainland China participate in a local municipal government retirement benefits scheme (the "Mainland Scheme") whereby the subsidiaries are required to contribute a percentage of the basic salaries of their employees to the Mainland Scheme to fund their retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Group with respect to the Mainland Scheme is to pay the ongoing required contributions under the Mainland Scheme mentioned above. Contributions under the Mainland Scheme are charged to the income statement as incurred. There are no provisions under the Mainland Scheme whereby forfeited contributions may be used to reduce future contributions.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the balance sheet date and, their income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in the exchange fluctuation reserve. On disposal of an overseas subsidiary, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated cash flow statement, cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

Income tax

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for unused tax losses carried forward to the extent that it is probable (i.e., more likely than not) that future taxable profits will be available against which the unused tax losses can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, tax planning strategies and the periods in which estimated tax losses can be utilised. The carrying amount of deferred tax assets and related financial models and budgets are reviewed at each balance sheet date and to the extent that there is insufficient convincing evidence that sufficient taxable profits will be available within the utilisation periods to allow utilisation of the carried forward tax losses, the asset balance will be reduced and charged to the income statement.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Judgement (continued)

Impairment of available-for-sale financial assets

The Group classifies certain assets as available-for-sale and recognises movements of their fair values in equity. An impairment allowance is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement by management who also evaluates other relevant factors, such as the share price volatility of the underlying equity investments. At 31 March 2009, an impairment loss of HK$14,272,000 has been recognised as a charge to the income statement for the Group's available-for-sale equity investments (2008: HK$3,794,000). The carrying amount of the Group's available-for-sale equity investments was HK$13,392,000 (2008: HK$27,768,000) as at 31 March 2009.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

As described in note 16 to the financial statements, the convertible notes include an embedded derivative that is measured at fair value through profit or loss. The fair value of the embedded derivative of the convertible notes is determined by the directors using the binomial option pricing model. The significant inputs into the model were share price at year end date, risk-free interest rate, exercise price, expected volatility of the underlying shares and term of maturity. When the actual results of the inputs differ from management's estimate, it will have an impact on the fair value gain or loss and the fair value of the derivative component of the convertible notes.

As at 31 March 2009, the fair value of the embedded financial derivative was approximately HK$491,000 (2008: HK$1,588,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

Estimation uncertainty (continued)

Valuation of share options

As described in note 27 to the financial statements, the Company engaged an independent firm of professionally qualified valuers to assist in the valuation of the share options granted during the year ended 31 March 2008. The fair value of options granted under the share option scheme was determined using the binomial option pricing model. The significant inputs into the model were share price at year end date, risk-free interest rate, exercise price and expected volatility of the underlying shares. When the actual result of the inputs differ from management's estimate, it will have an impact on share option expenses and the related share option reserve of the Company. As at 31 March 2008, the fair value of the share options granted by the Company was HK$15,232,000, of which a share option expense of HK$15,232,000 was recognised during the year ended 31 March 2008.

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the electronic products segment trades electronic products;

(b) the treasury investment segment comprises securities investment and trading; and

(c) the corporate and others segment comprises corporate income and expenses items and operation of convenience stores in Vietnam.

4. SEGMENT INFORMATION (continued)

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

There are no intersegment sales and transfers between the business segments.

(a) Business segments

The following tables present revenue, loss and certain asset, liability and capital expenditure information for the Group's business segments for the years ended 31 March 2009 and 2008.

Group	Electronic products		Treasury investment		Corporate and others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**7,118**	114,758	**-**	–	**778**	–	**7,896**	114,758
Gains/(losses) from treasury investment	**-**	–	**20,056**	(87,495)	**-**	–	**20,056**	(87,495)
Total	**7,118**	114,758	**20,056**	(87,495)	**778**	–	**27,952**	27,263
Segment results	**(9,320)**	(423)	**(239,752)**	(213,787)	**(17,503)**	(22,390)	**(266,575)**	(236,600)
Interest income and unallocated gains							**2,414**	6,315
Unallocated expenses							**(551)**	(2,476)
Finance costs							**(16,017)**	(5,579)
Loss before tax							**(280,729)**	(238,340)
Tax							**22**	15,428
Loss for the year							**(280,707)**	(222,912)
Assets and liabilities								
Segment assets	**1,158**	34,243	**224,362**	396,843	**6,831**	65,128	**232,351**	496,214
Unallocated assets							**161,886**	178,058
Total assets							**394,237**	674,272
Segment liabilities	**5,596**	22,027	**120**	120	**3,577**	1,636	**9,293**	23,783
Unallocated liabilities							**170,408**	154,667
Total liabilities							**179,701**	178,450

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group	Electronic products		Treasury investment		Corporate and others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other segment information:								
Depreciation	7	6	-	–	286	218	293	224
Capital expenditure	-	12	-	–	1,959	130	1,959	142
Impairment of available-for-sale equity investments	-	–	14,272	3,794	-	–	14,272	3,794
Equity-settled share option arrangements	-	88	-	–	-	15,144	-	15,232
Fair value losses on equity investments at fair value through profit or loss	-	–	230,616	222,592	-	–	230,616	222,592
Impairment of other receivable	6,258	–	-	–	-	–	6,258	–

(b) Geographical segments

The following table presents revenue and certain asset and capital expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 2008.

