



Wah Nam

International Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 0159



Wah Nam

Interim Report 2008



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Cheng Yung Pun (*Chairman*)
Chan Kam Kwan, Jason

Independent Non-executive Directors

Lau Kwok Kuen, Eddie
Uwe Henke Von Parpart
Wilton Timothy Carr Ingram

QUALIFIED ACCOUNTANT

Fu Ming Kit, Chris

COMPANY SECRETARY

Chan Kam Kwan, Jason

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor
One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

SHARE REGISTRAR

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

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL PLACE OF BUSINESS

Unit 3906, 39th Floor
Far East Finance Centre
16 Harcourt Road
Admiralty, Hong Kong

BANKER

The Hong Kong and Shanghai Banking
Corporation Limited
Hang Seng Bank

WEBSITE

www.irasia.com/listco/hk/wahnam

STOCK CODE

0159
(Main Board of The Stock Exchange of
Hong Kong Limited)

UNAUDITED INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Wah Nam International Holdings Limited (the “Company”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June, 2008, together with the comparative figures for the corresponding period in 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

	Notes	For the six months ended 30th June,	
		2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Continuing operation:			
Revenue	3, 4	45,190	—
Direct costs		(32,601)	—
		12,589	—
Other income		326	78
Administrative expenses		(13,692)	(737)
Other operating expenses		(19,209)	—
Finance costs	5	(3,569)	—
Loss before taxation	6	(23,555)	(659)
Income tax	7	456	—
Loss from continuing operation		(23,099)	(659)
Discontinued operation:			
Loss for the period from discontinued operation	8	(1,147)	(733)
Loss for the period attributable to equity holders of the Company		(24,246)	(1,392)
Loss per share	9		
From continuing and discontinued operations			
— Basic (cents)		(2.78)	(0.23)
— Diluted (cents)		N/A	N/A
From continuing operation			
— Basic (cents)		(2.65)	(0.11)
— Diluted (cents)		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Notes	30th June, 2008 HK\$'000 (Unaudited)	31st December, 2007 HK\$'000 (Audited)
Non-current assets			
Toll road operation rights	10	—	82,203
Property, plant and equipment	12	52,599	51,148
Goodwill		91,872	91,872
Intangible asset		95,830	100,977
Interests in infrastructure joint ventures		—	—
Amounts due from minority shareholders of a subsidiary	11	—	52,674
Deferred tax assets		1,658	5,754
		241,959	384,628
Current assets			
Trade receivables	13	15,390	13,455
Other receivables, deposits and prepayments		16,070	4,265
Bank balances and cash		13,520	40,027
		44,980	57,747
Assets of a disposal group classified as held for sale		162,498	—
		207,478	57,747
Current liabilities			
Trade payables	14	4,981	6,159
Other payables and accrued charges		11,745	8,576
Tax liabilities		1,077	74
Bank borrowings due within one year		22,283	26,183
Obligations under finance leases		1,686	1,507
		41,772	42,499
Liabilities associated with assets classified as held for sale		102,498	—
		144,270	42,499
Net current assets		63,208	15,248
Total assets less current liabilities		305,167	399,876

	Notes	30th June, 2008	31st December, 2007
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Capital and reserves			
Share capital	16	88,474	78,474
Reserves		134,365	129,835
Equity attributable to equity holders of the Company		222,839	208,309
Minority interests		—	77,878
Total equity		222,839	286,187
Non-current liabilities			
Bank borrowings due after one year		237	1,647
Obligations under finance leases		3,113	3,719
Convertible notes	15	56,548	84,058
Deferred tax liabilities		22,430	24,265
		82,328	113,689
		305,167	399,876

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2008

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Statutory surplus reserve HK\$'000	Convertible notes reserve HK\$'000 (Note 15)	Shareholders' contribution reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority Interests HK\$'000	Total HK\$'000
At 1st January, 2008	78,474	58,766	2,450	65,167	—	19,123	(15,671)	208,309	77,878	286,187
Conversion of convertible notes	10,000	42,362	—	(22,809)	—	—	—	29,553	—	29,553
Classified as asset held for resale	—	—	—	—	—	—	—	—	(77,270)	(77,270)
Exchange differences arising on translation of foreign operation recognised directly in equity	—	—	—	—	—	9,223	—	9,223	—	9,223
Loss for the period, representing total recognised loss for the period	—	—	—	—	—	—	(24,246)	(24,246)	(608)	(24,854)
At 30th June, 2008	88,474	101,128	2,450	42,358	—	28,346	(39,917)	222,839	—	222,839
At 1st January, 2007	59,484	—	2,450	—	163	8,669	(10,591)	60,175	81,236	141,411
Issue of new shares	11,890	28,485	—	—	—	—	—	40,375	—	40,375
Dividend declared and paid by a subsidiary	—	—	—	—	—	—	—	—	(2,400)	(2,400)
Deemed distribution to shareholders	—	—	—	—	(163)	—	94	(69)	—	(69)
Loss for the period, representing total recognised loss for the period	—	—	—	—	—	—	(1,392)	(1,392)	(320)	(1,712)
At 30th June, 2007	71,374	28,485	2,450	—	—	8,669	(11,889)	99,089	78,516	177,605

