



London  Asia

CHINESE PRIVATE EQUITY FUND

ANNUAL REPORT FOR THE PERIOD 23 FEBRUARY 2006 TO 31 MARCH 2007

Investment Objective

London Asia Chinese Private Equity Fund Limited's (the "Company's") objective is to provide Shareholders with capital growth from investing in a portfolio of companies whose business operations are based in China.

Investment Approach

The Company invests as sole or lead investor in profitable, well-managed businesses whose business operations are based in China, and which the Executive Directors and Investment Consultant believe could generate significant growth in profits from the investment of additional capital.

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Directors	IBC
Advisers	IBC

Chairman's Statement

I am pleased to present the first audited financial statements of the Company for the period ended 31 March 2007.

Highlights:

- Net assets at 31 March 2007 of £66.5 million, equal to 133.05 pence per share;
- Profit for the period of £18.4 million, equal to 36.75p per share;
- Company substantially invested in 14 investments;
- Investments up 52% on cost; and
- 59% of portfolio by value quoted.

The Company was incorporated on 23 February 2006. On 15 March 2006 the Company raised gross proceeds of £50.0 million (net proceeds of £48.1 million) through the issue of 50 million Ordinary Shares at 100.0 pence each with Warrants attached on the basis of one Warrant for every five Ordinary Shares issued. The Company's issued securities began trading on AIM, a market operated by the London Stock Exchange, on 15 March 2006.

Results

As detailed in the following statements, your company made strong progress during the period from launch to 31 March 2007. The Company achieved a net profit for the period ended 31 March 2007 of £18.4 million, representing a profit per Ordinary Share of 36.75 pence. The net asset value at 31 March 2007 was £66.5 million (133.05 pence per Ordinary Share).

During the period the Company built up an investment portfolio of fourteen investments at a cost of £43.5 million. At 31 March 2007 the investments had a fair value of £65.9 million, an unrealised gain of 51.6% on cost. Details of these investments are set out in the Investment Consultant's Report and the Investment Portfolio. £11.6 million (17.6%) of the investments have been stated at original cost. Investments with an original cost of £31.9 million have been shown at a fair value of £54.3 million. Fair value was determined based on market price where the stock was listed, latest financing valuation where follow on financing was achieved, or a multiple of post tax profits of 8 for those investments not quoted or re-financed. As part of the audit, an independent third party valuation firm was appointed to review the valuation method, for those investments not listed on SESDAQ or carried at cost, and report to the auditors.

Of the fourteen investments, three were already listed in Singapore at the time we invested, and four floated on the UK's PLUS market post our investment. 58.9% of our investment portfolio (by fair value) is quoted, providing shareholders with visibility as to the value of the assets in the Company.

Investment Environment

Three of our investments were in listed companies because it is our belief that the market price of these businesses did not reflect their true potential (and one has been sold since the period end at a considerable profit).

In addition, in September 2006 revised regulations governing the transfer of Chinese assets outside China, "Ordinance 10", as it is called, came into effect. The

Chinese Government subsequently brought in additional measures to regulate investment by foreigners in Chinese assets and their listing outside China. The impact of these various rules is to restrict the ability of non-Chinese investors to acquire assets in China, and for Chinese businesses to list outside China, with the assumption that permission will only be given in circumstances where the same result cannot be achieved without foreign involvement. Many of the tax preferences that foreign invested businesses in China received have also been removed, levelling the playing field between foreign and local investors. This is part of the Chinese Government's plans to develop their domestic financial services businesses and expand the range of savings products offered to Chinese citizens.

These regulations considerably restrict the range of assets that non-Chinese investors, such as the Company, can invest in. The Chinese stock market has re-opened, and been one of the best performing markets worldwide, encouraging Chinese businesses to raise money and list locally, rather than looking overseas. Foreign incorporated businesses are currently excluded from listing on the Chinese markets, so those Chinese businesses that accept foreign rather than local investment risk excluding themselves from the ability to list in China, where valuations for Chinese businesses are generally considerably higher than can be achieved outside China.

The Chinese Government has been actively encouraging the creation of venture capital and private equity funds within China, often as joint ventures with foreign groups who are faced with restrictions on their ability to get access to Chinese deals in the current environment. There is substantial liquidity within China, as a result of the profits generated by Chinese businesses, the booming economy and stock market, money raised for the big Chinese banks from their stock market listings, and foreign direct investment.

With the Company substantially invested and holding a portfolio of Chinese assets, we see the new rules and current investment environment as being beneficial to our business. Those businesses already listed outside China or restructured under the old regulations are likely to have increased value, as there are fewer opportunities for foreign investors to invest in new Chinese deals. Therefore, investors are forced to look at existing deals that fall outside the new regulations. The increasing liquidity within China pushes up the value of Chinese assets, which should feed through to the value of our portfolio businesses.

Suspension

In accordance with the AIM Rules, on 27 September 2007 the trading of the Ordinary Shares and Warrants was temporarily suspended, pending the publication of the Company's audited financial statements.

The delay in the publication of the financial statements arose from unforeseen requirements resulting from the audit process. The Independent Directors initiated a review of the implementation of certain contractual and operational procedures and the Board is committed to ensuring that issues that impacted this year's audited financial statements will not affect future reporting headlines.

Chairman's Statement

Outlook

The current financial year has started well. Since the period end one more investment has been made, at a cost of £2.7 million, and the investment in Devotion Energy Group was sold in May 2007 for £2.6 million, a realised gain of £1.6 million.

Given the significant discount to published net assets that the Company's share price is currently trading at, and the changed investment environment since the Company was launched, the Board does not feel it is in Shareholders' interests at this point to expand the Company via the issue of new shares. The Company is in the process of considering bank financing to fund further purchases of investments as opportunities arise. The Company is focusing on realising the value of the portfolio through trade sales, IPOs and follow on financings. Since the period end, we have assisted two of our portfolio businesses to raise a total of US\$80 million in follow-on funding, and we are currently working with several of the other investments on new finance, including opportunities to realise part of our holdings. The Board will take a view at the time that it realises investments as to whether to reinvest, return cash to shareholders, buy back shares, or take some other action, dependent on the circumstances and likely returns for Shareholders. With the basis of the valuation of the portfolio now established and endorsed, we hope to be able to provide more regular and timely updates.

I would like to take the opportunity to thank the former Chairman John Manser, Chris Hill and Duncan Baxter, all original directors at the time of the float of the Company who have now left the Board, for their contribution to the success of the Company.

Having been a visitor to China for thirty years I see no end in sight to China's re-emergence as a powerful trading nation, and increasing allocation of global funds to Asia as international investors weigh up the relative growth prospects and risks. We look forward to continuing to realise value for Shareholders.

R Leighton

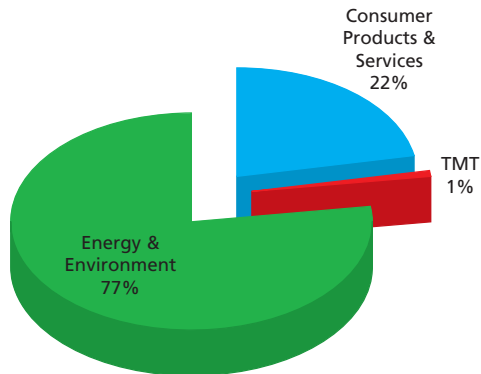
31 October 2007

Investment Consultant's Report

1. Overview

The Company had a successful first year of operation and fully committed the £48 million raised at IPO within its first year of operation. There has already been one complete exit and several other businesses have achieved a listing on the UK's PLUS market since our investment, as a result of which 59% of the investment portfolio is currently quoted, giving transparency as to the portfolio value.

The investment portfolio is showing a 52% increase over cost, a considerable achievement given that the bulk of the investment was made in the second half of the year.



The chart shows the breakdown of assets at market value by industry. The bulk of the funds have been invested in the energy and environment sector, where the Investment Consultant has particular expertise, and where we believe there are significant opportunities. The remainder is invested in the consumer sector, which is benefitting strongly from the increasing wealth of Chinese and the development of the economy from an agricultural to a manufacturing and consumer led economy.

