



SHANG HUA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 371

Interim Report 2007/08

CORPORATE INFORMATION

DIRECTORS

Executive:

Mr Huang Flynn Xuxian (*Chairman*)
Mr Chase J Wong (*Chief Executive Officer*)
Mr Liu Kai (appointed on 18 February 2008)
Mr E Meng (appointed on 18 February 2008)
Ms Guan Mei (resigned on 4 March 2008)

Independent Non-executive:

Mr Shea Chun Lok, Quadrant
Mr Chan Wai Kwong, Peter
Mr So Kwok Keung
(appointed on 1 August 2007)
Mr Ngai Chi Yung (resigned on 27 August 2007)

AUDIT COMMITTEE

Mr Shea Chun Lok, Quadrant (*Chairman*)
Mr Chan Wai Kwong, Peter
Mr So Kwok Keung
(appointed on 1 August 2007)
Mr Ngai Chi Yung (resigned on 27 August 2007)

REMUNERATION COMMITTEE

Mr Chan Wai Kwong, Peter (*Chairman*)
Mr Shea Chun Lok, Quadrant
Mr So Kwok Keung
(appointed on 1 August 2007)
Mr Ngai Chi Yung (resigned on 27 August 2007)

COMPANY SECRETARY

Mr Chow Kim Hang
(appointed on 1 February 2008)
Mr Poon Kwok Hing, Albert
(resigned on 1 February 2008)

QUALIFIED ACCOUNTANT

Mr Mak Kwong Yiu
(appointed on 1 January 2008)
Mr Poon Kwok Hing, Albert
(resigned on 1 February 2008)

STOCK CODE

371

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1601, 16th Floor
Cosco Tower
183 Queen's Road Central
Sheung Wan
Hong Kong

PRINCIPAL SHARE AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

AUDITORS

HLM & Co.
Certified Public Accountants
(resigned on 4 March 2008)

INTERIM RESULTS

The board of directors (the "Board") of Shang Hua Holdings Limited (the "Company") presents herewith the unaudited condensed consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the six months ended 31 December 2007, together with the comparative figures for the corresponding period in 2006. The condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007

	<i>Notes</i>	Six months ended	
		31 December 2007 (Unaudited) HK\$'000	31 December 2006 (Unaudited) HK\$'000
Turnover	3	10,956	8,343
Cost of sales		(10,722)	(8,235)
Gross profit		234	108
Other operating income		1,663	723
Other revenue		1,049	–
Distribution costs		–	–
Administrative expenses		(2,857)	(1,917)
Fair value changes on financial assets at fair value through profit or loss		(1,989)	7
Loss from operations		(1,900)	(1,079)
Finance costs		(2,343)	(10)
Loss before taxation		(4,243)	(1,089)
Taxation/Income tax credit		(76)	51
Loss for the period to equity holders of the Company		(4,319)	(1,038)
Loss per ordinary share			
– basic	7	(5.19 cents)	(1.25 cents)

The notes on pages 6 to 11 form part of the interim financial report.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2007

		31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment		68	71
Current assets			
Trade and other receivables	8	18,763	2,251
Financial assets at fair value through profit or loss		18,978	431
Pledged bank deposits	9	150	75
Bank balances and cash		92,210	29,287
		130,101	32,044
Total assets		130,169	32,115
LIABILITIES			
Current liabilities			
Trade and other payables	10	274	679
Net current assets		129,827	31,356
Total assets less current liabilities		129,895	31,436
Non-current liabilities			
Convertible bond	11	85,044	–
Total Liabilities		85,318	679
Net assets		44,851	31,436
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	8,328	8,328
Reserves		36,523	23,108
Total equity		44,851	31,436

The notes on pages 6 to 11 form part of the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2007 (Unaudited)