The statutory surplus reserve represents enterprise development and general reserve funds appropriated from the profit after tax of a subsidiary established in the People's Republic of China (the "PRC") in accordance with the PRC laws and regulations.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2008

	For the six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash (used in) generated from operating activities	(4,663)	494
Net cash used in investing activities	(6,659)	(30,214)
Net cash (used in) generated from financing activities	(7,262)	36,532
Net (decrease) increase in cash and cash equivalents	(18,584)	6,812
Effects of foreign exchange rate changes	416	—
Cash and cash equivalents at beginning of the period	40,027	9,678
Cash and cash equivalents at end of the period	21,859	16,490
Analysis of cash and cash equivalents at end of the period:		
— Cash and cash equivalents of continuing operations	13,521	10,478
— Cash and cash equivalents of discontinued operations	8,338	6,012
Cash and cash equivalents at end of the period	21,859	16,490

NOTES:

1. BASIS OF PREPARATION

The 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 of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2007 except for the following accounting policy which is applicable to the period ended 30th June, 2008.

Disposal group classified as held for sale

Disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Disposal group's assets classified as held for sale is measured at the lower of the disposal group's previous carrying amount and fair value less costs to sell.

In the current period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008.

HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – Int 12	Service concession arrangements
HK(IFRIC) – Int 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standard, amendments or interpretations 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 & 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
HK(IFRIC) – Int 15	Agreements for the construction of real estate ¹
HK(IFRIC) – Int 16	Hedges of a net investment in a foreign operation ⁴

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.

⁴ Effective for annual periods beginning on or after 1st October, 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or amendments or interpretation will have no material impact on the results and the financial position of the Group.

3. REVENUE

The revenue represents the amounts of toll receipts generated from the toll road and compensation received from Hangzhou City government for the loss of toll receipts from automobiles registered in Hangzhou City and amounts received and receivable for providing limousine and airport shuttle rental services.

	For the six months ended	
	30th June,	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Continuing operations		
Income from limousine rental services	36,339	—
Income from airport shuttle rental services	8,851	—
	45,190	—
Discontinued operations		
Toll receipts	3,242	3,182
Hangzhou City government compensation	—	—
	3,242	3,182
	48,432	3,182

4. SEGMENTAL INFORMATION

For management purposes, the Group is currently organised into three operating divisions, namely, toll road operation, limousine rental services and airport shuttle rental services. These divisions are the basis on which the Group reports its primary segment information.

On 6th June, 2008, the Group entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Cableport Holdings Limited ("Cableport"), a direct and wholly owned subsidiary of the Company, Cableport is a major shareholder and owns as to 60% equity interest in Hangzhou Huanan Engineering Development Co. Ltd. ("HHED"), which manages and operates a toll road in the PRC. The disposal of the 100% in Cableport represents and has been accounted for as a discontinued operation. Details of the results of the discontinued operation are disclosed in Note 8 of this interim report. An analysis of the Group's revenue and segment results by business segments of the continuing operations is as follows:

Business segments

	Continuing operation Limousine rental services HK\$'000 (unaudited)	Continuing operation Airport shuttle rental services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
<u>For the six months ended</u>			
<u>30th June, 2008</u>			
Segment revenue	36,339	8,851	45,190
Segment results	1,845	1,135	2,980
Unallocated income			326
Unallocated expenses			(23,292)
Finance costs			(3,569)
Loss before taxation			(23,555)
Income tax credit/(expense)			456
Loss for the period			(23,099)
<u>For the six months ended</u>			
<u>30th June, 2007</u>			
Segment revenue	—	—	—
Segment results	—	—	—
Unallocated income			79
Unallocated expenses			(738)
Finance costs			—
Loss before taxation			(659)
Income tax expense			—
Loss for the period			(659)

