

Interim Report 2008



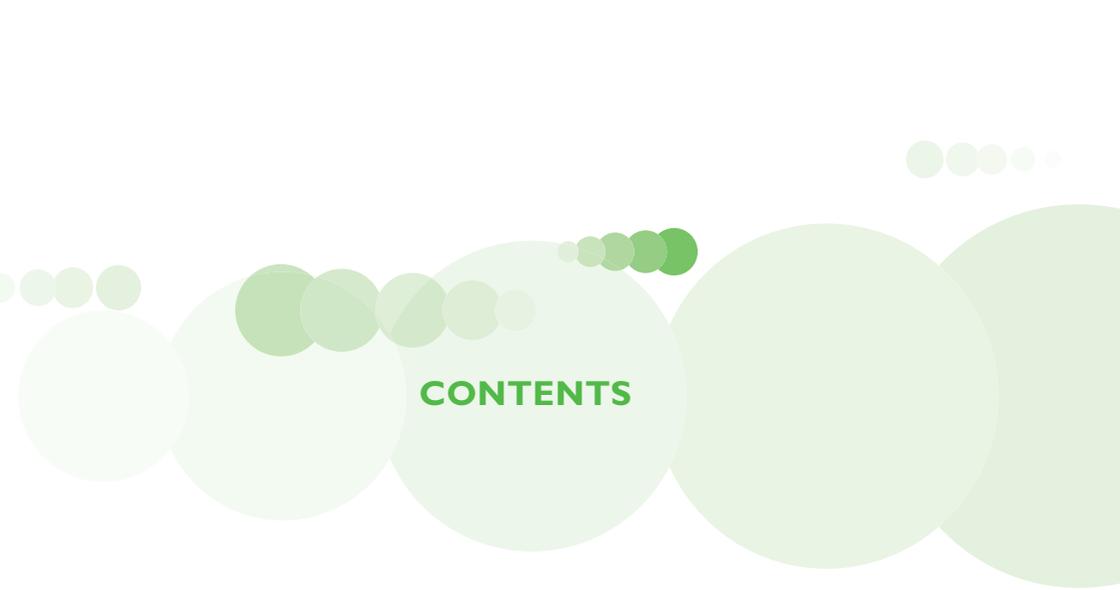
BIO-DYNAMIC GROUP LIMITED
生物動力集團有限公司

Formerly known as “Wealthmark International (Holdings) Limited 和寶國際控股有限公司”

(Incorporated in the Cayman Islands with limited liability)

Stock code: 039





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The Board of Directors (the "Board") of BIO-DYNAMIC GROUP LIMITED (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2008. These interim results have been reviewed by RSM Nelson Wheeler, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and by the Audit Committee of the Company, comprising the three independent non-executive directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		(Unaudited)	
		Six months ended 30 June	
	Note	2008	2007
		HK\$'000	HK\$'000
			(Restated)
Continuing operations			
Turnover	5	3,975	–
Cost of sales		(7,219)	–
Gross loss		(3,244)	–
Other income		97	133
Administrative expenses		(23,768)	(2,462)
Loss before tax		(26,915)	(2,329)
Income tax credit	6	1,100	–
Loss for the period from continuing operations		(25,815)	(2,329)
Discontinued operations			
Loss of discontinued operations		–	(14,824)
Loss for the period	7	(25,815)	(17,153)
Attributable to:			
Equity holders of the Company		(24,647)	(14,023)
Minority interests		(1,168)	(3,130)
		(25,815)	(17,153)
Dividends			
	8	–	–
Loss per share – basic			
For loss for the period	9	(4.4) cents	(4.2) cents
For loss for the period from continuing operations		(4.4) cents	(0.7) cents