	Share capital HK\$'000	Convertible bond reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2007 (Audited)	8,328	–	(400)	974	22,534	31,436
Exchange difference on translation of financial statements of overseas subsidiary	–	–	–	458	–	458
Convertible bond – equity component	–	17,276	–	–	–	17,276
Net loss for the period	–	–	–	–	(4,319)	(4,319)
	<u>8,328</u>	<u>17,276</u>	<u>(400)</u>	<u>1,432</u>	<u>18,215</u>	<u>44,851</u>
At 31 December 2007 (Unaudited)	<u>8,328</u>	<u>17,276</u>	<u>(400)</u>	<u>1,432</u>	<u>18,215</u>	<u>44,851</u>

For the six months ended 31 December 2006 (Unaudited)

	Share capital HK\$'000	Convertible bond reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2006 (Audited)	8,328	–	(400)	323	25,101	33,352
Exchange difference on translation of financial statements of overseas subsidiary	–	–	–	275	–	275
Convertible bond – equity component	–	–	–	–	–	–
Net loss for the period	–	–	–	–	(1,038)	(1,038)
	<u>8,328</u>	<u>–</u>	<u>(400)</u>	<u>598</u>	<u>24,063</u>	<u>32,589</u>
At 31 December 2006 (Unaudited)	<u>8,328</u>	<u>–</u>	<u>(400)</u>	<u>598</u>	<u>24,063</u>	<u>32,589</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2007

	Six months ended	
	31 December 2007 (Unaudited) HK\$'000	31 December 2006 (Unaudited) HK\$'000
Net cash used in operating activities	(18,999)	(3,788)
Net cash generated from investing activities	(18,536)	1,004
Net cash generated from financing activities	100,000	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	62,465	(2,784)
Cash and cash equivalents at beginning of the period	29,287	32,088
Effect of foreign exchange rate changes	458	275
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	92,210	29,579
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	92,210	29,579
	<hr/>	<hr/>
	92,210	29,579
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2007 (unaudited)

1. Basis of preparation

This unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements, except for the accounting policy changes are expected to be reflected in the 2007 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in accounting policies

The accounting policies and methods of computation used in the preparation of this report are consistent with those used in the annual financial statements for the year ended 30 June 2007.

The following new standards, amendments to standards and interpretations issued by HKICPA are applicable for the year ending 31 December 2008.

HKSA 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – INT 12	Service Concession Arrangements ²
HK(IFRIC) – INT 13	Customer Loyalty Programmes ³
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2007 (unaudited)

3. Segment information

The Group's primary format for reporting segment information is geographical segments.

Six months ended 31 December 2007 (unaudited)

	Hong Kong <i>HK\$'000</i>	The People's Republic of China (the "PRC") <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER			
External sales	<u>10,956</u>	<u>-</u>	<u>10,956</u>
SEGMENT RESULT			
	<u>234</u>	<u>-</u>	<u>234</u>
Other operating income			1,663
Other revenue			1,049
General and administrative expenses			(2,857)
Fair value changes on financial assets at fair value through profit and loss			<u>(1,989)</u>
Loss from operations			(1,900)
Finance costs			<u>(2,343)</u>
Loss before taxation			(4,243)
Taxation		(76)	<u>(76)</u>
Loss for the period			<u>(4,319)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(continued)

For the six months ended 31 December 2007 (unaudited)

3. Segment information *(continued)*

Six months ended 31 December 2006 (unaudited)

	Hong Kong <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
TURNOVER			
External sales	<u>6,387</u>	<u>1,956</u>	<u>8,343</u>
SEGMENT RESULT	<u>51</u>	<u>57</u>	108
Other operating income			723
Other revenue			–
General and administrative expenses			(1,917)
Fair value changes on financial assets at fair value through profit and loss			<u>7</u>
Loss from operations			(1,079)
Finance costs			<u>(10)</u>
Loss before taxation			(1,089)
Income tax credit		51	<u>51</u>
Loss for the period			<u>(1,038)</u>

4. Loss before taxation

Loss before taxation for the period has been arrived at after charging/(crediting):

	Six months ended	
	31 December 2007 (Unaudited) <i>HK\$'000</i>	31 December 2006 (Unaudited) <i>HK\$'000</i>
Depreciation of property, plant and equipment	20	21
Interest income	(1,164)	(538)
Fair value changes on financial assets at fair value through profit or loss	<u>1,989</u>	<u>(7)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2007 (unaudited)

5. Taxation

No provision for Hong Kong Profits Tax and PRC enterprise income tax have been made in the financial statements as the Group's operations in both Hong Kong and PRC incurred tax loss for the period.