5. FINANCE COSTS

Finance costs represent:

	For the six months ended 30th June,	
	2008 HK\$'000 (Unaudited)	2007 HK\$'000 (Unaudited)
Interest on:		
Convertible notes interest at effective interest rate	2,876	—
Bank borrowings wholly repayable within five years	540	—
Finance leases	153	—
	3,569	—

6. LOSS BEFORE TAXATION

Loss for the period has been arrived at after:

	Continuing For the six months ended 30th June,		Discontinued For the six months ended 30th June,		Consolidated For the six months ended 30th June,	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
charging:						
Amortisation of toll road operation rights (included in direct costs)	—	—	2,685	2,359	2,685	2,359
Amortisation of intangible assets	5,148	—	—	—	5,148	—
Impairment loss on assets of a disposal group classified as held for resale	14,062	—	—	—	14,062	—
Depreciation of property, plant and equipment	5,043	—	75	65	5,118	65
Repairs and renovation costs	3,030	—	109	122	3,139	122
Directors' emoluments	224	—	—	—	224	—
Retirement benefit scheme contributions	754	—	38	17	792	17
Other staff costs	13,094	—	1,251	1,070	14,345	1,070
Total staff costs	14,072	—	1,289	1,087	15,361	1,087
Operating lease rentals in respect of office premises	2,429	—	—	—	2,429	—
Loss/(gain) on disposal of fixed assets	51	—	(1)	—	50	—
crediting:						
Interest income	88	33	54	55	142	88
Imputed interest income on amounts due from minority shareholders of a subsidiary	—	—	155	137	155	137

7. INCOME TAX

	For the six months ended 30th June,	
	2008	2007
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	1,199	—
PRC	181	—
	1,380	—
Deferred tax:		
Current period credit to consolidated income statement	(1,836)	—
Tax charge/(credit) for the period	(456)	—

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period.

PRC income tax charge represents the PRC enterprise income tax paid or payable during the period. Enterprise income tax in the PRC has been provided at the prevailing rate of 25% (2007: 18%) on the estimated assessable profit applicable to the Company's subsidiary established in the PRC.

8. DISCONTINUED OPERATION

On 6th June, 2008, the Company entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Cableport, a direct and wholly owned subsidiary of the Company, for an aggregate consideration of HK\$60,000,000, subject to the conditions precedent thereto. The disposal has been completed as at the date of this report.

Cableport is a major shareholder and owns as to 60% equity interest in the paid-up share capital of the subsidiary, HHED, which manages and operates a toll road in the PRC. The disposal of the 100% interest in Cableport represents a discontinued operation.

The assets and liabilities of the disposal group as at 30th June, 2008 have been classified as assets and liabilities of a disposal group held for sale and are presented separately in the condensed consolidated balance sheet. The net proceeds of disposal are expected to be less than the net carrying amount of the relevant assets and liabilities as at 30th June, 2008 and accordingly, an impairment loss, base on the net assets of the disposal group as at 30th June 2008, has been recognised. The impairment loss so recognised is subject to, and will be adjusted to reflect the developments and activities of the disposal group arising after 30th June, 2008.

The results of the discontinued operation for the period were as follows:

	Six months ended 30th June,	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Turnover	3,242	3,182
Business Tax	(162)	(159)
Direct costs	(4,288)	(3,665)
	(1,208)	(642)
Other income	210	192
Administrative expenses	(629)	(451)
Finance costs	—	(40)
Loss before taxation	(1,627)	(941)
Income tax	(128)	(112)
Loss after taxation	(1,755)	(1,053)
Minority interests	608	320
Loss for the period	(1,147)	(733)

9. LOSS PER SHARE

From continuing and discontinuing operations

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	For the six months ended 30th June,	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the purpose of basic loss per share	24,246	1,392
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	871,623	606,239

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to equity holders of the Company is based on the following data:

	For the six months ended 30th June,	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company	24,246	1,392
Loss from discontinued operation	(1,147)	(733)
Loss for the purpose of basic loss per share from continuing operations	23,099	659

From discontinued operation

For the six months ended 30th June, 2008, basic loss per share from discontinued operation was HK0.13 cent per share (six months ended 30th June, 2007: HK0.12 cent per share). The calculation of the basic loss per share was based on the loss for the period from the discontinued operation of HK\$1,147,000 (six months ended 30th June, 2007: HK\$733,000) attributable to the ordinary equity holders of the Company. The denominators used are the same as those detailed above for both basic and diluted loss per share.