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008

	Note	(Unaudited) 30 June 2008 HK\$'000	(Audited) 31 December 2007 HK\$'000
Non-current assets			
Property, plant and equipment	10	224,051	149,702
Prepaid land lease payments	10	21,810	33,297
Goodwill		2,328	2,328
Other intangible assets		145,852	145,265
Deferred tax assets		682	505
		394,723	331,097
Current assets			
Inventories		34	2,616
Other receivables		73,758	68,377
Due from immediate holding company		1,567	1,560
Due from a fellow subsidiary		719	435
Current tax assets		164	154
Bank and cash balances		4,666	32,854
		80,908	105,996
TOTAL ASSETS		475,631	437,093
Capital and reserves			
Share capital	11	56,600	56,600
Reserves		231,687	232,994
Equity attributable to equity holders of the Company		288,287	289,594
Minority interests		65,857	62,245
Total equity		354,144	351,839
Non-current liabilities			
Deferred tax liabilities		23,173	24,103
Current liabilities			
Other payables		64,180	29,091
Due to a minority shareholder of a subsidiary		34,134	32,034
Current tax payable		-	26
		98,314	61,151
Total liabilities		121,487	85,254
TOTAL EQUITY AND LIABILITIES		475,631	437,093
Net current (liabilities)/assets		(17,406)	44,845
Total assets less current liabilities		377,317	375,942

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

(Unaudited)											
Attributable to equity holders of the Company											
	Share capital	Share premium	Properties revaluation reserve	Share option reserve	Merger reserve	Statutory reserves	Exchange reserve	Accumulated losses	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007,											
as previously reported	33,200	83,832	434	-	2,150	2,223	714	(121,831)	722	11,771	12,493
Effect of change in accounting policy (note 4)	-	-	(434)	-	-	-	(68)	2,828	2,326	-	2,326
At 1 January 2007, as restated	33,200	83,832	-	-	2,150	2,223	646	(119,003)	3,048	11,771	14,819
Currency translation differences	-	-	-	-	-	-	136	-	136	288	424
Share issue expenses	-	(2,134)	-	-	-	-	-	-	(2,134)	-	(2,134)
Net expense recognised directly in equity	-	(2,134)	-	-	-	-	136	-	(1,998)	288	(1,710)
Loss for the period	-	-	-	-	-	-	-	(14,023)	(14,023)	(3,130)	(17,153)
Total recognised income and expense for the period	-	(2,134)	-	-	-	-	136	(14,023)	(16,021)	(2,842)	(18,863)
Issue of shares	5,800	88,160	-	-	-	-	-	-	93,960	-	93,960
At 30 June 2007	39,000	169,858	-	-	2,150	2,223	782	(133,026)	80,987	8,929	89,916
At 1 January 2008	56,600	359,437	-	15,308	2,150	-	7,636	(151,537)	289,594	62,245	351,839
Currency translation differences	-	-	-	-	-	-	12,538	-	12,538	4,780	17,318
Net income recognised directly in equity	-	-	-	-	-	-	12,538	-	12,538	4,780	17,318
Loss for the period	-	-	-	-	-	-	-	(24,647)	(24,647)	(1,168)	(25,815)
Total recognised income and expense for the period	-	-	-	-	-	-	12,538	(24,647)	(12,109)	3,612	(8,497)
Employees' share option benefits	-	-	-	10,802	-	-	-	-	10,802	-	10,802
At 30 June 2008	56,600	359,437	-	26,110	2,150	-	20,174	(176,184)	288,287	65,857	354,144

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	3,531	(8,164)
Net cash (used in)/generated from investing activities	(34,323)	8,433
Net cash generated from financing activities	–	94,904
Net (decrease)/increase in cash and cash equivalents	(30,792)	95,173
Cash and cash equivalents at 1 January	32,854	8,614
Effect of foreign exchange rate changes, net	2,604	(237)
Cash and cash equivalents at 30 June	<u>4,666</u>	<u>103,550</u>
Analysis of cash and cash equivalents		
Bank and cash balances	<u>4,666</u>	<u>103,550</u>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" which is one of the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the 2007 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the 2007 annual financial statements.