2. The Investment Environment

Since the Company was launched, there have been a number of macro factors influencing the investment strategy and performance of the Company:

- The implementation in September 2006 and since of a range of measures designed to restrict investment by foreign funds in Chinese businesses and assets, and list Chinese businesses overseas. The Chinese Government continues to discourage foreign private equity investment, other than in specific types of transactions where the investor is bringing more than just cash, such as expertise or technology that is not readily available in China;
- The re-opening of China's stock market, and surge in its valuations and liquidity. With the number of retail brokerage accounts surging past the 100 million level, a slug of the estimated US\$1.3 trillion of personal savings is being diverted into the Chinese Stock Market, causing surging liquidity and valuations to levels considerably higher than could be achieved for similar assets outside China. The Chinese Government has on several occasions recently publicly announced that it would like to see fewer listings of Chinese businesses overseas and more listings locally;

- The emergence of private equity firms within China, often backed by provincial or national Government.

Whilst there are considerable numbers of businesses in China that fall outside the various regulations, or have a genuine commercial reason for seeking overseas funds or listings, the cumulative effect of these various changes has been to:

- Restrict the number of deals that are available to foreign financial investors, as Chinese businesses seek to list locally, raise funds locally, or are prevented by the regulations from accepting foreign cash;
- The consequent shortage of deal flow, coupled with a surge in foreign funds raised for investment in China, has pushed up the valuations of Chinese private businesses which are suitable for foreign investment, with more money chasing fewer deals.

Given the above, the market for our existing investments is very strong, as there is continued oversupply of cash and shortage of deals that foreign investors can invest in. We are seeking next round financing for a number of our portfolio businesses, similar to the US\$80 million raised recently for our investee companies, Asia Water Technology and China New Energy, the last of which was done at a multiple of the value we invested at last year.

Conversely, competition for new deals to invest in is cut-throat. The smart money has switched to investing in Chinese businesses just prior to an IPO in China, taking advantage of the high valuations and liquidity in China. The Company as currently structured faces restrictions doing this.

More recently, the Chinese Government has begun implementing measures to allow Chinese citizens to invest some of their capital in stocks listed on the Hong Kong Stock Exchange ("HKSE"). Whilst the details are yet to be finalised, with a recent announcement indicating that the total amount to be invested will be limited to US\$100 billion, the effect has been to create a renewed surge in valuations on the HKSE, with the market up considerably since the announcement. We are looking at ways that we can take advantage of this to list some of our investments in Hong Kong, though this is only suitable for part of the portfolio as investors in the Hong Kong market tend to be focused on larger deals than the Company typically invests in.

The recent collapse in confidence in the value of a range of financial assets in the US and Europe has not so far had a significant effect on Chinese assets, as they tend to be less geared and there are considerable levels of cash in the region. If anything, we are seeing increasing allocation of assets away from Europe and the US towards Asia.

3. Outlook

With the Company substantially invested, and continued enthusiasm for Chinese assets, we look forward to a busy year realising the potential of the investment portfolio.

S Littlewood
31 October 2007

V Ng
31 October 2007

Investment Portfolio as at 31 March 2007

<i>Company</i>	<i>Activity/Sector</i>	<i>Listing</i>	<i>Fair value £'000</i>	<i>Percentage of net assets %</i>
Asia Clean Energy	Clean energy	Not quoted	4,067	6.1
Asia Water Technology	Clean technology	SESDAQ	9,862	14.8
Asia Wind Group	Clean energy	Not quoted	3,000	4.5
Canmake Business	Manufacturing	Not quoted	7,115	10.7
China Biofoods	Manufacturing	PLUS	3,740	5.6
China CDM Exchange Centre	Carbon credit brokerage	PLUS	2,200	3.3
China New Energy	Clean technology	PLUS	12,705	19.1
China Real Estate Services	Property	Not quoted	4,125	6.2
China Solar Energy	Clean technology	Not quoted	4,300	6.5
Dalian Business Institute	Education	PLUS	3,339	5.0
Devotion Energy Group	Clean energy	SESDAQ	2,504	3.8
FNet Company	Information technology	Not quoted	516	0.8
United Envirotech	Environmental consultancy	SESDAQ	4,407	6.6
Wan Wei Oil & Gas Technology	Mining technology	Not quoted	4,025	6.1
			<u>65,905</u>	<u>99.1</u>
Loan to Devotion Energy Group (note 11)			335	0.5
Other receivables and prepayments			54	0.1
Cash and cash equivalents			12,321	18.5
Investments awaiting settlement			(8,456)	(12.7)
Other fees and accruals			(3,636)	(5.5)
Net assets			<u>66,523</u>	<u>100.0</u>

Asia Clean Energy

Asia Clean Energy is an investment company specialising in the clean energy sector with a focus on China. The company's primary focus is investing in coal mine methane power generating projects, small/medium sized hydropower projects as well as in related high-tech companies. It is also an active buyer of carbon credits generated by Chinese projects, which it sells on to overseas investors. ACE has its own manufacturing plant for coal mine methane power generation projects. The market for coal mine methane power generation in China is huge, as China has proven reserves of 3.16 trillion m³ of coal mine methane. The use of this application is strongly supported by the government, with power generation of 1500MW expected by 2010 and grid companies obliged to purchase all power generated from coal mine methane.

Asia Water Technology

Asia Water is a specialist water treatment company, offering total engineering solutions for both water purification and waste water treatment systems. Founded in November 2002, the company listed on Singapore's SESDAQ stock market in March 2005. In August it raised US\$60 million of funding via the issue of convertible loan notes to increase its investment in Build-Operate-Transfer projects for water supply and waste water treatment plants in China. In early September it announced that it was investing in a £50 million water supply and treatment project in central China. For the year ended 31 December 2006, it announced profits of £3.5 million. It has a current market capitalisation of approximately £132 million. The Company is the largest shareholder, and both Simon Littlewood and Victor Ng are board members.

Asia Wind Group

Asia Wind is a Guernsey incorporated investment company which is a building portfolio of wind energy related

businesses, capitalising on the rapidly expanding wind energy sector in Asia.

Canmake Business

Founded in 2001, Canmake is a leading manufacturer of can-lids, pull-tab ends, caps and closures and other metal packaging products serving the Chinese beverage and food industries. It has an output capacity of over 150 million lids per month and its customers include Ball and Crown, Coca-Cola, Pepsi and Sunkist.

Canmake recently entered into a joint venture with Baoyi Can Making Corporation, part of the Baosteel Group. Under the terms of the agreement, Canmake will provide a minimum of 1.5 billion can lids per annum, equal to approximately £19 million of turnover. Canmake has a 70% share of the joint venture but will receive 100% of the joint venture's profits until the annual volume exceeds three billion can lids. Thereafter Baoyi will receive 30% of the joint venture's profits.

In May Canmake completed a US\$8 million refinancing with a consortium of Asian-based investors on a pre-money valuation of US\$70 million.

China Biofoods

China Biofoods specialises in the production of highly purified herb extract products, which are then used to produce traditional Chinese medicine, and as ingredients in functional foods. The Chinese government view functional foods as an important means to address malnutrition in underdeveloped regions of China. Dietary problems and increasing consumer education in health and nutrition, coupled with increasing purchasing power, is expected to significantly contribute to the growth of the health foods market in general and the functional foods market in particular.

Investment Portfolio as at 31 March 2007

China Biofoods' core products are highly purified linolenic acids (similar to Omega 3), reishi mushroom spore oil, and deodorized garlic oil. The company is in the process of launching a new product – high protein corn – which, because of its high nutritional and economic value, is to be used for poverty-alleviation projects in China. The corn is integrated with soybean protein to deliver four times more protein than that of ordinary corn and serves as a better protein source for the feed meal and food industries. The company is quoted on the UK's PLUS stock market.

China CDM Exchange Centre

China CDM Exchange Centre Limited ("CCEC") is a broker and adviser to carbon credit generating projects in China. It works with businesses and projects that generate carbon credits, and assists the project owner to identify buyers for, and sell on, those carbon credits.

Currently, CCEC is working on 37 projects with contracted tonnes of over 100 million to 2012. CCEC is quoted on the UK's PLUS stock market.

China New Energy

China New Energy ("CNE") is a provider of turnkey solutions and equipment for the production of raw alcohol from which edible alcohol, absolute and fuel ethanol and acetic acid can be produced. Its core services include engineering, design and the sale and installation of production equipment and integrated production lines to manufacturers. The company has acquired technical know-how and patented technology which, together with an experienced team of engineers and specialists, enables it to design and build production plants covering the entire production process from raw material input to production of alcohol, ethanol and related products.

CNE is quoted on the UK's PLUS stock market. In July 2007 CNE raised US\$20 million via the issue of convertible bonds. The new investment valued CNE at approximately US\$100 million.

China Real Estate Services

Founded 10 years ago, China Real Estate Services ("CRES") is a real estate consultancy and leasing company with 26 offices in Beijing and four regional centres in Shijiazhuang, Baoding, Hefei and Tianjin.