The Company has no dilutive potential ordinary shares for both periods under review.

10. TOLL ROAD OPERATION RIGHTS

The toll road operation rights has been classified and included as part of the assets of the disposal group held for sale, shown separately in the condensed consolidated balance sheet as at 30th June, 2008.

11. AMOUNTS DUE FROM MINORITY SHAREHOLDERS OF A SUBSIDIARY

The amounts due from minority shareholders of a subsidiary have been classified and included as part of the assets of the disposal group held for sale, shown separately in the condensed consolidated balance sheet as at 30th June, 2008.

12. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired motor vehicles, property, plant and equipment at a cost of approximately HK\$7,116,000.

13. TRADE RECEIVABLES

The Group's credit terms granted to customers of limousine and airport shuttle rental services range between 30 days and 45 days to its customers. An aged analysis of the trade receivables at the balance sheet date is as follow:

	2008		2007
	<i>HK\$'000</i>		
0 – 30 days	9,894	7,856	
31 – 60 days	1,940	3,605	
61 – 90 days	3,150	1,371	
Over 90 days	406	623	
	15,390	13,455	

14. TRADE PAYABLES

Trade payables, other payables and accrued charges comprise amounts outstanding for trade purpose and on-going costs. Trade payables principally comprise amounts outstanding for direct costs. The normal credit period taken for direct costs is 30 days. The following is an aged analysis of trade payables at the balance sheet date:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	3,825	4,975
31 – 60 days	1,144	1,180
61 – 90 days	5	1
Over 90 days	7	3
	4,981	6,159

15. CONVERTIBLE NOTES

On 22nd October, 2007, HK\$120 million convertible notes were issued by the Company. The convertible notes entitle the holders to convert them, in whole or in part, into ordinary shares of the Company at any time between the date of issue of the convertible notes and their maturity on 22nd October, 2012 at the fixed conversion price of HK\$0.42 per share (subject to adjustments). If the whole amount of the convertible notes is converted on the exercise price of HK\$0.42 per share, the Company will issue 285,714,285 conversion shares. If the convertible notes have not been converted, they will be redeemed on 22nd October, 2012 at par. Interest of 2% will be paid annually up to the settlement date. The Company does not have the right to redeem the convertible notes prior to 22nd October, 2012.

The convertible notes contain two components, liability and equity elements. The fair value of the liability component included in non-current liabilities was calculated using a market interest rate for the equivalent non-convertible loans. The residual amount, representing the value of the equity conversion option, is included in shareholders' equity heading convertible notes reserve.

During the period, the holder of the convertible notes of the Company has converted HK\$42 million convertible notes into 100,000,000 new ordinary shares of the Company.

The fair value of the liability component of the convertible notes at 30th June, 2008 amounted to approximately HK\$56,548,000. The fair value is calculated using cash flows discounted at an effective interest rate of 10.2% per annum.

The movement of the liability component of the convertible note for the period is set out below:

	The Group and the Company <i>HK\$'000</i>
Carrying amount on 22nd October, 2007, date of issue	82,888
Interest expense	1,170
Carrying amount on 1st January, 2008	84,058
Conversion into shares	(29,553)
Interest expense (<i>note 5</i>)	2,876
Interest paid	(833)
Carrying amount at 30th June, 2008	56,548

16. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1st January, 2007, 31st December, 2007 and 30th June, 2008	800,000	80,000
Issued and fully paid:		
At 1st January, 2007 and 31st December, 2007	784,738	78,474
Issue of new shares on conversion of convertible notes	100,000	10,000
At 30th June, 2008	884,738	88,474

During the period, the holder of the convertible notes of the Company has converted HK\$42 million convertible notes into 100,000,000 new ordinary shares of the Company.

17. SHARE OPTION SCHEME

There were no share options granted or exercised during the period. As at 30th June, 2008, there is no share option outstanding. As at the date of this report, the total number of shares available for issue under the share option scheme is 88,473,765 shares.

