



鼎洋投資有限公司*

APEX CAPITAL LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 905



* For identification purpose only

2007
Interim Report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. MUNG Kin Keung (*Chairman*)

Mr. HA Wing Ho, Peter

Mr. LEONG Chi Wai

Mr. LEUNG King Yue, Alex

Independent Non-executive

Directors:

Mr. CHEE Man Sang, Eric

Mr. LO Tak Kin

Ms. YU Tin Yan, Winnie

COMPANY SECRETARY

Mr. MA Man Pong

INVESTMENT MANAGER

Hua Yu Investment Management
Limited

PRINCIPAL BANKER

Hang Seng Bank Limited

AUDITORS

Grant Thornton

Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law

Mason Ching & Associates

Cayman Islands Law

Maples and Calder Asia

PRINCIPAL SHARE REGISTRAR

Butterfield Fund Services (Cayman)
Limited

Butterfield House, 68 Fort Street

PO Box 705, George Town

Grand Cayman, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

26th Floor, Tesbury Centre

28 Queen's Road East, Wanchai

Hong Kong

REGISTERED OFFICE

Ugland House

PO Box 309

George Town, Grand Cayman

Cayman Islands

PRINCIPAL PLACE OF BUSINESS

28th Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road, Wanchai

Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong
Limited: 905

COMPANY WEBSITE

www.apexcapitalhk.com

The Board of Directors (the "Board") of Apex Capital Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Unaudited	
		Six months ended	
		30th June,	
		2007	2006
	Notes	HK\$'000	HK\$'000
Revenue	3	–	11
Other income		–	50
Administrative expenses		(1,923)	(1,688)
Impairment loss recognised in respect of available-for-sale financial assets		–	(1,855)
Loss from operations	5	(1,923)	(3,482)
Finance costs		–	(67)
Loss before income tax		(1,923)	(3,549)
Income tax expense	6	–	–
Loss for the period		(1,923)	(3,549)
Attributable to:			
Equity holders of the Company		(1,923)	(3,549)
Minority interests		–	–
		(1,923)	(3,549)
Loss per share	7		
– Basic (HK cents)		(0.80)	(2.22)
– Diluted		N/A	N/A
Dividends		–	–

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007

	Notes	Unaudited 30th June, 2007 HK\$'000	Audited 31st December, 2006 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	—	64
Current assets			
Prepayment, deposits paid and other receivable		336	306
Cash at banks		3,212	6,305
Financial assets at fair value through profit or loss		—	—
		3,548	6,611
Current liabilities			
Other payables		25	1,186
Amounts due to directors	9	238	281
		263	1,467
Net current assets		3,285	5,144
Net assets		3,285	5,208
EQUITY			
Share capital	10	6,000	6,000
Reserves		(2,715)	(792)
Total equity		3,285	5,208

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2007

	Unaudited			
	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2007	6,000	112,189	(112,981)	5,208
Loss for the period	-	-	(1,923)	(1,923)
At 30th June, 2007	6,000	112,189	(114,904)	3,285

	Unaudited			
	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2006	4,000	109,115	(102,631)	10,484
Loss for the period	-	-	(3,549)	(3,549)
At 30th June, 2006	4,000	109,115	(106,180)	6,935

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2007

	Unaudited	
	Six months ended	
	30th June,	
	2007	2006
	HK\$'000	HK\$'000
Net cash used in operating activities	(3,050)	(1,702)
Net cash used in financing activities	(43)	(50)
Net cash generated from investing activities	—	1,844
Net (decrease)/increase in cash at banks	(3,093)	92
Cash balances at banks at beginning of the period	6,305	52
Cash balances at banks at end of the period	3,212	144

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2007

1. General information and basis of preparation

Apex Capital Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the Company's registered office is Ugland House, PO Box 309, George Town, Grand Cayman, Cayman Islands. The principal place of business is 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Principal activities of the Company and its subsidiaries (the "Group") include the investments in listed and unlisted companies in Hong Kong and in other parts of the People's Republic of China, excluding Hong Kong.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2007 were approved by the board of directors on 20th September, 2007.

2. Accounting policies

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31st December, 2006.

From 1st January, 2007, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") which are first effective on 1st January, 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group's accounting policies.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group's financial statements.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-INT 12	Service Concession Arrangements ³

2. Accounting policies (Continued)

- ¹ Effective for annual periods beginning on or after 1st January, 2009.
² Effective for annual periods beginning on or after 1st March, 2007.
³ Effective for annual periods beginning on or after 1st January, 2008.

3. Revenue

	Unaudited Six months ended 30th June,	
	2007 HK\$'000	2006 HK\$'000
Interest income	-	1
Dividend income	-	10
	<u>-</u>	<u>11</u>

4. Segment information

All of the Group's turnover and contribution to operating results are attributable to its investment activities.