CRES specialises in leasing, re-leasing and selling urban income properties in large cities in China where the high percentage of migrants and increasing housing prices has seen significant demand for home rentals and acquisitions. With a team of more than 400 professionals, CRES provides domestic and international clients with value-added residential services focussing on higher income-bracket clients.

China Solar Energy

China Solar Energy is a leading constructor of solar energy buildings in China. China Solar's core business is the design and manufacture of solar energy buildings in China, based on its patented solar thermal technology. In 2004, the management team completed the first large scale building in China that uses solar power as the sole source of thermal energy – because of its ground-breaking design and application of technology, the building is used as a 'Demonstration Building' for the 2008 Beijing Olympics. The company is currently completing a large scale leisure project

at the famous Crab Island (Xie Dao) in Beijing, believed to be one of the largest solar thermal buildings in the world, which integrates a range of sea themed leisure activities, including an aquarium, fish breeding centre, floating tanks and restaurants, in one complex.

The company has also developed an efficient, solar thermal heated and cooled house, designed to meet the requirements of the Chinese Government's program for providing affordable, energy efficient housing.

Dalian Business Institute

Dalian Business Institute Limited ("DBI"), which is quoted on the UK's PLUS stock market, has a 25 year contract to manage Dalian Business Institute, a nationally accredited comprehensive three-year college in Dalian, China, focusing on business and arts subjects. The college has over 5,000 students and the diplomas awarded by DBI are recognised by China's Ministry of Education. The education market in China is seeing considerable growth with the continued expansion of China's economy, with an increasing emphasis on developing skills and education, as China seeks to move from being a low cost manufacturing base to developing jobs for semi-skilled and skilled workers. The one child policy has also encouraged increased spending on education, as parents focus their resources on giving their one child the best possible education.

Devotion Energy Group

The company specialises in providing clean and alternative energy solutions, as well as developing and making energy saving and environmentally friendly thermal equipment and infrastructure. The company listed on the Main Board of the Singapore Stock Exchange in August 2003. In May 2007 the Company sold its investment for £2.6 million, realising a gain of £1.6 million on the £1.0 million paid for the investment.

FEnet

FEnet is a provider of Business Intelligence ("BI") applications and solutions in China, providing services to a range of industry sectors. In October 2007 the Company sold its investment at cost.

United Envirotech

United Envirotech is a Singapore Main Board listed environmental solution provider focused on the water and wastewater treatment sector, primarily to large industrial parks and petrochemical companies, including Petrochina and Sinopec.

The company has established itself as one of the leading one-stop environmental solution providers to the industrial waste water sector. As well as its core focus of industrial parks and the petrochemical sector, its membrane systems have also been used in the pharmaceutical, food and beverage and textile and dye industries. The company generates revenues through the ownership of build operate transfer and transfer operate transfer projects in China, as well as EPC, consulting and other services.

Wan Wei Oil and Gas Technology

Founded in 2000, Wan Wei has spent six years developing a leading Ultra Short Radius ("USR") horizontal well drilling solution, along with related well completion designs and special tools. The company's USR solution is designed to

Investment Portfolio as at 31 March 2007

maximise the full potential of re-entry projects, able to drill wells with arcs of 2.87 metres and build rates of 20 degrees per metre. The solution is used to rejuvenate mature or marginal oil wells, and is considerably cheaper than alternative solutions. The company has signed a number of long-term contracts with Chinese oil companies.

Investment Made Since the Period End

Hainan Zhengye Zhongnong High-tech Co.

Hainan Zhengye Zhongnong High-tech Co. ("HNZY") develops, produces and sells environmentally friendly pesticides and fungicides. HNZY markets its products through over 130 staff and a well established sales network of 3,300 product sales and services centres, covering all major farming areas in 28 of China's provinces. With the increasing trend to replace conventional toxic pesticides with more environmentally friendly solutions, it is well positioned to exploit this fast growing market. HNZY is planning to list on the Shenzhen Stock Exchange and has already appointed one of the leading securities houses in China as the underwriter.

It was established in 1998 and by 2001 was conferred the award of 'Leading Agricultural Chemical Enterprise' in Hainan. In 2005, the hybrid corn seed research was designated as part of China's prestigious 'National Torch Plan' Program. In 2006, the Hainan Province Marine Organism Agricultural Chemical Project Technology Research Centre was established by HNZY to further research and development in marine organism agricultural chemicals.

Eco-friendly pesticide and fungicide products typically sell at a much higher margin than conventional pesticides due to increasing concern regarding food and pesticide safety. HNZY provides its pesticide and fungicide control solutions with an environment-friendly delivery system, which minimizes residual toxicity while delivering equal, if not better, performance compared with conventional chemical pesticides.

In addition to its pesticide and fungicide product range, it has also developed two hybrid corn products, which are already registered with the Ministry of Agriculture. The first, '*High Oil Corn*', contains twice the oil content of other varieties and is ideal for feeding livestock. The second product '*Super Sweet Corn*' has been developed so that 34% of the corn's content is water soluble sugar, enhancing the flavour. The company's research and development seed division is continuing to develop new products using its internationally patented high-tech corn hybrid technology.

Report of the Directors

The Directors are pleased to present their report and financial statements for the period to 31 March 2007.

Status and Activities

The Company is an investment company registered under the provisions of The Companies (Guernsey) Law, 1994 as amended.

The Company's investment objective is to provide Shareholders with capital growth from investing in a portfolio of companies whose business operations are based in China.

Revenue

The results attributable to Shareholders for the year and the transfer to reserves are shown on page 11. The Company made a profit for the period of £18.4 million (36.75p per Ordinary Share).

Dividends

The Company did not pay any dividends during the period and the Directors do not propose a final dividend for the period.

Investments

The Company invested £43.5 million in fourteen companies during the period. At 31 March 2007 the fair value of these investments was £65.9 million. Since the period end one more investment has been made, at a cost of £2.7 million, the investment in Devotion was sold in May 2007 for £2.6 million, realising a gain of £1.6 million and the investment in FEnet was sold in October 2007 at cost.

Taxation

The Company has been granted exemption from Guernsey taxation under the terms of the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 so that the Company is exempt from Guernsey taxation on income arising outside Guernsey and bank interest receivable in Guernsey. The Company is therefore only liable to a fixed fee of £600 per annum.

Authority to Buy Back Ordinary Shares

Pursuant to the authority granted at an extraordinary general meeting and renewed at the first annual general meeting, the Company has authority to utilise the distributable reserves to buy back up to 14.99% of the Ordinary Shares issued at the original placing for cancellation. No shares were purchased for cancellation during the period.

A resolution enabling the Company to purchase up to 10% of the Ordinary Shares in issue and hold them as treasury shares was passed at the first annual general meeting enabling the Board to exert a positive influence, as and when deemed appropriate, over the level of discount to net asset value, at which the Ordinary Shares trade.

Material Contracts

The Company's material contracts are with London Asia Capital (S) PTE Limited ("London Asia"), which acts as Investment Consultant, Elysium Fund Management Limited ("Elysium") which acts as Administrator and Secretary, Collins Stewart (CI) Limited, which acts as Custodian, Capita Registrars (Guernsey) Limited (formerly Capita IRG (CI) Limited), which acts as Registrar, and Collins Stewart Europe Limited, which acts as Nominated Adviser and Broker.

Investment Consultant

London Asia is Investment Consultant and is entitled to receive an annual management fee and an annual performance fee (see note 5).

Appointment of the Investment Consultant

The Directors believe that the investment performance of London Asia during the financial period was creditable. In the opinion of the Directors it is in the interests of the Shareholders as a whole to retain the services of London Asia, although the outcome of the independent Directors' review may change some of the terms of the existing contract.

Administration

Elysium is entitled to an administration fee from the Company (see note 5). Collins Stewart Fund Management Limited ("CSFM") was the original administrator and secretary when the Company was launched. However, on 20 October 2006 Elysium purchased all of the business of CSFM and on 31 January 2007 the Administration Agreement was novated across from CSFM to Elysium. The terms of the Administration Agreement are the same as the terms of the previous agreement with CSFM.

Directors

The present members of the Board are listed on the inside back cover of this report. Mr Baxter, who was appointed as a Director on incorporation of the Company, resigned as a Director on 7 July 2006. Mr Manser and Mr Hill, who were appointed as Directors on incorporation of the Company, resigned as Directors on 24 July 2007 and Mr Leighton was appointed as a Director on 24 July 2007.