	People's Republic of China (including Hong Kong)		Europe and Southeast Asia		Vietnam		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:								
Electronic products	6,474	72,312	644	42,446	-	–	7,118	114,758
Treasury investment	20,056	(87,495)	-	–	-	–	20,056	(87,495)
Others	-	–	-	–	778	–	778	–
	26,530	(15,183)	644	42,446	778	–	27,952	27,263
Other segment information:								
Segment assets	383,202	674,272	-	–	11,035	–	394,237	674,272
Capital expenditure	-	142	-	–	1,959	–	1,959	142

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the aggregate of the net invoiced value of goods sold, after allowances for returns and trade discounts, and gains/(losses) on disposal of equity investments at fair value through profit or loss, dividend income arising from equity investments and interest income from convertible notes during the year.

An analysis of revenue, other income and gains is as follows:

	2009 HK$'000	2008 HK$'000
Revenue		
Sale of goods	**7,118**	114,758
Gains/(losses) on disposal of equity investments at fair value through profit or loss	**12,542**	(96,685)
Dividend income from listed equity investments	**2,894**	4,501
Interest income from convertible notes	**4,620**	4,689
Others	**778**	–
	27,952	27,263
Other income and gains		
Bank interest income	**2,402**	6,297
Gain on disposal of items of property, plant and equipment	**–**	3
Others	**147**	500
	2,549	6,800

6. FINANCE COSTS

	Group	
	2009 HK$'000	2008 HK$'000
Interest on bank overdrafts wholly repayable within five years	**9**	5
Interest on finance lease	**–**	2
Imputed interest on convertible bonds (note 23)	**16,008**	5,572
	16,017	5,579

7. LOSS BEFORE TAX

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

	2009 HK$'000	2008 HK$'000
Cost of inventories sold	**7,686**	111,588
Depreciation (note 13)	**293**	224
Employee benefit expenses (including directors' remuneration (note 8):		
Wages and salaries	**14,718**	9,801
Equity-settled share option arrangements	**–**	15,232
Retirement benefits scheme contributions*	**554**	382
	15,272	25,415
Minimum lease payments under operating leases in respect of land and buildings	**2,635**	1,766
Auditors' remuneration		
Current year	**1,050**	1,000
Underprovision in prior year	**–**	115
	1,050	1,115
Impairment of other receivable	**6,258**	–
Foreign exchange differences, net	**6**	50

* At 31 March 2009, the Group had no forfeited contributions available to reduce its contributions to the retirement benefits scheme in future years (2008: Nil).

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Fees	**400**	400
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	**4,927**	3,653
Equity-settled share option arrangements	**–**	8,643
Pension scheme contributions	**208**	154
	5,135	12,450
	5,535	12,850

During the year ended 31 March 2008, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 27 to the financial statements. The fair value of such options was determined as at the date of grant and the amount recognised in the income statement for the year ended 31 March 2008 was included in the above directors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2009	2008
	HK$'000	HK$'000
Mr. Li Chi Ming	**150**	150
Mr. Tung Tat Chiu, Michael	**150**	150
Mr. Wan Ngar Yin, David	**100**	100
	400	400

There were no other emoluments payable to the independent non-executive directors during the year (2008: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Equity-settled share option arrangements HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2009					
Mr. Wong Howard	–	2,631	–	98	2,729
Mr. Wong Yat Fai	–	1,560	–	78	1,638
Mr. Lam Sai Ho, Anthony	–	736	–	32	768
	–	4,927	–	208	5,135
2008					
Mr. Wong Howard	–	1,826	2,881	63	4,770
Mr. Wong Yat Fai	–	1,110	2,881	55	4,046
Mr. Wu Qing	–	500	2,881	25	3,406
Mr. Lam Sai Ho, Anthony	–	217	–	11	228
	–	3,653	8,643	154	12,450

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2008: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2008: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2008: two) non-director, highest paid employees for the year are as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**2,475**	1,160
Equity-settled share option arrangements	**–**	2,845
Pension scheme contributions	**124**	58
	2,599	4,063

During the year ended 31 March 2008, share options were granted to two non-director, highest paid employees in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 27 to the financial statements. The fair value of such options was determined as at the date of grant and the amount recognised in the income statement for the year ended 31 March 2008 was included in the above non-director, five highest paid employees' remuneration disclosures.

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2009	2008
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$3,000,000	**–**	1

10. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2008: Nil). The lower Hong Kong profits tax is effective from the year of assessment 2008/09, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. No provision for Mainland China and Vietnam corporate income tax have been made as the Group did not generate any assessable profits in Mainland China or Vietnam during the year (2008: Nil).