2. GOING CONCERN BASIS

The Group incurred a loss of approximately HK\$25,815,000 for the six months ended 30 June 2008 and had net current liabilities of approximately HK\$17,406,000 as at 30 June 2008. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company, at a level sufficient to finance the working capital requirements of the Group. The ultimate holding company has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all of the new and revised HKFRSs that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2008. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRSs, that have been issued but are not yet effective, in these condensed consolidated financial statements. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. CHANGE IN ACCOUNTING POLICY

In prior years, the Group carried its buildings at revalued amounts, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment losses (the "Revaluation Model"). During the year ended 31 December 2007, the Group decided to carry its buildings at cost less accumulated depreciation and impairment losses as in the opinion of the directors, the Revaluation Model would involve expense out of proportion to the value to the shareholders of the Company. The change in accounting policy has been applied by the Group retrospectively and resulted in a decrease in accumulated losses at 1 January 2007 by approximately HK\$2,828,000 and resulted in changes in the amounts reported in the financial statements as follows:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$'000	<i>HK\$'000</i>
Decrease in properties revaluation reserve	-	434
Decrease in exchange reserve	-	68
Decrease in accumulated losses	-	1,558
Increase in loss for the period from discontinued operations	-	1,270
Increase in loss per share (HK cent)	-	0.4



5. SEGMENT INFORMATION

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

	(Unaudited)				
	Continuing operations	Discontinued operations			
		Handbags			
	Ethanol products <i>HK\$'000</i>	and other accessories <i>HK\$'000</i>	Dairy products <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2008					
Segment revenue	3,975	-	-	-	3,975
Segment results	(3,244)	-	-	-	(3,244)
 Six months ended 30 June 2007					
Segment revenue	-	76,902	21,545	98,447	98,447
Segment results	-	4,516	417	4,933	4,933



6. INCOME TAX CREDIT

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current tax – Hong Kong profits tax		
Provision for the year	–	171
Overprovision in prior years	(26)	–
	(26)	171
Current tax – Overseas		
Overprovision in prior years	–	(778)
Deferred tax	(1,074)	–
Income tax credit	(1,100)	(607)
Attributable to:		
Continuing operations	(1,100)	–
Discontinued operations	–	(607)
	(1,100)	(607)

No provision for Hong Kong profits tax is required since the Group has no assessable profit for the period. The amount provided for the six months ended 30 June 2007 was calculated at 17.5% based on the estimated assessable profit for that period. Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The subsidiaries of the Company in the People's Republic of China (the "PRC") are exempt from PRC enterprise income tax for the first two profitable years of operations and, thereafter, are entitled for a 50% relief from PRC enterprise income tax for the following three years. Tax exemption periods for these subsidiaries have not yet commenced as these subsidiaries have no assessable profit since its date of registration.



7. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging/(crediting) the following:

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June					
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation	1,284	7	-	3,523	1,284	3,530
Amortisation of prepaid land lease payments	291	-	-	6	291	6
Amortisation of other intangible assets	2,721	-	-	-	2,721	-
Directors' emoluments	833	608	-	-	833	608
Loss on disposal of property, plant and equipment	-	-	-	921	-	921
Gain on disposal of prepaid land lease payments	-	-	-	(898)	-	(898)
Interest on other loan wholly repayable within five years	-	-	-	119	-	119
Interest on amount due to immediate holding company wholly repayable within five years	-	-	-	3,043	-	3,043

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2008 (2007: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share attributable to equity holders of the Company is based on the loss for the period attributable to equity holders of the Company of approximately HK\$24,647,000 (2007: HK\$14,023,000 as restated) and the weighted average number of ordinary shares of 566,000,000 (2007: 336,165,746) in issue during the period.

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Loss for the period attributable to equity holders of the Company		
Continuing operations	(24,647)	(2,329)
Discontinued operations	-	(11,694)
	(24,647)	(14,023)

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK cents	HK cents
Basic loss per share		
Continuing operations	(4.4)	(0.7)
Discontinued operations	-	(3.5)
	(4.4)	(4.2)

Diluted loss per share amount for the six months ended 30 June 2008 and 2007 have not been disclosed as there were no diluting events existed during these two periods.



10. PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

During the period, the production of Ningxia West Bright New Resource Technology Co., Ltd. ("Ningxia West Bright"), a wholly owned subsidiary of the Company, located in Yinchuan, Ningxia Hui Autonomous Region, the PRC, was temporarily suspended. The Group is currently evaluating the feasibility of (i) injecting further capital to enlarge the production capacity, (ii) relocating the production facility to Harbin, Heilongjiang Province, or (iii) utilising the existing production facility to produce other ethanol related products. At 30 June 2008, property, plant and equipment and prepaid land lease payments held by Ningxia West Bright amounted to approximately HK\$34,071,000 and HK\$5,767,000 respectively. The recoverable amounts of these assets cannot be reliably estimated as a detailed, formal plan has not been established, therefore no impairment loss is recognised for these assets.