Mr Littlewood and Mr Ng carry out the day-to-day investment management of the Company as executive directors. At the launch of the Company both Mr Littlewood and Mr Ng were Directors of London Asia Capital plc. However, during the period Mr Ng resigned from the board of London Asia Capital plc on 13 March 2007 to enable him to devote all his energies to the development of the business in Asia and on 25 July 2007 Mr Littlewood stepped down from the board as it was no longer felt that there was a need for a full time chief executive. Mr Littlewood runs the investment division of London Asia Capital plc ("London Asia Investments Limited"), which is headquartered in Hong Kong, and Mr Ng heads up the operational business ("London Asia Limited").

Report of the Directors

There are no service contracts in place between the non executive Directors and the Company.

At 31 March 2007 and 31 October 2007 the Directors' interests in the Ordinary Shares of the Company were as follows:

	Warrants	Ordinary Shares
Robert Leighton (appointed on 24 July 2007)	–	–
Mark Huntley	–	–
Simon Littlewood	–	–
Victor Ng	–	–
Peter John Manser (resigned on 24 July 2007)	4,000	20,000
Christopher Hill (resigned on 24 July 2007)	–	–
Duncan Baxter (resigned on 7 July 2006)	–	–

Substantial Interests

On 30 September 2007 the following interests in 5% or more of the issued Ordinary Shares had been notified to the Company:

	Number of Ordinary Shares	Percentage of Share Capital
<i>Funds managed by:</i>		
QVT Financial	10,029,796	20.06%
The Bank of New York Mellon	9,244,711	18.49%
Insight Investment Management	8,623,000	17.25%
New Star Asset Management	3,625,000	7.25%
SVM Asset Management	2,623,000	5.25%

Future Prospects

The Board and the Investment Consultant are pleased with the number and quality of the investments made in the initial period of the Company's life and believe that it will continue to meet its investment objectives. Further details are given in the Chairman's Statement and the Investment Consultant's Report.

Suspension

In accordance with the AIM Rules, on 27 September 2007 the trading of the Ordinary Shares and Warrants was temporarily suspended, pending the publication of the Company's audited financial statements.

The delay in the publication of the financial statement arose from unforeseen requirements resulting from the audit process. The Independent Directors initiated a review of the implementation of certain operational procedures and the Board is committed to ensuring that issues that impacted this year's audited financial statements will not affect future reporting headlines.

Corporate Governance and Directors' Remuneration

As a Guernsey incorporated company and under the AIM rules for companies, the Company is not required to comply with the new Combined Code published by the Financial Reporting Council (the "2003 FRC Code"). However, the Directors place a high degree of importance on ensuring that high standards of Corporate Governance are maintained and that the Company complies with the Guidance on Corporate Governance in the Finance Sector

in Guernsey. As a result, many of the principles set out in the 2003 FRC Code have been adopted and these are summarised below, together with some of the areas of non-compliance.

A.1.3 The non-executive Directors have not met separately, without the Chairman present, to appraise the Chairman's performance. The Board decided that this was not appropriate given the size of the Board and the nature of the Company.

A.4.4 The terms and conditions of appointment of the Directors are not available for inspection as the Board did not deem it necessary to formalise the terms and conditions of appointment or to sign letters of appointment.

Since the Directors did not formalise letters of appointment and as the schedule of Board and committee meetings is subject to change according to the exigencies of the business, the Directors do not have fixed time commitments. All Directors are expected to demonstrate their commitment to the work of the Board on an ongoing basis.

A.6.1 The Board did not undertake a formal performance of the Board, its committees or the individual Directors during the period. The Board decided that this was not appropriate given the nature of the Company.

A.7.2 The Directors are not appointed for specific terms as this was not felt to be appropriate for the size and nature of the Company.

B.2.1 The Board has not established a remuneration committee. The Board does have executive directors, however as detailed in the Admission Document, the Company has no obligation to remunerate them. It is therefore not considered to be appropriate for the size and composition of the Board.

Board Responsibilities

The Board currently comprises two non-executive members, Mr Leighton and Mr Huntley, both of whom are independent. The Company has two executive directors, Mr Littlewood and Mr Ng. The Chairman (Mr Leighton) is the senior non-executive director. This is not in accordance with provision A.2.1 of the 2003 FRC Code but it is felt to be appropriate for the size and nature of the Company.

The Board has engaged external companies to undertake administrative and custodial activities of the Company. Clear documented contractual arrangements are in place with these firms which define the areas where the Board has delegated responsibility to them. The Company holds at least four Board meetings per year, at which the Directors review the Company's investments and all other important issues to ensure control is maintained over the Company's affairs.

The Company is self-managed in that the day to day investment management decisions are taken by the Executive Directors (Mr Littlewood and Mr Ng), with support being provided to the Directors and the Company through a subsidiary of London Asia Capital plc.

The Board has not stated how it has applied B.1 to B.3 of the 2003 FRC Code on directors' remuneration. However,

Report of the Directors

the fee that was paid to each Director during the period is shown in note 6.

Board Committees

The Company uses a number of committees to control its operations. Each committee has formal written terms of reference which clearly define their responsibilities.

Audit Committee

The Audit Committee has formal written terms of reference. Mr Leighton (chairman) and Mr Huntley are members of the Audit Committee. During the period Mr Manser and Mr Hill were also members of the Audit Committee, with Mr Hill acting as chairman. The Committee meets at least twice a year and provides a forum through which the Company's auditors report to the Board.

Nomination Committee

The Nomination Committee has formal written terms of reference. Mr Leighton (chairman) and Mr Huntley are members of the Nomination Committee. During the period Mr Manser and Mr Hill were also members of the Nomination Committee, with Mr Manser acting as chairman. The Committee meets at least once a year. The function of the Nomination Committee is to consider the appointment and reappointment of Directors.

Board Meetings

All members of the Board are expected to attend each Board meeting and to arrange their schedules accordingly, although non-attendance is unavoidable in certain circumstances. Directors' attendance at Board and Committee meetings during the period is set out below.

	<i>Board Meetings</i>	<i>Committee Meetings</i>
Robert Leighton <i>(appointed on 24 July 2007)</i>	n/a	n/a
Mark Huntley	10/10	5/5
Simon Littlewood	8/10	n/a
Victor Ng	1/10	n/a
Peter John Manser <i>(resigned on 24 July 2007)</i>	7/10	2/5
Christopher Hill <i>(resigned on 24 July 2007)</i>	9/10	5/5
Duncan Baxter <i>(resigned on 7 July 2006)</i>	3/4	2/2

Dialogue with Shareholders

The Directors are always available to enter into dialogue with shareholders. All Ordinary Shareholders will have the opportunity, and indeed are encouraged, to attend and vote at the annual general meeting during which the Board and the Investment Consultant will be available to discuss issues affecting the Company. The Board stays abreast of Shareholders' views via regular updates from the Investment Consultant and Nominated Adviser as to meetings they may have held with Shareholders.

Litigation

The Company is not engaged in any litigation or claim of material importance, nor, so far as the Directors are aware, is any litigation or claim of material importance pending or threatened against the Company.

Going Concern

After making reasonable enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal Control and Financing

The Board is responsible for establishing and maintaining the Company's system of internal control. Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed, and, by their very nature, provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which have been established to provide effective internal controls are as follows:

- Elysium Fund Management Limited is responsible for the provision of administration and company secretarial duties.
- The duties of investment management, accounting and the custody of assets are segregated. The procedures are designed to complement one another.
- The non-executive Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts.

The Board reviews financial information produced by the Investment Consultant and the Administrator on a regular basis.

The Company does not have an internal audit department. All of the Company's management functions are delegated to independent third parties and it is therefore felt that there is no need for the Company to have an internal audit facility.

Payment to Creditors

Amounts due to suppliers and service providers are settled promptly within the terms of the payment, except in cases of dispute. The Company does not have any trade creditors.

Financial Risk Profile

The Company's financial instruments comprise investments, cash and various items such as debtors and creditors that arise directly from the Company's operations. The main purpose of these instruments is the investment of shareholders' funds.

The main risks are market price, interest rate and liquidity risks. Further details are given in note 21 to the financial statements.

Auditors

Moore Stephens are retiring as auditors. The Board will propose the appointment of a new auditor in due course.

Statement of Directors' Responsibilities

The Directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company for that period and are in accordance with applicable laws. In preparing those financial statements the Directors are required to:

Independent Auditor's Report

TO THE MEMBERS OF LONDON ASIA CHINESE PRIVATE EQUITY FUND LIMITED

We have audited the Company's financial statements for the period ended 31 March 2007 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Report of the Directors.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Investment Objective, Investment Approach, Chairman's Statement, Investment Consultant's Report, Investment Portfolio, Report of the Directors, Directors and Advisers and consider the implications for our report if we become aware of any apparent misstatements within them.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 March 2007 and of its profit for the period then ended; and
- have been properly prepared in accordance with The Companies (Guernsey Law), 1994.