A reconciliation of the tax applicable to loss before tax using the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax at the effective tax rates, are as follows:

Group – 2009

	Hong Kong HK$'000	Mainland China HK$'000	Vietnam HK$'000	Total HK$'000
Loss before tax	(272,248)	(1,637)	(6,844)	(280,729)
Tax at the applicable tax rates	(44,921)	(270)	(1,129)	(46,320)
Higher tax rate for other countries	–	(139)	(240)	(379)
Income not subject to tax	(1,032)	–	–	(1,032)
Expenses not deductible for tax	6,249	–	–	6,249
Tax losses for the year not recognised	39,704	409	1,369	41,482
Reversal of taxable temporary differences	(22)	–	–	(22)
Tax credit	(22)	–	–	(22)

10. TAX (continued)

Group – 2008

	Hong Kong HK$'000	Mainland China HK$'000	Total HK$'000
Loss before tax	(236,947)	(1,393)	(238,340)
Tax at the applicable tax rates	(41,466)	(460)	(41,926)
Lower tax rate for specific provinces or local authority	–	112	112
Income not subject to tax	(1,842)	–	(1,842)
Expenses not deductible for tax	5,307	–	5,307
Tax losses for the year not recognised	41,855	348	42,203
Reversal of taxable temporary differences	(21,982)	–	(21,982)
Others	2,700	–	2,700
Tax credit	(15,428)	–	(15,428)

11. LOSS FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to ordinary equity holders of the Company for the year ended 31 March 2009 includes a loss of HK$250,938,000 (2008: HK$223,938,000) which has been dealt with in the financial statements of the Company (note 26(b)).

12. 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 of HK$280,707,000 (2008: HK$222,912,000), and the weighted average number of 2,824,643,047 (2008: 2,022,585,853) ordinary shares in issue during the year.

A diluted loss per share amount for the years ended 31 March 2009 and 2008 have not been disclosed, as the share options and the convertible bonds outstanding during the years had an anti-dilutive effect on the basic loss per share for these years.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Motor vehicles, furniture, fixtures and equipment HK$'000	Total HK$'000
Cost:					
At 1 April 2007	13,238	612	13,826	5,305	32,981
Additions	–	–	–	142	142
Disposal	–	–	–	(37)	(37)
At 31 March 2008 and 1 April 2008	13,238	612	13,826	5,410	33,086
Additions	–	462	–	1,497	1,959
Disposal	–	–	–	(17)	(17)
At 31 March 2009	13,238	1,074	13,826	6,890	35,028
Accumulated depreciation and impairment:					
At 1 April 2007	13,238	504	13,826	4,968	32,536
Provided during the year	–	92	–	132	224
Disposal	–	–	–	(35)	(35)
At 31 March 2008 and 1 April 2008	13,238	596	13,826	5,065	32,725
Provided during the year	–	48	–	245	293
Disposal	–	–	–	(17)	(17)
At 31 March 2009	13,238	644	13,826	5,293	33,001
Net carrying amount:					
At 31 March 2009	–	430	–	1,597	2,027
At 31 March 2008	–	16	–	345	361

13. PROPERTY, PLANT AND EQUIPMENT (continued)

All the Group's buildings included above are stated at cost and are held under medium term leases outside Hong Kong.

The net carrying amount of the Group's property, plant and equipment held under finance leases included in the total amount of motor vehicles, furniture, fixtures and equipment at 31 March 2009 was HK$Nil (2008: HK$138,000).

Company

	Leasehold improvements HK$'000	**Furniture, fixtures and equipment** HK$'000	**Total** HK$'000
Cost:			
At 1 April 2007, 31 March 2008 and 1 April 2008	299	415	714
Additions	–	137	137
At 31 March 2009	299	552	851
Accumulated depreciation:			
At 1 April 2007, 31 March 2008 and 1 April 2008	299	415	714
Provided during the year	–	24	24
At 31 March 2009	299	439	738
Net carrying amount:			
At 31 March 2009	–	113	113
At 31 March 2008	–	–	–

14. PREPAID LAND LEASE PAYMENT

	Group
	HK$'000
Cost:	
At 1 April 2007, 31 March 2008, 1 April 2008 and 31 March 2009	821
Accumulated amortisation:	
At 1 April 2007, 31 March 2008, 1 April 2008 and 31 March 2009	821
Net carrying amount:	
At 31 March 2009	–
At 31 March 2008	–

The Group is required to pay an annual fee with an increment of 15% for every ten years in respect of certain land in Mainland China used by the Group for its electronic products business up to 2011 commencing from 1993. The annual fee paid by the Group during the year which had been charged to the income statement for the year, was HK$83,000 (2008: HK$83,000). The Group's legal counsel confirmed that the Group properly owns the legal right to use the land for the period granted.

15. INTERESTS IN SUBSIDIARIES

	Company	
	2009	2008
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Due from subsidiaries	**1,147,920**	1,110,885
Less: Impairment #	**(776,523)**	(545,339)
	371,397	565,546

The amounts due from and to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the amounts due from/to subsidiaries approximate to their fair values.