6. Interim dividend

No dividends were paid during the period. The Board does not recommend the payment of an interim dividend (for the six months ended 31 December, 2006: Nil).

7. Loss per ordinary share

The calculation of the basic loss per share is based on the loss for the period of approximately HK\$4,319,000 (six months ended 31 December 2006: HK\$1,038,000) and on the weighted average number of ordinary shares of 83,285,449 (six months ended 31 December 2006: 83,285,449).

Diluted loss per share has not presented, as there are no dilutive potential ordinary shares in issue for both periods.

8. Trade and other receivables

The Group allows an average credit period of 30-60 days to its trade customers.

An aged analysis of trade and other receivables is as follows:

	31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
Trade receivables		
0 – 30 days	7,568	2,104
31 – 60 days	–	–
Over 60 days	–	–
	<hr/>	<hr/>
	7,568	2,104
Deposits and prepayments	11,195	147
	<hr/>	<hr/>
	18,763	2,251
	<hr/> <hr/>	<hr/> <hr/>

9. Pledge of assets

As at 31 December 2007, the Group pledged bank deposit of approximately HK\$150,000 (2006: HK\$75,000), which carry fixed interest rate of 1.4% to secure general banking facilities granted to a subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2007 (unaudited)

10. Trade and other payables

An aged analysis of trade and other payables is as follows:

	31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
Trade payables		
0 – 30 days	–	–
31 – 60 days	–	–
Over 60 days	–	313
	<hr/>	<hr/>
Other payables and accrued charges	–	313
	274	366
	<hr/>	<hr/>
	274	679
	<hr/> <hr/>	<hr/> <hr/>

11. Convertible bond

	31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
Fair value of convertible bond issued	100,000	–
Equity component	(17,276)	–
	<hr/>	<hr/>
Liability component	82,724	–
Interest expenses charged	2,320	–
	<hr/>	<hr/>
Amortised cost at 31 December 2007	85,044	–
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the convertible bond subscription agreement dated 12 April 2007 entered into between the Company and Pioneer Wealth Limited, the Company agreed to conditionally issue to Pioneer Wealth Limited the aggregate principal amount of HK\$200,000,000 (the “Bond”) comprising Tranche 1 Bond of principal amount of HK\$100,000,000 and Tranche 2 Bond of principal amount of HK\$100,000,000 which will be settled by cash on their respective issue dates. The Bond does not bear any interest. The relevant details have been disclosed in the circular of the Company dated 3 May 2007.

On 27 July 2007, the Company issued the Tranche 1 Bond with aggregate principal amount of HK\$100,000,000 to Pioneer Wealth Limited. The Tranche 1 Bond does not bear any interest and its maturity date is the third anniversary of the date of issue of the Tranche 1 Bond and its initial conversion price is set initially as HK\$0.40 per share in the Company and subject to adjustments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the six months ended 31 December 2007 (unaudited)

11. Convertible bond (continued)

The fair value of the liability component, included in current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The remaining balance represented the equity conversion component, is included in shareholders' equity named as convertible bond reserve.