Moore Stephens

Guernsey
31 October 2007

Income Statement for the period from 23 February 2006 to 31 March 2007

		23 February 2006 to 31 March 2007 £'000
Income		
Net unrealised change in fair value of investments	10	22,428
Other income	4	<u>1,516</u>
Total income		<u>23,944</u>
Expenses		
Provision for performance fee	5	(3,345)
Investment Consultant's fees	5	(1,009)
Introductory fees	5	(832)
Administration fees	5	(131)
Directors' fees	6	(93)
Audit fees		(29)
Custodian fees		(18)
Other expenses	7	<u>(113)</u>
Total expenses		<u>(5,570)</u>
Profit for the period		<u>18,374</u>
Earnings per share – basic and fully-diluted	8	<u>36.75p</u>

All the items in the above statement are derived from continuing operations.

The accompanying notes on pages 15 to 25 form an integral part of these financial statements.

Balance Sheet as at 31 March 2007

	Note	31 March 2007 £'000
Non-current assets		
Investments at fair value through profit and loss	10	65,905
Current assets		
Financial asset at fair value through profit and loss	11	335
Other receivables and prepayments		54
Cash and cash equivalents		12,321
		<u>12,710</u>
Total assets		<u>78,615</u>
Current liabilities		
Payables and accruals	12	(12,092)
Net assets		<u>66,523</u>
Capital and reserves attributable to equity holders of the Company		
Called-up share capital	13	500
Warrant reserve	13,14	2,293
Distributable reserves		63,730
Total equity shareholders' funds		<u>66,523</u>
Net Asset Value per Ordinary Share – basic	16	133.05p
Net Asset Value per Ordinary Share – fully diluted	16	130.87p

The financial statements on pages 12 to 25 were approved by the Board of Directors on 31 October 2007 and were signed on its behalf by

Robert Leighton
Director
31 October 2007

Mark Huntley
Director
31 October 2007

The accompanying notes on pages 15 to 25 form an integral part of these financial statements.

Statement of Changes in Equity for the period from

23 February 2006 to 31 March 2007

	Note	Share capital £'000	Share premium £'000	Warrant reserve £'000	Distributable reserves £'000	Total £'000
Gross proceeds of placing	13	500	47,207	2,293	–	50,000
Issue costs		–	(1,851)	–	–	(1,851)
Cancellation of share premium	13	–	(45,356)	–	45,356	–
Profit for the period		–	–	–	18,374	18,374
Balance at 31 March 2007		500	–	2,293	63,730	66,523

Statement of Cash Flow for the period from

23 February 2006 to 31 March 2007

	Note	23 February 2006 to 31 March 2007 £'000
Operating activities		
Bank interest received		1,486
Investment Consultant's fees paid		(1,009)
Introductory fees paid		(636)
Administration fees paid		(100)
Directors' fee paid		(63)
Other expenses paid		(150)
Net cash outflow from operating activities	17	(472)
Investing activities		
Purchase of fair value through profit or loss investments		(35,021)
Loan to investee company	11	(335)
Net cash outflow from investing activities		(35,356)
Financing activities		
Issue of Ordinary Shares and Warrants	13	50,000
Issue costs		(1,851)
Net cash inflow from financing activities		48,149
Net increase in cash and cash equivalents		12,321

The accompanying notes on pages 15 to 25 form an integral part of these financial statements.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

1. General information

The Company is a closed-ended investment company domiciled and incorporated as a limited liability company under the laws of Guernsey.

The Company's objective is to provide Shareholders with capital growth from investing in a portfolio of companies whose business operations are based in China. The Company invests as sole or lead investor in profitable, well-managed businesses whose business operations are based in China, and which the Executive Directors and Investment Consultant believe could generate significant growth in profits from the investment of additional capital.

The Company's investment activities are managed by London Asia Capital (S) PTE Limited, with the administration delegated to Elysium Fund Management Limited.

The Company's Ordinary Shares and Warrants are traded on AIM, a market operated by the London Stock Exchange.

The financial statements were authorised for issuance on 31 October 2007.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and applicable legal and regulatory requirements of Guernsey law. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in notes 3 and 10.

The financial statements are presented in Sterling and rounded to the nearest thousand.

b) Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Directors are of the opinion that the Company is engaged in a single economic segment of business being investment in businesses focused on China.

c) Income recognition

Interest income is recognised on a time-proportionate basis using the effective interest method and includes bank interest and interest from debt securities.

d) Expenses

All expenses are accounted for on an accruals basis. The Company's investment consultancy and administration fees, finance costs, including interest on any bank facility, and all other expenses (with the exception of share issue costs) are charged through the Income Statement in the period in which they are incurred.

e) Taxation

The Company has been granted exemption from Guernsey taxation under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged an annual exemption fee of £600. The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption from Guernsey tax.

f) Cash and cash equivalents

Cash in hand and in banks and short-term deposits, which are held to maturity, are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash in hand, demand deposits, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

g) *Investments at fair value through profit and loss*

Classification

The Company classifies its investments in debt and equity securities, and related derivatives, as financial assets at fair value through profit and loss. These financial assets are designated by the Board of Directors at fair value through profit and loss at inception.

Financial assets designated at fair value through profit and loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Consultant and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information. These financial assets are expected to be realised within 12 to 36 months of the balance sheet date.

Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Company commits to purchase or sell the investment.

A fair value through profit or loss asset is derecognised when the Company loses control over the contractual rights that comprise that asset. This occurs when rights are realised, expire or are surrendered and the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. Realised gains and losses on fair value through profit or loss assets sold are calculated as the difference between the sales proceeds and cost. Fair value through profit or loss assets that are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the Company commits to sell the assets.

Measurement

Financial assets at fair value through profit and loss are initially recognised at fair value. Transaction costs are expensed in the Income Statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss are presented in the Income Statement in the period in which they arise.

Interest income from financial assets at fair value through profit and loss is recognised in the Income Statement within other income using the effective interest method. Dividend income from investments at fair value through profit and loss is recognised in the Income Statement within other income when the Company's right to receive payments is established.

Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, PLUS quoted securities and unquoted private companies) is determined by using valuation techniques in accordance with the International Private Equity and Venture Capital Guidelines. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

h) *Foreign currency translation*

Functional and presentational currency

The Company's shares are denominated in Sterling and are traded on AIM in Sterling. The primary activity of the Company is to invest in a portfolio of companies whose business operations are based in China. The performance of the Company is measured and reported to the investors in Sterling.

At the period end six of the investments held were denominated in Sterling, three in Renminbi, three in Singapore Dollars and two in US Dollars. Consequently, the Board of Directors considers that Sterling is the currency that most faithfully represents the effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentational currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Translation differences on non-monetary financial assets and liabilities, such as equities at fair value through profit and loss, are recognised in the Income Statement within the net gain or loss on investments.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

i) *Net asset value and earnings per share*

The net asset value per share disclosed on the face of the Balance Sheet is calculated by dividing the net assets by the number of Ordinary Shares in issue at the period end. Earnings per share is calculated by dividing net profit for the period by the weighted average number of Ordinary Shares in issue during the period. The dilutive effect of outstanding Warrants is reflected as additional share dilution in the computation of the net asset value per share and earnings per share.

j) *Consolidation*

The Company has not prepared consolidated financial statements as its only subsidiary is dormant and does not have any assets or liabilities, other than the unpaid share capital of S\$2 and did not earn any income or incur any expenses during the period.

k) *New standards and interpretations not applied*

IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

<i>International Accounting Standards (IAS/IFRS)</i>		<i>Effective date</i>
IAS 1 (revised)	Presentation of Financial Statements (revised)	1 January 2007
IFRS 7	Financial Instruments: Disclosure	1 January 2007
IFRS 8	Operating Segments	1 January 2008
<i>International Financial Interpretations Committee (IFRIC)</i>		
IFRIC 7	Applying the Restatement Approach Under IAS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006
IFRIC 8	Scope of IFRS 2	1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 - Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

The Directors have chosen not to early adopt the above standards and interpretations and they do not anticipate that they would have a material impact on the Company's financial statements in the period of initial application.

Upon adoption of IFRS 7, the Company will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically the Company will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

Other interpretations, which are effective in this financial period, are not applicable to the Company.