Impairment losses were recognised during the years ended 31 March 2009 and 2008 due to sustained loss making conditions of these subsidiaries.

Movements in the impairment allowance of amounts due from subsidiaries are as follows:

	Company	
	2009	2008
	HK$'000	HK$'000
At 1 April	**545,339**	345,344
Impairment loss recognised	**231,184**	199,995
At 31 March	**776,523**	545,339

15. INTERESTS IN SUBSIDIARIES (continued)

Particulars of the principal subsidiaries during the year are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity/beneficial attributable to the Company Direct	Indirect	Principal activities
Hoshing Limited*	British Virgin Islands	US$1	100	–	Investment holding
Sino Electronics Limited*	British Virgin Islands/ Hong Kong	US$2	–	100	Investment holding
Chongqing Electronics Limited	Hong Kong	HK$2	–	100	Trading of electronic products
139 Enterprises Limited	Hong Kong	US$2	–	100	Provision of administrative services
Chaifa Finance Limited	Hong Kong	HK$2	–	100	Provision of finance services
Main Purpose Investments Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment in and trading of securities
GR Vietnam International Limited ("GRV International")	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Red Circle Company Limited ("Red Circle")*#	Vietnam	VND 500,000,000	–	100	Operation of convenience stores

15. INTERESTS IN SUBSIDIARIES (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* Not audited by Ernst & Young Hong Kong or other member firm of Ernst & Young global network.

\# Red Circle is a limited liability company established in Vietnam. On 10 November 2008, GRV International, a wholly owned subsidiary of the Group, entered into capital financing agreements ("Capital Financing Agreements") with Mr. Nguyen Duy Ngoc and Mr. Le Thanh Hung (collectively referred to as the "Vietnam Representatives"), pursuant to which, the Group agreed to grant a loan (the "Loan") to the Vietnam Representatives for their capital contribution in Red Circle, representing a 100% equity interest in Red Circle.

In connection with the Capital Financing Agreements, GRV International also entered into certain agreements with the Vietnam Representatives, whereby GRV International has the power to control Red Circle by way of controlling more than half of the voting rights and governing its financial and operating policies, and GRV International is entitled to exercise an option to convert the Loan into 100% equity interest in Red Circle from the Vietnam Representatives. In view of the above, Red Circle was accounted for as a subsidiary of GRV International and its result of operation and financial position were consolidated into the Group's financial statements.

16. CONVERTIBLE NOTES

	Group	
	2009	2008
	HK$'000	HK$'000
Unlisted convertible notes:		
Loan portion	**46,663**	43,285
Conversion option derivative	**491**	1,588
	47,154	44,873

The balance represents convertible notes with a face value of HK$62,100,000 issued by Hanny Holdings Limited (the "Hanny Convertible Notes"), a company listed on the Stock Exchange and an independent party of the Group issued on 15 June 2006. The Hanny Convertible Notes bear interest at a rate of 2% per annum, payable on maturity, are unsecured and mature on 15 June 2011. The conversion price of the Hanny Convertible Notes was HK$0.67 per share as at 31 March 2008, adjusted to HK$15.83 per share as at 31 March 2009 as a result of the completion of capital reorganisation and rights issue exercise during the year. On maturity, the Group is entitled to full repayment of the outstanding principal amount of the Hanny Convertible Notes at face value of HK$62,100,000, together with accrued interest.

As at 31 March 2009, the Hanny Convertible Notes is neither past due nor impaired. The directors of the Company are of the opinion that no impairment allowance is necessary in respect of the balance as there has not been a significant change in its credit quality, and the balance is considered fully recoverable. The Group does not hold any collateral or other credit enhancements over the Hanny Convertible Notes.

The fair value of the conversion option derivative related to the Hanny Convertible Notes is determined by the directors using the binomial option pricing model.

The fair value of the loan portion of the Hanny Convertible Notes at 31 March 2009 approximated to the corresponding carrying amount, and its effective interest rate was 11.21%.

17. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	Group	
	2009	2008
	HK$'000	HK$'000
Listed equity investments, at fair value:		
Hong Kong	**254**	396
Elsewhere	**13,138**	27,372
	13,392	27,768

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. The fair values of listed equity investments are based on quoted market prices.

The market value of the Group's available-for-sale equity investments at the date of approval of these financial statements was approximately HK$15,360,000.

At 31 March 2009 and 2008, the Group did not hold any available-for-sale equity investments with carrying amounts exceeded 10% of the total assets of the Group.

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2009	2008
	HK$'000	HK$'000
Listed equity investments in Hong Kong, at fair value	**163,369**	323,793

The above equity investments at 31 March 2009 and 2008 were classified as held for trading. The fair values of listed equity investments are based on quoted market prices.

The market value of the Group's equity investments at fair value through profit or loss at the date of approval of these financial statements was approximately HK$240,793,000.