Additions to property, plant and equipment during the period amounted to approximately HK\$63,966,000 (2007: HK\$532,000).

11. SHARE CAPITAL

	(Unaudited)	(Audited)
	30 June	31 December
	2008	2007
	HK\$'000	HK\$'000
Authorised:		
1,000,000,000 (31 December 2007: 1,000,000,000) ordinary shares of HK\$0.1 each	100,000	100,000
Issued and fully paid:		
566,000,000 (31 December 2007: 566,000,000) ordinary shares of HK\$0.1 each	56,600	56,600

12. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the period:

	(Unaudited)	
	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Rental paid to a related company (<i>note</i>)	180	180
Interest paid to immediate holding company	–	3,043

Note: The related company is a company that is significantly influenced by a director of the Company.

13. CAPITAL AND OTHER COMMITMENTS

The Group's capital and other commitments at the balance sheet date are as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2008	2007
	HK\$'000	HK\$'000
Property, plant and equipment		
Contracted but not provided for	69,948	58,032
Acquisition of additional interests in a non-wholly owned subsidiary		
Contracted but not provided for*	68,268	64,068

* The consideration will be satisfied by the Company by the allotment and issuance of 50,040,000 new shares of the Company at the date of completion of the acquisition.



INDEPENDENT REVIEW REPORT

RSM! Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

TO THE BOARD OF DIRECTORS OF BIO-DYNAMIC GROUP LIMITED

(Formerly known as Wealthmark International (Holdings) Limited)

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 13, which comprises the condensed consolidated balance sheet of the Company as at 30 June 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

Without qualifying our opinion, we draw attention to note 2 to the financial statements which mentions that the Group incurred a loss of approximately HK\$25,815,000 for the six months ended 30 June 2008 and had net current liabilities of approximately HK\$17,406,000 as at 30 June 2008. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. This interim financial information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company, at a level sufficient to finance the working capital requirements of the Group. This interim financial information does not include any adjustments that would result from the failure to obtain the financial support. We consider that the material uncertainty has been adequately disclosed in the interim financial information.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong, 11 September 2008



MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed at the annual general meeting of the Company held on 8 May 2008 and approved by the Registrars of Companies of Cayman Islands and Hong Kong, the name of the Company was changed from "Wealthmark International (Holdings) Limited" to "BIO-DYNAMIC GROUP LIMITED". The Chinese translation of the Company name for identification purposes was changed from "和寶國際控股有限公司" to "生物動力集團有限公司".

REVIEW

Following the disposal of the handbag and dairy businesses in the prior financial year, the Group has transformed to focus its development on the ethanol business. As the Group's Harbin production facility was under construction, the Group recorded a turnover of approximately HK\$4.0 million for the six months ended 30 June 2008 (the "Period"). Loss attributable to equity holders of the Company was approximately HK\$24.6 million (2007: HK\$14.0 million as restated). The increase in loss for the Period was mainly attributable to the recognition of share option expenses of approximately HK\$10.8 million (2007: Nil) in respect of 29,600,000 share options granted in 2007. Loss per share for the Period was HK4.4 cents (2007: HK4.2 cents as restated).

The Group is currently constructing a 150,000 tonne production facility in Harbin for its ethanol business. Due to construction delays, the facility has yet to have profit contribution to the Group. As at the date of this report, the construction of phase one 60,000 tonne capacity production facility is substantially completed and is now in its final stage. Trial production will start at the end of September 2008 and according to the current plan, the factory will commence production in the fourth quarter of 2008.

During the Period, the management temporarily suspended the production of Yinchuan production facility due to its small production scale and high energy cost in the zone where the facility is located. The Group is currently evaluating the feasibility of (i) injecting further capital to enlarge Yinchuan's production capacity, (ii) relocating the production facility to Harbin where the Group has its own power generators, or (iii) utilising Yinchuan's existing production facility to produce other ethanol related products. No definite plan has been formed as at the date of this report.