3. **Critical Accounting Estimates and Judgements**

The Board of Directors and the Investment Consultant makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Fair value of unquoted and PLUS quoted securities

The fair value of unquoted securities that are not quoted in active markets is determined by using valuation techniques in accordance with the International Private Equity and Venture Capital Guidelines. The valuations used to determine fair values are validated and periodically reviewed by experienced personnel. The valuations are based on a mixture of:

- third party financing (if available);
- PE ratios;
- cost, where the investment has been made during the period and no further information has been available to indicate that cost is not an appropriate valuation; and
- bid prices of PLUS quoted investments to support any of the three techniques mentioned above.

Functional currency

The Board of Directors considers Sterling to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions (see note 2h).

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

4. Other Income

	23 February 2006 to 31 March 2007 £'000
Bank interest receivable	1,493
Loan interest	23
	<u>1,516</u>

5. Investment Consultant, Performance, Introductory and Administration Fees

During the financial period London Asia Capital (S) PTE Limited (the "Investment Consultant") acted as Investment Consultant to the Company.

Investment Consultant fee

In consideration for the services rendered by the Investment Consultant the Company pays the Consultant a fee of 2.0% per annum of the Net Asset Value, payable quarterly in advance.

Performance fee

In addition, the Investment Consultant is entitled to a performance fee on realised profits in certain circumstances. This fee is payable by reference to the increase in Adjusted NAV per Ordinary Share over the course of a 'performance period'. The first performance period began on Admission and ended on 31 March 2007; each subsequent period is a period of one financial year. The Investment Consultant becomes entitled to a performance fee in respect of a performance period only if two conditions are met.

First, a performance hurdle condition must be met. The performance hurdle is that Adjusted NAV per Ordinary Share at the end of the relevant performance period exceeds an amount equal to the Placing Price increased at a rate of 6.0% per annum on a compounding basis up to the end of the relevant performance period. The second condition to be met (a 'high watermark' test) is that the Adjusted NAV per Ordinary Share at the end of the relevant performance period is higher than the highest previously recorded Adjusted NAV per Ordinary Share at the end of a performance period in relation to which a performance fee was last earned (or if no performance fee has been earned since Admission, is higher than the Placing Price).

If the performance hurdle is met, and the high watermark exceeded, the performance fee is equal to 20.0% of the realised increase in the Adjusted NAV per Ordinary Share multiplied by the time weighted average of the total number of Ordinary Shares in issue in each case since the performance period in respect of which a performance fee was last earned (or since Admission, if no performance fee has yet been earned), (together with an amount equal to the VAT thereon).

For the financial period ended 31 March 2007, no performance fees were paid. The performance fee that is disclosed in the Income Statement is not due until investment gains are realised

Introductory fees

It is common practice in China to pay introductory fees to intermediaries who introduce investee companies to investors. Such fees, which typically equate to 3% to 5% of the value of the investment, are paid by the Company. Where the intermediary introducing the investment to the Company is a representative of the London Asia Group, such fees are payable to a member of the London Asia Group. Payment of any fees in respect of such services to a member of the London Asia Group (or any third party) are subject to the approval of the Non-Executive Directors. If an investment is sourced directly by either of the Executive Directors, no introductory fees are payable to the relevant Executive Director nor to the London Asia Group.

During the period a total of £5,185,962 was incurred in respect of Investment Consultant, performance and introductory fees as follows:

	23 February 2006 to 31 March 2007 £'000
Investment Consultant's fee	1,009
Provision for performance fee	3,345
Introductory fees	832
	<u>5,186</u>

Administration fees

Elysium Fund Management Limited ("Elysium") is entitled to an administration fee from the Company at a rate of 0.1% per annum (subject to a minimum of £125,000) of the Net Asset Value of the Company together with an amount equal to the long term borrowings invested by the Company calculated at the close of business on each Calculation Day, payable quarterly in arrears.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

Collins Stewart Fund Management Limited ("CSFM") was the original administrator and secretary when the Company was launched. However, on 20 October 2006 Elysium purchased all of the business of CSFM and on 31 January 2007 the Administration Agreement was novated across from CSFM to Elysium. The terms of the Administration Agreement are the same as the terms of the previous agreement with CSFM.

6. Directors' Fees

	23 February 2006 to 31 March 2007 £'000
Robert Leighton – <i>Chairman (appointed on 24 July 2007)</i>	–
Mark Huntley	29
Simon Littlewood	–
Victor Ng	–
Peter John Manser (<i>resigned on 24 July 2007</i>)	28
Christopher Hill (<i>resigned on 24 July 2007</i>)	29
Duncan Baxter (<i>resigned on 7 July 2006</i>)	7
	<u>93</u>

No bonuses or pension contributions were paid or were payable on behalf of the Directors.

Details of the Directors' interests in the share capital are set out in the Report of Directors.

7. Other Expenses

	23 February 2006 to 31 March 2007 £'000
Public relations	26
Nominated Adviser's fees	16
Nominated Broker's fees	16
Directors' and Officers' liability insurance	15
Registrar fees	12
Listing fees	10
Other expenses	18
	<u>113</u>

8. Earnings per Ordinary Share

The earnings per share is based on profit for the period of £18,374,000 and on a weighted average number of 50 million Ordinary Shares in issue during the period.

The average price of the Ordinary Shares during the period, of 112.25p, was less than the exercise price of the Warrants (120.0p). Therefore, there was no dilution in the return per Ordinary Share.

9. Dividends

During the period ended 31 March 2007 no dividend was paid to Shareholders. The Directors do not propose a dividend for the period ended 31 March 2007.

10. Investments at Fair Value Through Profit and Loss

	23 February 2006 to 31 March 2007 £'000
<i>Designated at fair value through profit and loss:</i>	
Opening valuation	–
Purchases at cost	43,477
Net unrealised change in fair value of investments	22,428
	<u>65,905</u>
Closing valuation	65,905
Closing book cost	43,477
Closing unrealised gain	22,428
	<u>65,905</u>

The financial statements include an amount of £7,312,000 recognised in the Income Statement relating to a change in fair value using a price earnings multiple of comparable companies.

As part of the audit, an independent third party valuation firm was appointed to review the valuation method, for those investments not listed on SESDAQ or carried at cost, and report to the auditors.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

See note 2g and note 3 regarding the classification, recognition, derecognition, measurement and fair value estimation of financial assets.

10. Investments at Fair Value Through Profit and Loss (continued)

Associates

Included in investments are the following associates which are accounted for as at fair value through profit and loss in accordance with the accounting policy set out in note 2g:

	<i>Currency of investment</i>	<i>Percentage Holding</i>
Asia Clean Energy Pte Limited	US Dollars	24.0%
Asia Water Technology Limited	Singapore Dollars	21.0%
Asia Wind Group Limited	Sterling	23.0%
Canmake Business Limited	Renminbi	20.0%
China Biofoods Limited	Sterling	30.8%
China New Energy Limited	Sterling	25.0%
China Real Estate Services Limited	Sterling	25.0%
Wan Wei Oil and Gas Technology Limited	Sterling	24.0%

Subsidiary

World Water Private Limited is registered in Singapore and is a wholly-owned subsidiary of the Company, which owns both of World Water Private Limited's S\$1 Ordinary Shares. The Company has not prepared consolidated financial statements as World Water Private Limited is dormant and does not have any assets or liabilities, other than the unpaid share capital of S\$2 and did not earn any income or incur any expenses during the period.

11. Financial Assets at Fair Value Through Profit and Loss

On 3 January 2007 the Company paid Devotion Energy Group S\$1 million (£333,444). This unsecured loan bears interest at 18.0% in Singapore Dollars and was repaid in full on 30 April 2007.

12. Payables and Accruals

	<i>31 March 2007</i>
	<i>£'000</i>
Investments awaiting settlement	8,456
Provision for performance fee	3,345
Introductory fees payable	196
Other creditors and accruals	95
	<u>12,092</u>

13. Share Capital

	<i>23 February 2006 to 31 March 2007</i>
	<i>£'000</i>
<i>Authorised:</i>	
200,000,000 Ordinary Shares of 1p	<u>2,000</u>
<i>Allotted, called up and fully paid:</i>	
50,000,000 Ordinary Shares of 1p	<u>500</u>

On 15 March 2006 the Company raised gross proceeds of £50 million through the issue of 50 million Ordinary Shares and 10 million Warrants (on the basis of one Warrant for every five Ordinary Shares subscribed). Each Warrant gives the right to subscribe for one Ordinary Share at 120.0p until 31 March 2011.

All the Ordinary Shares and Warrants were admitted to trading on AIM, a market operated by the London Stock Exchange, on 15 March 2006.