At 31 March 2009 and 2008, the Group did not hold any equity investments at fair value through profit or loss with carrying amounts exceeded 10% of the total assets of the Group.

19. TRADE RECEIVABLES

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 99% (2008: 97%) 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 receivables approximate to their fair values.

An aged analysis of the Group's trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within 1 month	**686**	24,642
1 to 2 months	**2**	–
	688	24,642

The aged analysis of the Group's trade receivables, that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Neither past due nor impaired	**686**	24,642
Less than 1 month past due	**2**	–
	688	24,642

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in the balance was a deposit of HK$2,680,000 (2008: Nil) in relation to an acquisition of a 5% equity interest in Saigon Port-Hiep Phuoc Joint Stock Company (the "Saigon Port Company").

On 14 April 2008, the Group entered into an agreement with Vietnam Southern Food Corporation (a Vietnam stated-owned enterprise) ("VSFC"), pursuant to which, the Group agreed to acquire a 5% shareholding interest in the Saigon Port Company from VSFC at a consideration of VND3,155,000,000 (approximately of HK$1,513,000), and was granted the right to contribute an additional capital to attain the 5% share in the capital of the Saigon Port Company every time the company increases its capital. The Saigon Port Company was established in Vietnam and is principally engaged in the construction and operation of the Saigon – Hiep Phuoc Port (the "Saigon Port Project") 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).

On 23 July 2008, the Group entered into a second agreement with VSFC, whereby additional capital of VND2,500,000,000 (approximately of HK$1,167,000) was made by the Group, to attain its 5% shareholding in the Saigon Port Company.

Subsequent to the balance sheet date, on 7 April 2009, the Group entered into a third agreement with VSFC, whereby additional capital of VND2,500,000,000 (approximately of HK$1,095,000) was made by the Group, to attain its 5% shareholding in the Saigon Port Company. On 29 May 2009, an agreement was entered into between the Group and VSFC for the termination of all the above agreements in relation to the transfer of shares of Saigon Port Company to the Group. The Group's aggregate capital payment of HK$3,775,000 was subsequently refunded to the Group by VSFC.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**137,332**	11,438	**363**	592
Time deposits	**23,715**	239,848	**–**	40,952
	161,047	251,286	**363**	41,544
Less: Pledged time deposits for bank overdraft facilities (note 28)	**(7,323)**	(7,274)	**–**	–
Cash and cash equivalents	**153,724**	244,012	**363**	41,544

At the balance sheet date, cash and bank balances of the Group denominated in Renminbi ("RMB") and Vietnamese Dong ("VND") amounted to approximately HK$312,000 (2008: HK$242,000) and HK$80,000 (2008: HK$Nil), respectively. The RMB and VND are not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, and the Law on Foreign Investment in Vietnam, the Group is permitted to exchange RMB and VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods from one day to one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

22. TRADE PAYABLES

An aged analysis of the Group's trade payables as at the balance sheet date, based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within 1 to 2 months	**29**	16,366
Over 3 months	**48**	47
	77	16,413

Trade payables are non-interest-bearing and have a credit period of an average of two months. The carrying amounts of trade payables approximate to their fair values.

23. CONVERTIBLE BONDS

On 6 July 2007, the Company entered into a placing agreement (the "Placing Agreement") with Taifook Securities Company Limited, the placing agent, in relation to the issue of three-year zero-coupon convertible bonds (the "Convertible Bonds") with a principal amount of HK$200,000,000. The Placing Agreement was completed on 16 November 2007 and the Convertible Bonds were issued by the Company to the bondholders on the same date. There was no movement in the number of Convertible Bonds during the year. The Convertible Bonds are convertible at the option of the bondholders into ordinary shares of the Company at any time following the date of issue of the Convertible Bonds up to the maturity date on 15 November 2010, at a price of HK$0.25 per share, subject to adjustments.

The Company may redeem in whole or in part of the outstanding Convertible Bonds at the redemption amount equal to 100% of the principal amount of the outstanding Convertible Bonds to be redeemed and the redemption shall be made in amounts of not less than a whole multiple of HK$200,000 by giving to the bondholders not less than seven business days' prior notice. On the maturity date, any Convertible Bonds not converted or redeemed during the tenure will be redeemed by the Company at 100% of the principal amount.

23. CONVERTIBLE BONDS (continued)

The fair value of the liability component of the Convertible Bonds was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity. The fair value of the liability component was estimated at the issuance date and at 31 March 2008 by RHL Appraisal Limited ("RHL"), an independent firm of professionally qualified valuers.

The Convertible Bonds have been separated into the liability and equity components on the date of issuance and the movements of their carrying amounts during the year are as follows:

	Group and Company		
	Liability component	**Equity component**	**Total**
	HK$'000	HK$'000	HK$'000
Carrying amount at 31 March 2008	154,315	47,257	201,572
Imputed interest expenses (note 6)	16,008	–	16,008
Carrying amount at 31 March 2009	170,323	47,257	217,580

The fair value of the liabilities component of the Convertible Bonds at 31 March 2009 approximated to the corresponding carrying amount.

24. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 31 March 2008 comprise fair value gain on available-for-sale equity investments amounted to HK$22,000. During the year ended 31 March 2009, deferred tax liabilities of HK$22,000 was credited to the income statement as the related available-for-sale equity investments were impaired.

At 31 March 2009, there was no significant unrecognised deferred tax liability (2008: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

The Group has tax losses arising in Hong Kong of HK$623,326,000 (2008: HK$382,348,000), in Mainland China of HK$9,302,000 (2008: HK$7,665,000) and in Vietnam of HK$6,844,000 (2008: Nil) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

25. SHARE CAPITAL

Shares

	2009	2008
	HK$'000	HK$'000
Authorised:		
60,000,000,000 ordinary shares of HK$0.01 each	**600,000**	600,000
Issued and fully paid:		
2,824,643,047 ordinary shares of HK$0.01 each	**28,247**	28,247

25. SHARE CAPITAL (continued)

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Notes	Number of shares in issue	Issued share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2007		1,359,883,047	13,599	380,286	393,885
Issue of shares:					
Placements of shares	*(i)*	771,900,000	7,719	154,380	162,099
Subscription of shares	*(ii)*	680,000,000	6,800	163,200	170,000
		1,451,900,000	14,519	317,580	332,099
Share issue expenses	*(i)*	–	–	(3,545)	(3,545)
Exercise of share options	*(iii)*	12,860,000	129	6,734	6,863
At 31 March 2008, 1 April 2008 and 31 March 2009		2,824,643,047	28,247	701,055	729,302

Notes:

(i) The Company entered into placing agreements with Taifook Securities Company Limited, the placing agent, on 6 July 2007 and 12 October 2007, for the placing of 271,900,000 and 500,000,000 new ordinary shares of the Company, respectively, of HK$0.01 each at a price of HK$0.21 per share. 771,900,000 shares of HK$0.01 each of the Company were issued and cash proceeds of HK$162,099,000, net of share issue expenses of HK$3,545,000, were received by the Company.

(ii) The Company entered into a subscription agreement (the "Subscription Agreement") with High Super Enterprises Limited (the "Subscriber"), a wholly-owned subsidiary of Golden Resources Development International Limited, on 2 October 2007, which the Subscriber agreed to subscribe for 680,000,000 new ordinary shares of the Company (the "Share Subscription") at a price of HK$0.25 per share. The Share Subscription was completed on 21 November 2007. 680,000,000 shares of HK$0.01 each of the Company were allotted and cash proceeds of HK$170,000,000 were received by the Company.

25. SHARE CAPITAL (continued)

Notes: (continued)

(iii) During the year ended 31 March 2008, the subscription rights attaching to 12,860,000 share options were exercised at a subscription price of HK$0.357 per share, resulting in the issuance of 12,860,000 ordinary shares of HK$0.01 each in the Company for a total cash consideration of HK$4,591,000. Upon the exercise of these share options, the balance of the share option reserve of HK$2,272,000 relating to these share options was transferred to the share premium account.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 27 to the financial statements.

26. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

The contributed surplus of the Group arose as a result of the Group reorganisation upon listing of the Company's shares in 1994, and represented the difference between the nominal value of the shares of the former holding company of the Group prior to the Group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

In addition, pursuant to special and ordinary resolutions passed at the special general meeting held on 22 September 2000, the issued and fully paid share capital of the Company was reduced by HK$448,992,000 through a reduction in the nominal value of the share capital of the Company. The credit arising as a result of the reduction of the share capital of approximately HK$448,992,000 was transferred to the contributed surplus.

26. RESERVES (continued)

(a) Group (continued)

On 28 July 2005, a capital reorganisation scheme was approved by the shareholders under a special resolution, pursuant to which, every ten shares of HK$0.01 each in the issued share capital of the Company were consolidated into one consolidated share of HK$0.10 and every issued consolidated share was reduced in nominal amount by cancelling HK$0.09 of the capital paid up for each issued consolidated share so as to form (after the share consolidation) one reorganised share of HK$0.01. The credit arising from the capital reorganisation of HK$101,992,000 was transferred to the contributed surplus.

(b) Company

	Share premium account HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2007	380,286	–	556	594,673	(716,664)	258,851
Premium upon issue of shares (note 25)	317,580	–	–	–	–	317,580
Share issue expenses (note 25)	(3,545)	–	–	–	–	(3,545)
Exercise of share options (note 25)	6,734	(2,272)	–	–	–	4,462
Equity-settled share option arrangement (note 27)	–	15,232	–	–	–	15,232
Loss for the year	–	–	–	–	(223,938)	(223,938)
At 31 March 2008 and 1 April 2008	701,055	12,960	556	594,673	(940,602)	368,642
Loss for the year	–	–	–	–	(250,938)	(250,938)
At 31 March 2009	701,055	12,960	556	594,673	(1,191,540)	117,704

Note:

The contributed surplus of the Company arose as a result of the Group reorganisation referred to in (a) above and represents the excess of the then combined net assets of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor.