12. Share capital

	31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
Authorised:		
1,500,000,000 ordinary shares of HK\$0.10 each	<u>150,000</u>	<u>150,000</u>
	31 December 2007 (Unaudited) HK\$'000	30 June 2007 (Audited) HK\$'000
Issued and fully paid:		
83,285,449 ordinary shares of HK\$0.10 each	<u>8,328</u>	<u>8,328</u>

13. Subsequent events

On 28 January 2008, the Company and Beijing Enterprises Holdings Limited ("BEHL") jointly announced that they had entered into the Subscription Agreement, pursuant to which (i) the Company conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for 247,000,000 new Shares at a price of HK\$0.40 per new Shares; (ii) the Company conditionally agreed to issue and Subscriber conditionally agreed to purchase the Firm Bonds at the selling price of HK\$200,000,000 and (iii) the Company conditionally agreed to grant the Call Options to the Subscriber. For further details and definition of terms, please refer to the Company's circular dated 18 February 2008.

The Subscription Agreement was passed in the special general meeting of the Company on 4 March 2008.

The financial year end date of the Company will be changed from 30 June to 31 December with effect on 4 March 2008

14. Approval of the interim financial statements

The unaudited condensed consolidated interim financial statements were approved by the Board on 28 March 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL

The principal activity of the Company continues to be investment holding. The principal activities of the Company's subsidiaries include: trading of computer related products and the trading of listed securities.

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the interim report.

RESULTS

Turnover of the Group for the six months ended 31 December 2007 was approximately HK\$10,956,000 representing increase of approximately 31.25% over the corresponding period in 2006. Loss for the period amounted to approximately HK\$4,319,000.

INTERIM DIVIDEND

The Board had resolved not recommend the payment of an interim dividend for the six months ended 31 December 2007.

BUSINESS REVIEW AND PROSPECTS

There is keen competition in the market of computer consumer products and gross profit margin has increased from 1.29% to 2.14% compared to the corresponding period in 2006.

The Group will progressively reduce its reliance on its existing principal business of trading of computers and related products. The Group will focus on water treatment and environmental business. Yet, the Company does not intend to dispose of the existing computer business. It is expected that with the proposed business diversification, the contribution from the computer business to the Group would become less material. For its expansion into the water treatment and environmental business, the Company will pursue possible acquisition and consider other opportunities in the sector as and when they arise. The Group will be the platform for investment in and development of water treatment and environmental business.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

FINANCIAL HIGHLIGHT

As at 31 December 2007, the bank and cash balances were totaling approximately HK\$92,210,000. The current ratio was about 475 times with the net current assets amounting to HK\$129,827,000. Basically, its own liquid resources financed all business activities of the Company. The gearing ratio increased from approximately zero (as nil borrowing outstanding by the Company) as at 30 June 2007 to approximately 1.9 times (as derived from approximately HK\$85 million borrowing of the Company divided by approximately HK\$44.9 million equity of the Company) as at 31 December 2007. It was entirely due to the issuance of the convertible bond of HK\$100 million on 27 July 2007. The Group has little exposure to foreign exchange fluctuations as most of its assets are in Hong Kong dollars. As at 31 December 2007 the Group was only liable to the borrowing from the convertible bond and pledged approximately HK\$150,000 deposit to bank to facilitate the Group's daily operation.

Pursuant to the convertible bond subscription agreement dated 12 April 2007 entered into between the Company and Pioneer Wealth Limited, the Company agreed to conditionally issue to Pioneer Wealth Limited the aggregate principal amount of HK\$200,000,000 (the "Bond" comprising Tranche 1 Bond of principal amount of HK\$100,000,000 and Tranche 2 Bond of principal amount of HK\$100,000,000 which will be settled by cash on their respective issue dates. The Bond does not bear any interest. The relevant details have been disclosed in the circular of the Company dated 3 May 2007.

On 27 July 2007, the Company issued the Tranche 1 Bond with aggregate principal amount of HK\$100,000,000 to Pioneer Wealth Limited. The Tranche 1 Bond does not bear any interest and its maturity date is the third anniversary of the date of issue of the Tranche 1 Bond and its initial conversion price is set initially as HK\$0.40 per share in the Company and subject to adjustments.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the total assets and net assets of the Group were HK\$130,169,000 (30 June 2007: HK\$32,115,000) and HK\$44,851,000 (30 June 2007: HK\$31,436,000) respectively, representing an increase of 305% and an increase of 42.5% respectively as compared with corresponding period last year.