As stated in the Admission Document, the Company cancelled all of its share premium account, transferring it to a distributable reserve.

Pursuant to the authority granted at an extraordinary general meeting and renewed at the first annual general meeting, the Company has authority to utilise the distributable reserve to buy back up to 14.99% of the Ordinary Shares issued at the Placing for cancellation. No shares were purchased for cancellation during the period.

A resolution enabling the Company to purchase up to 10% of the Ordinary Shares in issue and hold them as treasury shares was passed at the first annual general meeting. The ability for Guernsey registered companies to make use of the treasury share facility has only become possible since May 2006, following the introduction of The Companies (Purchase of Own Shares) (Treasury Shares) Ordinance 2006.

Notes to the Financial Statements for the period from 23 February 2006 to 31 March 2007

14. Warrants

At the placing on 15 March 2006, for every five Ordinary Shares received the subscriber also received one Warrant.

	<i>Exercise Price</i>	<i>End of Subscription period</i>	<i>Alloted</i>
Warrants	120 pence	31 March 2011	10,000,000

Registered holders of Warrants shall have rights to subscribe for Ordinary Shares of 1 pence each in the Company in cash in the period from the date of Admission up to 31 March 2011 for all or any of the number of Shares for which they are the registered holders at the price of 120 pence per Share.

15. Duration of the Company

There are no specific provisions for the life span of the Company. However, at the annual general meeting of the Company to be held following the seventh anniversary of the Company's incorporation an ordinary resolution will be proposed that the Company ceases to continue as presently constituted. If the resolution is not passed, a similar resolution will be proposed at every fifth annual general meeting thereafter. If the resolution is passed, the Directors shall formulate proposals to be put to the Shareholders to reorganise, unitise, reconstruct or wind up the Company.

16. Net asset value per Ordinary Share

Basic

The basic net asset value per Ordinary Share is based on the net assets attributable to equity shareholders of £66,523,000 and on 50 million Ordinary Shares in issue at the end of the period.

Fully-diluted

The 31 March 2007 price of the Ordinary Shares, of 120.5p, was above the exercise price of the Warrants (exercise price of 120.0p). Therefore, the fully-diluted net asset value per share is based on net assets of £78,523,000 and on 60 million Ordinary Shares.

17. Reconciliation of Net Profit Before Investment Result to Net Cash Outflow from Operating Activities.

	<i>23 February 2006 to 31 March 2007 £'000</i>
Net profit for the period	18,374
Unrealised gain on revaluation of investments	(22,428)
Movement in receivables and prepayments	(54)
Movement in payables and accruals (excluding investments awaiting settlement)	3,636
Net cash outflow from operating activities	<u>(472)</u>

18. Related Parties

The relationships between the Company and London Asia Capital plc, Elysium Fund Management Limited and Collins Stewart Europe Limited are disclosed in the Report of the Directors and note 5 and the performance fee and introductory fees payable at 31 March 2007 are disclosed in note 12.

Details of the investments in associates and a subsidiary are disclosed in note 10.

At the period end, shares in Asia Water Technology, Devotion Energy Group and United Envirotech were held in trust by the Company's wholly-owned subsidiary World Water Private Limited.

The Directors are not aware of any ultimate controlling party.

19. Commitments and Contingencies

At the period end the Company had entered into commitments to purchase investments of £8,456,000, plus related introductory fees of £196,000. These commitments have been included in payables and accruals (note 12).

All contracted capital commitments have been provided for.

20. Segmental Information

The Directors are of the opinion that the Group is engaged in a single segment of business, being investment business in China.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

21. Financial Instruments

Treasury policies

The objective of the Company's treasury policies is to manage the Company's financial risk, secure cost effective funding for the Company's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Company's financial assets and liabilities on reported profitability and on cash flows of the Company.

The Company finances its activities with cash and short-term deposits, with maturities of three months or less. Other financial assets and liabilities, such as debtors and creditors, arise directly from the Company's operating activities. The Company does not trade in financial instruments. Derivative instruments may be used to change the economic characteristics of financial instruments in accordance with the Company's treasury policies, although no derivatives were in place during the period.

The main risks arising from the Company's financial assets and liabilities are price risk, foreign exchange risk, interest rate risk, credit risk and liquidity risk and are set out below, together with the policies currently applied by the Board for their management.

Price risk

The Company's securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Investment Consultant provides the Board of Directors with investment recommendations that are consistent with the Company's objectives. The Investment Consultant's recommendations are reviewed by the Board of Directors before the investment decisions are implemented.

During the period under review, the Company did not hedge against movements in the value of its investments. A 10% increase/decrease in the fair value of investments would result in a 9.9% increase/decrease in the net asset value per Ordinary Share.

While investments in companies whose business operations are based in China may offer the opportunity for significant capital gains, such investments also involve a high degree of business and financial risk, particularly for private companies. For example, even though the Company invests only in companies which the Directors reasonably expect to list on a stock exchange or to sell within 12 to 36 months from the date the Company makes an investment in such companies, such companies may require additional capital to support their business before trading on a stock exchange or a sale can be effected. There is no assurance that the Company will have the necessary capital to provide for such needs or that other sources of financing will be available to it. Further, there is no assurance that an admission to trading on a stock exchange or a sale can be effected at all.

Generally, the Company's investments in companies are difficult to value and there may be little or no protection for such investments. If an admission to trading on a stock exchange is not possible, investments may have to be held for an appreciable time. Sales of securities in private companies that fail to obtain an admission to trading may not be possible and, if possible, may only be possible at substantial discounts.

Certain investments represent a significant proportion of the Company's total assets (see the Investment Portfolio in page 3). As a result, the impact on the Company's performance and the potential returns to investors will be more adversely affected if any one of those investments were to perform badly than would be the case if the Company's portfolio of investments were more diversified.

Foreign exchange risk

Because substantially all returns from the companies in which the Company invests may be received in Singapore Dollars, US Dollars or Renminbi, the Sterling equivalent of the Company's net assets and distributions, if any, would be adversely affected by reductions in the value of Singapore Dollars, US Dollars or Renminbi.

The value of the Renminbi fluctuates and is affected by, among other things, changes in the People's Republic of China's ("PRC") political and economic conditions. The conversion of Renminbi into foreign currencies such as the US Dollar has been generally based on rates set by the People's Bank of China. In July 2005, the PRC's government revalued the Renminbi and moved to a managed floating exchange rate with reference to a basket of currencies. Any future revaluation may materially and adversely affect an investee company's business.

Limited hedging transactions are currently available in China to reduce exposure to exchange rate fluctuations. While the Company may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Company may not be able to successfully hedge its exposure at all. In addition, the Company's currency exchange losses may be magnified by PRC exchange control regulations that restrict its ability to convert Renminbi into other currencies.

Additionally, financial markets in many Asian countries have in the past experienced severe volatility. As a result, some Asian currencies have been subject to significant devaluation from time to time. The devaluation of some Asian currencies may have the effect of rendering exports from China more expensive and less competitive. An appreciation in the value of the Renminbi could have a similar effect.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

21. Financial Instruments (continued)

Foreign exchange risk (continued)

The distribution of profits and dividends by companies in which the Company invests may be adversely affected if the PRC government imposes greater control on the ability of the Renminbi to exchange into foreign currencies. There can be no assurance that the Company or the companies in which the Company invests will be able to obtain sufficient foreign exchange to pay dividends or satisfy other foreign exchange requirements in the future.

At 31 March 2007 the currency split of the Company's assets and liabilities was:

	<i>Total</i> <i>£'000</i>	<i>GBP</i> <i>£'000</i>	<i>US Dollars</i> <i>£'000</i>	<i>Singapore</i> <i>Dollars</i> <i>£'000</i>	<i>Renminbi</i> <i>£'000</i>
Investments	65,905	33,650	8,367	16,773	7,115
Receivables and prepayments	54	31	–	23	–
Loan (note 11)	335	–	–	335	–
Cash and cash equivalents	12,321	12,321	–	–	–
Payables and accruals	(12,092)	(8,025)	(4,067)	–	–
Net assets	<u>66,523</u>	<u>37,977</u>	<u>4,300</u>	<u>17,131</u>	<u>7,115</u>

Interest rate risk

The Company currently funds its operations through the use of retained earnings and equity. Cash at bank, which was all in Sterling at the period end, is held at variable rates. At the period end, the Company's financial liabilities did not suffer interest and thus were not subject to any interest rate risk. The interest rate risk profile of the Company's assets and liabilities at the year end was:

	<i>Total</i> <i>£'000</i>	<i>Fixed rate</i> <i>£'000</i>	<i>Floating</i> <i>rate</i> <i>£'000</i>	<i>Assets on</i> <i>which no</i> <i>interest is</i> <i>received</i> <i>£'000</i>	<i>Weighted</i> <i>average</i> <i>interest rate</i> <i>%</i>	<i>Weighted</i> <i>average</i> <i>period until</i> <i>maturity</i> <i>years</i>
Investments	65,905	6,767	–	59,138	12.8	n/a
Receivables and prepayments	54	–	–	54	–	–
Loan (note 11)	335	335	–	–	18.0	n/a
Cash and cash equivalents	12,321	–	3,649	8,672	–	–
Payables and accruals	(12,092)	–	–	(12,092)	–	–
Net assets	<u>66,523</u>	<u>7,102</u>	<u>3,649</u>	<u>55,772</u>		

Credit risk

The Company's credit risk is primarily attributable to its investments, cash at bank and the loan to Devotion Energy. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit risks of new investments are assessed before entering into new contracts.