In addition, the capital reorganisation described in (a) above also resulted in an aggregate credit balance of approximately HK$550,984,000 being transferred to the Company's contributed surplus.

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the Company's directors, including independent non-executive directors, other employees of the Group or any invested entity, suppliers of goods or services to the Group or any invested entity, customers of the Group or any invested entity, shareholders of the Group or any invested entity, holders of securities of the Group or any invested entity and persons or entities that provide research, development or other technological support to the Group or any invested entity. The Scheme became effective on 27 August 2003 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all options granted and to be granted under the Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the date of approval of the Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained. The total number of shares of the Company available for issue under the Scheme is 163,178,304 shares, which represented approximately 5.8% of the issued share capital of the Company as at the date of the annual report. The maximum number of shares issued and to be issued upon exercise of the share options granted to each eligible participant in the Scheme (including exercised, cancelled and outstanding options) within any 12-month period, is limited to 1% of the shares of the Company in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Under the Scheme, share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000 is subject to shareholders' approval in advance in a general meeting.

27. SHARE OPTION SCHEME (continued)

The offer of a grant of share options under the Scheme may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determined by the directors, save that such period shall not be more than 10 years from the date of adoption of the Scheme subject to the provisions for early termination set out in the Scheme. Unless otherwise determined by the directors at their sole discretion, there is no requirement of a minimum period for which an option must be held before it can be exercised.

The exercise price of share options granted under the Scheme is determined by the directors, but shall not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company on the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The fair value of the equity-settled share options granted during the year ended 31 March 2008 was estimated by RHL Appraisal Limited, an independent firm of professionally qualified valuers, using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of the equity-settled share options granted was HK$15,232,000 of which the Group recognised a share option expense of HK$15,232,000 during the year ended 31 March 2008. The following table lists the inputs to the model used:

	2008
Dividend yield (%)	N/A
Expected volatility (%)	98.09
Historical volatility (%)	98.09
Risk-free interest rate (%)	3.99
Share price at grant date (HK$)	HK$0.34

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

27. SHARE OPTION SCHEME (continued)

No other feature of the options granted was incorporated into the measurement of fair value.

The 12,860,000 share options exercised during the year ended 31 March 2008 resulted in the issue of 12,860,000 ordinary shares of the Company and new share capital of HK$129,000 and share premium of HK$4,462,000 (before issue expenses), as further detailed in note 25 to the financial statements.

At the balance sheet date, the Company had 73,330,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 73,330,000 additional ordinary shares of the Company and additional share capital of HK$733,000 and share premium of HK$25,446,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 73,330,000 share options outstanding under the Scheme, which represented approximately 2.6% of the Company's shares in issue as at that date.

28. PLEDGE OF ASSETS

At 31 March 2009, the Group's banking facilities were secured by the Group's fixed deposits of HK$7,323,000 (2008: HK$7,274,000) (note 21).

29. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and convenience stores under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 31 March 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**3,808**	1,632
In the second to fifth years, inclusive	**4,301**	15
	8,109	1,647

In addition, the Group is required to pay an annual fee in respect of the use of certain land in Mainland China for its electronic products business up to 2011 with an increment of 15% for every ten years commencing from 1993. The total future annual fee payables under such non-cancellable operating lease falling due as follows:

	Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**106**	96
In the second to fifth years, inclusive	**168**	248
	274	344

At the balance sheet date, the Company had no significant operating lease commitments (2008: Nil).

30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments at the balance sheet date:

	Group	
	2009	2008
	HK$'000	HK$'000
Contracted, but not provided for:		
Capital contributions to a joint venture company	**15,288**	66,885

On 13 November 2007, the Group entered into a joint venture agreement (the "JV Agreement") with Food Company of Ho Chi Minh City (the "Food Company"), a wholly-owned subsidiary of VSFC, pursuant to which, both parties agreed to establish a joint venture company (the "JV Company") on or before 12 May 2008 for the future operation of convenience retail stores in Vietnam. During the year ended 31 March 2009, the Group entered into certain agreements with Food Company for the revision and amendment on certain terms stated in the JV Agreement (collectively referred to as the "Revised JV Agreements"). In accordance with the Revised JV Agreements, the total equity interest in the JV Company will be held as to 49% by the Group and 51% by the Food Company, respectively, and the total invested capital of the JV Company would amount to US$4,000,000 (equivalent to HK$31,200,000). The Group is required to contribute US$1,960,000 (equivalent to HK$15,288,000) in form of legal capital and shareholders' loans to the JV Company upon the formation of the JV Company, based on its 49% interest therein. Furthermore, the date for the formation of the JV Company was extended to 30 June 2009. Subsequent to the balance sheet date on 30 June 2009, the Group entered into another supplement agreement with the Food Company to extend the formation date of the JV Company to 31 December 2009. As at the date these financial statements, the set up of the JV Company is still in progress, and is pending the approval by the relevant Vietnam authorities.