The Group invests in listed and unlisted companies in Hong Kong and in other parts of the People's Republic of China ("PRC"). These geographical markets are the basis on which the Group reports its primary segment information. Segment information about these geographical markets is presented below:

	Unaudited Six months ended 30th June,					
	Hong Kong		PRC		Total	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Revenue	-	11	-	-	-	11
Segment results	-	(342)	-	(1,855)	-	(2,197)
Unallocated corporate expenses					(1,923)	(1,352)
Loss for the period					(1,923)	(3,549)

5. Loss from operations

	Unaudited Six months ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Depreciation	64	77
Investment management fees	300	300
Operating lease charges on office premises	–	92
Directors' remuneration	527	838
Staff costs	425	–
Fair value loss on financial assets at fair value through profit or loss	–	45
Gain on disposal of financial assets at fair value through profit or loss	–	(50)

6. Income tax expense

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred losses for both periods.

7. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$1,923,000 (2006: loss of HK\$3,549,000) and on 240,000,000 (2006: 160,000,000) ordinary shares in issue during the period.

8. Property, plant and equipment

	Unaudited 30 June, 2007	Audited 31 December, 2006
	HK\$'000	HK\$'000
Net book amounts at beginning of period/year	64	322
Written-off	(64)	–
Depreciation	–	(258)
Net book amounts at end of period/year	–	64

9. Amounts due to directors

The amounts are unsecured, interest free and have no fixed terms of repayment.

10. Share capital

	Number of shares	HK\$'000
Authorised:		
Ordinary shares of HK\$0.025 each at 30th June, 2007 and 31st December, 2006	400,000,000	10,000
Issued and fully paid:		
Ordinary shares of HK\$0.025 each at 30th June, 2007 and 31st December, 2006	<u>240,000,000</u>	<u>6,000</u>

11. Related party transaction

During the period, the Group had the following significant related party transaction:

	Unaudited Six months ended 30th June, 2007		2006
	HK\$'000		HK\$'000
Investment management fees paid to Hua Yu Investment Management Limited ("Hua Yu")	<u>300</u>		<u>300</u>

On 12th May, 2005, the Company entered into an investment management agreement with Hua Yu. Investment management fees to Hua Yu are calculated at 0.375% of the net asset value of the Group per quarter, subject to a minimum of HK\$150,000 per three months.

12. Contingencies

The Group had no material contingent liabilities at the balance sheet date.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the period (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the period, the Group recorded a loss attributable to shareholders was HK\$1,923,000, compared to a loss attributable to shareholders of HK\$3,549,000 for the last corresponding period.

Liquidity and Financial Resources

At 30th June, 2007, there are no material borrowings and there are no charges on the Group's assets.

Pledge of assets

As at 30th June, 2007, the Group has no property pledged to bank to secure mortgage loan granted to the Group (2006: HK\$3,860,000).

Capital commitment and contingent liabilities

As at 30th June, 2007, the Group has no material capital commitment and contingent liabilities.

Foreign currency fluctuation

Most of the business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange is minimal.

Staff costs

The Group's total staff costs (including directors' emoluments) for the period amounted to approximately HK\$952,000 (2006: HK\$838,000).

Business review and outlook

The economy of China has remained vibrant over the first half of this year despite signs of weakness in the US. We are seeing a lot of investment opportunities available in China and with our team we believe we can identify suitable investment opportunities. In the first half of the year we have made significant progress in the restructuring of the company with the appointment of Mr. MUNG Kin Keung as the Chairman and executive director of the Company. At the same time the Board has also appointed Mr. HA Wing Ho, Peter, Mr. LEONG Chi Wai and Mr. LEUNG King Yue, Alex as executive directors and Mr. CHEE Man Sang, Eric, Mr. LO Tak Kin and Ms. YU Tin Yan, Winnie as independent non-executive directors. With the recent appointments, we are confident that we have all the necessary expertise and experience from strategy to corporate finance and from legal to accounting to take the Company into its next stage of rapid development.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th June, 2007, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and the chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as follows:

INTERESTS IN SHARES OF THE COMPANY

Name of directors	Capacity	Personal interests	Family interests	Corporate interests	Other interests	% of total issued shares	
						Total	
MUNG Kin Keung	Interest in controlled corporation	-	-	132,933,200 (Note 1)	-	132,933,200	55.39%

Note 1: These shares were registered in the name of and were beneficially owned by 中國天地行物流控股集團有限公司（「天地行」），a company in which Mr. MUNG Kin Keung holds 99.99% equity interests. Therefore, Mr. MUNG Kin Keung is deemed to have an interest in the shares in which 天地行 is interested.

Save as disclosed above, at no time during the six months ended 30th June, 2007 was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors or the chief executives of the Company, or their spouses or children under the age of 18, to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

Save as disclosed above, none of the directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee in accordance with rule 3.21 of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report for the six months ended 30th June, 2007 with the directors.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has met with the code provisions of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report except for the following deviation:-

Code provision E.1.2

The code provision E.1.2 of the CG Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Mr. MUNG Kin Keung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21st June, 2007. This constitutes a deviation from the code provision E.1.2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

By Order of the Board
HA Wing Ho, Peter
Executive Director

Hong Kong, 20th September, 2007