



鼎洋投資有限公司*

APEX CAPITAL LIMITED

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



Interim Report
2008

* For identification purpose only

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

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

PO Box 309
Ugland House
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, 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	Notes	Unaudited Six months ended 30th June, 2008 HK\$'000	2007 HK\$'000
Revenue	3	5	–
Administrative expenses		<u>(1,108)</u>	<u>(1,923)</u>
Loss from operations	5	(1,103)	(1,923)
Finance costs		<u>–</u>	<u>–</u>
Loss before income tax		(1,103)	(1,923)
Income tax expense	6	<u>–</u>	<u>–</u>
Loss for the period		<u>(1,103)</u>	<u>(1,923)</u>
Attributable to:			
Equity holders of the Company		<u>(1,103)</u>	<u>(1,923)</u>
Minority interests		<u>–</u>	<u>–</u>
		<u>(1,103)</u>	<u>(1,923)</u>
Loss per share	7		
– Basic (HK cents)		<u>(0.46)</u>	<u>(0.80)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>
Dividends		<u>–</u>	<u>–</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2008

	Unaudited 30th June, 2008 HK\$'000	Audited 31st December, 2007 HK\$'000
ASSETS AND LIABILITIES		
Current assets		
Prepayment and other receivables	81	17
Cash at banks	<u>1,056</u>	<u>2,323</u>
	<u>1,137</u>	<u>2,340</u>
Current liabilities		
Other payables and accrued expenses	<u>291</u>	<u>391</u>
Net assets	<u>846</u>	<u>1,949</u>
EQUITY		
Share capital	8	6,000
Reserves	<u>(5,154)</u>	<u>(4,051)</u>
Total equity	<u>846</u>	<u>1,949</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2008

	Unaudited			
	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2008	6,000	112,189	(116,240)	1,949
Loss for the period	-	-	(1,103)	(1,103)
At 30th June, 2008	6,000	112,189	(117,343)	846

	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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2008

	Unaudited	
	Six months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
Net cash used in operating activities	(1,267)	(3,050)
Net cash used in financing activities	—	(43)
Net decrease in cash at banks	(1,267)	(3,093)
Cash balances at banks at beginning of the period	2,323	6,305
Cash balances at banks at end of the period	1,056	3,212

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2008

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 PO Box 309, Ugland House, 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 ("Listing Rules") 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, 2008 were approved for issue by the Board on 22nd September, 2008.

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, 2007.

From 1st January, 2008, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") which are first effective on 1st January, 2008 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.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 13	Customer Loyalty Programmes ³

2. Accounting policies (Continued)

Notes:

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

3. Revenue

	Unaudited Six months ended 30th June,	
	2008 HK\$'000	2007 HK\$'000
Interest income	<u>5</u>	<u>–</u>

4. Segment information

No segment information is presented as all of the revenue, contribution to operating results, assets and liabilities of the Group are attributable to activities which are carried out or originated principally in Hong Kong.

5. Loss from operations

	Unaudited Six months ended 30th June,	
	2008 HK\$'000	2007 HK\$'000
Loss from operations has been arrived at after charging:		
Directors' remuneration	329	527
Investment management fees	300	300
Staff costs	126	425
Depreciation	<u>–</u>	<u>64</u>

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 approximately HK\$1,103,000 (2007: loss of approximately HK\$1,923,000) and 240,000,000 (2007: 240,000,000) ordinary shares in issue during the period.

Diluted loss per share has not presented as there were no dilutive potential shares for the period ended 30th June, 2007 and 2008.

8. Share capital

	Number of shares	HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$0.025 each at 30th June, 2008 and 31st December, 2007	400,000,000	10,000
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$0.025 each at 30th June, 2008 and 31st December, 2007	<u>240,000,000</u>	<u>6,000</u>

9. Related party transaction

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

	Unaudited Six months ended 30th June,	
	2008 HK\$'000	2007 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.

10. 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 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

During the period, the Group recorded a loss attributable to shareholders was approximately HK\$1,103,000, compared to a loss attributable to shareholders of approximately HK\$1,923,000 for the last corresponding period.

Liquidity and Financial Resources

As at 30th June, 2008, there were no material borrowings and there were no charges on the Group's assets (2007: HK\$ Nil).

Pledge of assets

As at 30th June, 2008, the Group had no property pledged to bank to secure mortgage loan granted to the Group (2007: HK\$ Nil).

Capital commitment and contingent liabilities

As at 30th June, 2008, the Group had 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 exposure is minimal.

Staff costs

The Group's total staff costs (including directors' emoluments) for the period amounted to approximately HK\$455,000 (2007: HK\$952,000).

Business review and outlook

Equity markets worldwide have been in a tailspin in 2008 as a result of the sub-prime debacle in the US. The situation has been a complete reversal of 2007 – when we had ample liquidity in the markets and market participants not paying adequate attention to risk. In 2008 we are witnessing a massive withdrawal of liquidity away from the markets which sent prices down across all asset classes, being it equity, debt or commodity. This situation is not going to improve until the end of the liquidity crunch as a result of massive losses suffered by major banks from sub-prime investments. Unfortunately, it takes time to restore investors' confidence. Furthermore, we are also monitoring the effect of macro-tightening in China, which has decelerated the growth of the overall economy, with particular sectors being more hard-hit than others.

Business review and outlook *(Continued)*

We have remained cautious throughout 2008 as a result of the above factors and our cautiousness have paid off. At the time of this announcement is issued, we believe market valuation has retreat to a level that is very fair, with the worst case scenario being factor-in by the majority of market participants. Investment value is beginning to emerge both for listed and unlisted investments. As a result, on 20th August, 2008 the Company proposed an open offer on the basis of two offer shares for every one existing shares held on 13th October, 2008. We expect to raise a net proceed of approximately HK\$31,700,000 which shall fund our future working capital and expansion needs.

POST BALANCE SHEET EVENT

The Board announced on 20th August, 2008 that the Company proposed to:

1. raise approximately HK\$33,360,000 before expenses by issuing 480,000,000 offer shares at the subscription price of HK\$0.0695 per offer share on the basis of two offer shares for every one existing share in issue on 13th October, 2008;
2. increase its authorised share capital from HK\$10,000,000 divided into 400,000,000 shares to HK\$50,000,000 divided into 2,000,000,000 shares by creating an additional 1,600,000,000 unissued shares;
3. change of the Company's name from "Apex Capital Limited" to "Mastermind Capital Limited" and upon the name change becoming effective, the new Chinese name "慧德投資有限公司" will be adopted to replace "鼎洋投資有限公司" for identification purpose only;
4. adopt the new share option scheme and simultaneously terminate the Company's existing share option scheme adopted on 23rd May, 2002.

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

As at 30th June, 2008, 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	Number of shares held				Total interests	% of total issued shares
		Personal interests	Family interests	Corporate interests	Other interests		
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, 2008 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, 2008 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 A.2.1

The code provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. An individual chief executive officer was not appointed during the period. The Board considers that based on the existing size and structure of the Company, the appointment of an individual chief executive officer of the Company is not necessary. Furthermore, the Company has engaged Hua Yu Investment Management Limited as its investment manager.

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 of
Apex Capital Limited
LEONG Chi Wai
Executive Director

Hong Kong, 22nd September, 2008