The risk on cash at bank is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties. At the period end the highest credit risk in respect of cash related to £8,667,000 placed with Standard Chartered. Details of the Company's exposure to each investment is disclosed in the Investment Portfolio on page 4.

Liquidity risk

The Company's securities that are listed on the SESDAQ are considered to be readily realisable. These securities were valued at £16,773,000 at the period end.

The Company has invested in a number of unlisted investments or investments whose shares are not actively traded and, as such, by their very nature, are illiquid. As a result, the Company may not be able to liquidate its investment in these instruments quickly at an amount close to fair value in order to respond to its liquidity requirements or to specific events, such as the deterioration in the creditworthiness of any particular issuer. However, the Company maintains sufficient cash balances to meet its working capital requirements.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

21. Financial Instruments (continued)

Fair values

There is no significant difference between the carrying amounts of the assets and liabilities shown in the Balance Sheet and their fair values.

Chinese Legal System and Enforcement

Chinese law governs almost all of the Company's target businesses' material agreements. It cannot be guaranteed that the target business will be able to enforce any of its material agreements or that remedies will be available outside of the PRC. This potential inability of the investee company to enforce or obtain a remedy under any of its agreements could result in a significant loss of business, business opportunities or capital. Intellectual property rights and confidentiality protections in particular may not be as effective as in the UK or other countries.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade. Despite significant improvement in its developing legal system, China does not yet have a comprehensive system of laws and the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC and those laws and regulations governing economic matters in general may also change frequently. In particular, because these laws and regulations are relatively new, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulation involve uncertainties. The effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof or the pre-emption of local regulations by national laws cannot be predicted. These uncertainties could limit the legal protections available to the Company.

In September 2006 revised regulations governing the transfers of Chinese assets outside China, "Ordinance 10", as it is called, came into effect. The Chinese Government subsequently brought in additional measures to regulate investment by foreigners in Chinese assets and their listings outside China. The impact of these various rules is to restrict the ability of non-Chinese investors to acquire assets in China, and for Chinese businesses to list outside China, with the assumption that permission will only be given in circumstances where the same result cannot be achieved without foreign involvement. Many of the tax preferences that foreign invested businesses in China received have also been removed, leveling the playing field between foreign and local investors. This is part of the Chinese Government's plans to develop their domestic financial services businesses and expand the range of savings products offered to Chinese citizens.

These regulations considerably restrict the range of assets that non-Chinese investors, such as the Company, can invest in. The Chinese stock market has re-opened, and been one of the best performing markets worldwide, encouraging Chinese businesses to raise money and list locally, rather than looking overseas. Foreign incorporated businesses are currently excluded from listing on the Chinese markets, so those Chinese businesses that accept foreign rather than local investment risk excluding themselves from the ability to list in China, where valuations for Chinese businesses are generally considerably higher than can be achieved outside China.

The Chinese Government has been actively encouraging the creation of venture capital and private equity funds within China, often as joint ventures with foreign groups who are faced with restrictions on their ability to get access to Chinese deals in the current environment. There is sustainable liquidity within China, as a result of the profits generated by Chinese businesses, the booming economy and stock market, money raised for the big Chinese banks from their stock market listings, and foreign direct investment.

With the Company substantially invested and holding a portfolio of Chinese assets, we see the new rules and current investment environment as being beneficial to our business. Those businesses already listed outside china or restructured under the old regulations are likely to have increased value, as there are fewer opportunities for foreign investors to invest in new Chinese deals. Therefore, investors are forced to look at existing deals that fall outside the new regulations. The increasing liquidity within China pushes up the value of Chinese assets, which should feed through to the value of our portfolio businesses.

China's Economic, Political and Social Conditions

The Company's return on its investments and prospects are subject, to a significant extent, to economic, political and social developments in China and the Asia-Pacific region. In particular, the Company's return on its investments may be adversely affected by:

- changes in China's political, economic and social conditions;
- changes in policies of the government or changes in laws and regulations, or the interpretation of laws and regulations;
- changes in foreign exchange regulations;
- measures that may be introduced to control inflation, such as interest rate increases; and
- changes in the rate or method of taxation.

Notes to the Financial Statements for the period from

23 February 2006 to 31 March 2007

The Company's investments, as well as its future prospects, would be materially and adversely affected by an economic downturn in China which itself may be affected by a slowdown in the economies of the United States, the European Union or certain other Asian countries.

22. Events After the Balance Sheet Date

Since the period end:

- the Company has sold Devotion Energy Group for £2.65 million, realising a gain of £1.6 million and the related loan to Devotion Energy Group (see note 11) has been repaid in full; and
- the investment in FEnet was sold in October 2007 at cost.

In June 2007 the Company invested £2.7 million for a 25% stake in Hainan Zhengye Zhongnong High-tech Co. Limited.

Directors

Robert Leighton *(Non-Executive Chairman)*

Mr Leighton was appointed to the Board on 24 July 2007. He has over 34 years' finance and investment experience. He was chairman of Nymex Europe Limited, the European arm of the commodity futures exchange and was previously UK chairman for Calyon (formerly Credit Lyonnais) as well as chairman of their European advisory board. Having been active in the banking and finance sector in China for over thirty years, Mr Leighton has developed a significant expertise in oil, gas, metals and desalination sectors in Asia, the Middle East, Latin America and the former Soviet Union. He is an active member of the CFTC's Global Advisory Committee in Washington and also holds a number of non-executive posts, including being senior independent director of EDX (the European Derivatives Exchange), chairman of Financial Services Practitioner Panel, past chairman of Futures and Options Association (FOA) and past chairman of the World Bank's International Task Force for Commodities.

Mark Huntley *(Non-Executive Director)*

Aged 49, Mark Huntley is an Associate of the Chartered Institute of Bankers. He is the managing director of Heritage International Fund Managers Limited, an independent fund administrator based in Guernsey. He was formerly head of Business Development & Communications for the Baring Financial Services Group. Whilst at Barings, he was also deputy managing director of GIFM, until April 2000. He has 28 years' experience in trust and fiduciary services, private banking and offshore funds, particularly in the specialist and alternative fund sectors gained whilst at Barings over the last 19 years and, prior to that, with The First National Bank of Chicago. He is a founding director of The Channel Islands Stock Exchange ("CISX") and Chairman of the CISX Business Development Committee. He is a resident of Guernsey.

Simon Littlewood *(Executive Director)*

Aged 38, Simon Littlewood is a co-founder of London Asia Capital plc ("London Asia"). After qualifying as a Chartered Accountant with Coopers & Lybrand, London (now PricewaterhouseCoopers) where he specialised in high growth companies, he joined the structured and corporate finance division of the HSBC Group in London. In 1995, he moved to BDO Stoy Hayward's corporate finance team, where he advised on AIM flotations, mergers and acquisitions and fund raisings. He left in 1996 to set up what became London Asia. He has experience of working on transactions in the UK, Europe, North America, China, Taiwan and South Asia. Simon graduated in Law from Oxford University.

Victor Ng *(Executive Director)*

Aged 59, Victor Ng, a co-founder of London Asia, is responsible for London Asia's operations in the China region. A former principal with KPMG Singapore, he has funded, advised and launched several start-ups as well as later stage companies including several which were subsequently listed in Singapore, Malaysia, New York and London. These have included a number of Chinese companies. Victor was awarded the PBM (a public community service medal) for his social contributions by the President of the Republic of Singapore in 1992.

In addition to the Directors disclosed above, Duncan Baxter resigned from the Board on 7 July 2006 and John Manser and Chris Hill resigned on 24 July 2007.

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