PROSPECTS

The new Harbin production facility has a land area of approximately 180,000 square metres and a total gross floor area of approximately 58,653 square metres. Upon completion of phase one construction, the Group will commence production of premium grade consumable ethanol, industrial ethanol, and other food and feed ingredients such as fusel oil and Distiller's Dried Grains with Solubles (DDGS). Although the Group's Yinchuan production facility was temporarily suspended, the management are optimistic that, with Harbin production facility coming into operation, the Group's ethanol business will perform better in the coming year.

The Group will also look for other suitable investment opportunities in the ethanol sector in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2008, the Group has equity attributable to equity holders of the Company of approximately HK\$288.3 million (31 December 2007: HK\$289.6 million). Non-current assets and net current liabilities of the Group as at 30 June 2008 amounted to approximately HK\$394.7 million (31 December 2007: HK\$331.1 million) and approximately HK\$17.4 million (31 December 2007: net current assets of approximately HK\$44.8 million), respectively. The ultimate holding company has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

As at 30 June 2008, the Group's bank and cash balances amounted to approximately HK\$4.7 million (31 December 2007: HK\$32.9 million), which were denominated in Hong Kong dollars and Renminbi. Except for an amount due to a minority shareholder of a subsidiary of approximately HK\$34.1 million (31 December 2007: HK\$32.0 million), the Group had no other borrowings as at 30 June 2008. The amount due to a minority shareholder of a subsidiary is interest-free and has no fixed terms of repayment. The gearing ratio of the Group as at 30 June 2008, calculated as total debt divided by equity attributable to equity holders of the Company, was 34% (31 December 2007: 21%).

There were no movements in the Company's share capital and share options during the Period. Apart from options to subscribe for shares in the Company, there were no other capital instruments in issue.



The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi may impact the Group's results and net asset value as the Company's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

CHARGE ON ASSETS

As at 30 June 2008, there was no charge on the Group's assets (31 December 2007: Nil).

CONTINGENT LIABILITIES

As at 30 June 2008, the Group had no material contingent liabilities (31 December 2007: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2008, the Group had approximately 138 (2007: 2,031) employees in Hong Kong and the PRC with total staff costs amounted to approximately HK\$16.1 million (2007: HK\$21.8 million). Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications. The Company has adopted a share option scheme in May 2007, and the purpose of which is to provide incentives to participants for their contribution to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2008, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest		Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse		
Mr. Lo Peter	3,960,000	–	3,960,000	0.70
Mr. Sun David Lee	–	230,000	230,000	0.04
Mr. Li Jian Quan	6,040,000	–	6,040,000	1.07
Mr. Lu Gui Pin	6,720,000	–	6,720,000	1.19
	16,720,000	230,000	16,950,000	3.00

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Mr. Lo Peter	3,320,000
Mr. Li Wentao	3,320,000
Mr. Sun David Lee	3,320,000
Mr. Zhao Difei	3,320,000
Mr. Li Jian Quan	3,320,000
Mr. Lu Gui Pin	2,500,000
	19,100,000

Save as disclosed above, as at 30 June 2008, none of the directors or chief executive had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of, the Group. The Scheme was adopted on 23 May 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Details of the Scheme are set out in the published annual report of the Company for the year ended 31 December 2007.

No share options were granted, exercised, lapsed or cancelled during the six months ended 30 June 2008.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
China Enterprise Capital Limited (<i>note</i>)	Interest of controlled corporations	323,960,000	57.2
Orientelite Investments Limited (<i>note</i>)	Beneficial owner	195,000,000	34.4
	Interest of a controlled corporation	128,960,000	22.8
CEC Agricapital Group Limited	Beneficial owner	128,960,000	22.8

Note: Orientelite Investments Limited is wholly owned by China Enterprise Capital Limited and CEC Agricapital Group Limited is wholly owned by Orientelite Investments Limited. Hence China Enterprise Capital Limited is deemed to have an interest in the shares in which Orientelite Investments Limited and CEC Agricapital Group Limited are interested under the SFO.

Save as disclosed above, as at 30 June 2008, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2008.



MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code on ethics and securities transactions, which incorporates a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Specified employees who are likely to be in possession of unpublished price-sensitive information of the Company are also subject to the compliance with the code. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the code on ethics and securities transactions throughout the six months ended 30 June 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008.

By order of the Board

Peter Lo

Chairman

Hong Kong, 11 September 2008