As at 31 December 2007, the Group had cash and deposits in banks total approximately HK\$92,210,000 (30 June 2007: HK\$29,287,000) representing an increase of HK\$62,923,000 compared with 30 June 2007. The Group's net current assets were HK\$129,827,000 (30 June 2007: HK\$31,356,000), representing an increase of HK\$98,471,000 as compared with 30 June 2007.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group employed approximately 18 employees (including the directors). The Group's remuneration packages are generally structured by reference to market terms and individual merit. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. During the period under review, no share option were granted or exercised.

OTHER INFORMATION

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(i) Shares

As at 31 December 2007, the interests of the directors, chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO"), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company

Name of director	Nature of interest	Number of shares	Percentage of the issued share capital of the Company
Ms Guan Mei	Corporate (<i>Note</i>)	13,957,000	16.76%
Mr Chase J Wong	Personal	394,800	0.47%

Note: These shares were held through Aster Well Limited, a company beneficially owned by Ms Guan Mei, an executive director and deputy Chairman of the Company.

Save as disclosed above, as at 31 December 2007, none of the directors and the chief executives of the Company nor their associates had any interests or short positions in any shares or underlying shares in, or debentures of the Company or any of its associated corporation.

(ii) Share Options

All of the share options were lapsed at 30 June 2003 and no share option has been granted to the directors or employees of the Group during the six months ended 31 December 2007.

OTHER INFORMATION (continued)**SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES**

Save as at 31 December 2007, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interest in the shares and underlying shares of the Company:

Name of shareholders	Number of ordinary shares and/or underlying shares held	Approximate percentage of the issued share capital of the Company
Pioneer Wealth Limited (<i>Note 1</i>)	520,297,875	624.72%
Aster Well Limited (<i>Note 2</i>)	13,957,000	16.76%

Note 1: The entire share capital of Pioneer Wealth Limited is beneficially owned by Ms Lucy Du and Ms Helen Zhang.

Note 2: The entire share capital of Aster Well Limited is beneficially owned by Ms. Guan Mei.

Save as disclosed above, the Company has not been notified of any other parties having relevant interests or short positions in the issued share capital of the Company as at 31 December 2007.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 31 December 2007, in the opinion of the Board, the Company had complied with all code provisions set out in the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules during the period under review, except for the following deviation:

Code Provision A.4.1

Code A.4.1 of CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors of the Company have not been appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company.

OTHER INFORMATION (continued)

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for securities transaction as set out in Appendix 10 to the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by the directors. Following specific enquiry, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the period under review.

REMUNERATION COMMITTEE

The remuneration Committee of the Company was established, with specific terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. It comprises three independent non-executive directors of the Company. The Committee is responsible for making recommendations to the Board on the Company’s policy and packages of employment for the Directors.

AUDIT COMMITTEE

The Audit Committee of the Company was established in accordance with the requirements of the CG Code as set out in Appendix 14 of the Listing Rules. It comprises three independent non-executive directors of the Company to review on matters regarding internal controls and financial reporting of the Group, including review of the unaudited condensed consolidated financial statements for the six months ended 31 December 2007.

PUBLICATION OF INTERIM REPORT

This interim report is required by paragraphs 46(1) to 46(6) of Appendix 16 of Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited (“HKEx”) at www.hkexnews.hk and on the website of the Company at www.shanghai.com.hk in due course.

On behalf of the Board
Huang Flynn Xuxian
Chairman

Hong Kong, 28 March 2008

As at the date of this report, the Board comprises four executive Directors, namely, Mr Huang Flynn Xuxian, Mr Chase J Wong, Mr Liu Kai and Mr E Meng and three independent non-executive Directors, namely, Mr Shea Chun Lok, Quadrant, Mr Chan Wai Kwong, Peter and Mr So Kwok Keung.