At the balance sheet date, the Company did not have any significant commitment (2008: Nil).

31. RELATED PARTY TRANSACTIONS

The Group considers the directors of the Company to be the key management personnel, whose compensation has been disclosed in note 8 to the financial statements.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Group – 2009

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Convertible notes-loan portion	–	46,663	–	46,663
Available-for-sale equity investments	–	–	13,392	13,392
Convertible notes-conversion option derivative	491	–	–	491
Equity investments at fair value through profit or loss	163,369	–	–	163,369
Trade receivables	–	688	–	688
Financial assets included in prepayments, deposits and other receivables	–	1,745	–	1,745
Pledged time deposits	–	7,323	–	7,323
Cash and cash equivalents	–	153,724	–	153,724
	163,860	210,143	13,392	387,395

32. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: (continued)

Group – 2009

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	**77**
Convertible bonds	**170,323**
	170,400

Group – 2008

Financial assets

	Financial assets at fair value through profit or loss – held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Convertible notes-loan portion	–	43,285	–	43,285
Available-for-sale equity investments	–	–	27,768	27,768
Convertible notes-conversion option derivative	1,588	–	–	1,588
Equity investments at fair value through profit or loss	323,793	–	–	323,793
Trade receivables	–	24,642	–	24,642
Financial assets included in prepayments, deposits and other receivables	–	1,031	–	1,031
Pledged time deposits	–	7,274	–	7,274
Cash and cash equivalents	–	244,012	–	244,012
	325,381	320,244	27,768	673,393

31. RELATED PARTY TRANSACTIONS

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows: (continued)

Group – 2008

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Trade payables	16,413
Convertible bonds	154,315
	170,728

Company

All the Company's financial assets as at 31 March 2009 and 2008, including amounts due from subsidiaries, deposits and other receivables, and cash and cash equivalents are categorised as loans and receivables.

All the Company's financial liabilities as at 31 March 2009 and 2008, including amounts due to subsidiaries and convertible bonds, are categorised as financial liabilities at amortised cost.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise equity investments, convertible bonds, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables. Details of the major financial instruments and the Group's accounting policies in relation to them are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group does not have any significant exposure to risk of changes in market interest rates, and therefore it does not use derivative financial instruments to hedge its debt obligations.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The Group reviews the recoverable amount of each individual trade debtor at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged time deposits, available-for-sale equity investments and equity investments at fair value through profit or loss, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash and its available banking facilities.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

Group – 2009

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	–	77	–	–	77
Convertible bonds	–	–	–	200,000	200,000
	–	77	–	200,000	200,077

Group – 2008

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Trade payables	–	16,413	–	–	16,413
Convertible bonds	–	–	–	200,000	200,000
	–	16,413	–	200,000	216,413

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Company – 2009

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Convertible bonds	–	–	–	200,000	200,000
Due to subsidiaries	7,498	–	–	–	7,498
	7,498	–	–	200,000	207,498

Company – 2008

	On demand HK$'000	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Total HK$'000
Convertible bonds	–	–	–	200,000	200,000
Due to subsidiaries	7,498	–	–	–	7,498
	7,498	–	–	200,000	207,498

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as trading equity investments (note 18) and available-for-sale investments (note 17) as at 31 March 2009. The Group's listed investments are listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the balance sheet date.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the balance sheet date. For the purpose of this analysis, for the available-for-sale equity investments the impact is deemed to be on the available-for-sale equity investment revaluation reserve and no account is given for factors such as impairment which might impact on the income statement.

	Carrying amount of equity investments HK$'000	Change in the Group's loss before tax HK$'000	Change in the Group's equity* HK$'000
2009			
Investments listed in:			
Hong Kong – Available-for-sale	**254**	**–**	**13**
– Held-for-trading	**163,369**	**8,168**	**–**
Singapore – Available-for-sale	**13,138**	**–**	**657**

	Carrying amount of equity investments HK$'000	Change in the Group's loss before tax HK$'000	Change in the Group's equity* HK$'000
2008			
Investments listed in:			
Hong Kong – Available-for-sale	396	–	20
– Held-for-trading	323,793	16,188	–
Singapore – Available-for-sale	27,372	–	1,368

* Excluding accumulated losses

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2009 and 2008.

The Group monitors capital on the basis of the debt-to-equity ratio calculated as total debt divided by total equity. The debt-to-equity ratio as at the balance sheet dates were as follows:

Group	**2009**	2008
	HK$'000	HK$'000
Trade payables	**77**	16,413
Other payables and accruals	**9,290**	7,689
Liability component of the convertible bonds	**170,323**	154,315
Total debt	**179,690**	178,417
Total equity	**214,536**	495,822
Debt-to-equity ratio	**84%**	36%

34. POST BALANCE SHEET EVENTS

Save as disclosed elsewhere in the financial statements, no other significant events took place subsequent to 31 March 2009.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 13 July 2009.