18. COMMITMENTS

Operating lease commitments

As at 30th June, 2008, the Group had commitments for future minimum lease payments under the above arrangement and other non-cancellable operating leases for premises, car parks, and counters in the international airport in Hong Kong which fall due as follows:

	30th June, 2008 (unaudited) HK\$'000	31st December, 2007 (audited) HK\$'000
Not later than one year	1,360	2,454
Later than one year and not later than five years	614	1,158
	1,974	3,612

Capital commitments

As at 30th June, 2008, the Group has entered into contracts to purchase motor vehicles as summarised below:

	30th June, 2008 (unaudited) HK\$'000	31st December, 2007 (audited) HK\$'000
Contracted but not provided for	4,607	—

19. PLEDGE OF ASSETS

As at 30th June, 2008, motor vehicles with an aggregate carrying value of HK\$39,008,088 of certain subsidiary of the Company were pledged to a bank to secure general banking facilities granted to the subsidiary.

20. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30th June, 2008.

21. RELATED PARTY TRANSACTIONS

Except for disclosed elsewhere in these condensed consolidated financial statements, there were no related party transactions for the period.

22. POST BALANCE SHEET EVENTS

On 30th January, 2008, the Company entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to acquire and the vendors conditionally agreed to dispose of the entire issued share capital of Smart Year Investment Limited, a company legally and beneficially owns as to 90% equity interest in Luchun Xingtai, for a total consideration of approximately HK\$650,000,000. Subject to the supplemental deed dated 27th June, 2008, the total consideration has been amended and satisfied (i) as to HK\$119,800,000 in cash; (ii) as to HK\$94,699,800 by the issue of the consideration shares by the Company to the vendors at the issue price of HK\$0.30 each; and (iii) as to HK\$435,500,000 by the issue of the convertible notes to the vendors. Details of the acquisition were disclosed in the circular of the Company dated 30th June, 2008. Luchun Xingtai is principally engaged in exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources, and has been granted the exploitation rights relating to a copper mine in Luchun County, Yunnan Province, the PRC. The acquisition has been completed on 19th September, 2008.

On 6th June, 2008, the Company entered into the agreement with Leading Highway Limited, the purchaser, pursuant to which the Company agreed to sell and the purchaser agreed to acquire (i) the sale shares, representing the entire issued share capital of Cableport as at the date of the agreement for a cash consideration of HK\$37,631,679; and (ii) the shareholder's loan for a cash consideration of HK\$22,368,321. On 30th July, 2008, an agreement has been reached and signed between HHED and the Hangzhou City government and it has been agreed that the amount of daily compensation to be received by HHED is determined at RMB50,000 for 2006 and RMB51,250 for 2007 and 2008. The disposal has been completed as at the date of this report. Details of the disposal were disclosed in the circular of the Company dated 9th August, 2008.

On 1st September, 2008, the Company and VC Brokerage Limited, the placing agent, entered into the placing agreement pursuant to which the placing agent placed 240,000,000 placing shares, at the placing price of HK\$0.50 per placing share. The net proceeds after deduction of related expenses from the placing of approximately HK\$118,500,000 would be used for financing part of the cash consideration in relation to the acquisition, payment of the mining resources usage fees of Luchun Xingtai and the working capital and capital expenditure of Luchun Xingtai upon the completion of the acquisition. Details of the placement of shares were disclosed in the announcement of the Company dated 2nd September, 2008.

On 17th September, 2008, a holder of the convertible notes of the Company has converted HK\$12,150,000 convertible notes into 30,000,000 new ordinary shares of the Company.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2008 (2007: nil).

MANGEMENT DISCUSSION AND ANALYSIS

Business and financial review

On 6th June, 2008, the Group entered into the sale and purchase agreement to sell the entire equity interest in the issued capital of Cableport, a direct and wholly owned subsidiary of the Company, Cableport is a major shareholder and owns as to 60% equity interest in HHED, which manages and operates a toll road in the PRC. The disposal is part of the Group's new business development strategy and, we are of the view that the disposal is conducive to curtailing further operating and financial losses of the Group and helps to preserve financial and cash resources which can be invested in other more lucrative ventures.

The disposal of the 100% interest in Cableport, represents a discontinued operation, and has therefore been accounted for accordingly in the interim results.

The income statement for the period show financial results of the continuing operations, with comparative figures adjusted to the same. Overall, the Group recorded total consolidated revenue of HK\$48.4 million for the period, with the discontinued toll road operations contributing revenue of HK\$3.2 million, same level as last year, and HK\$45.1 million from the newly acquired business of limousine and airport shuttle rental services of Perryville Group Limited ("Perryville Group"), which was acquired in October 2007.

The loss for the period of the Group of HK\$24.2 million included two significant expenses, namely the amortization of intangible asset of HK\$5.1 million, and in connection with the disposal of the toll road operations, an impairment loss of approximately HK\$14 million has been recognised thereof in this period's results.

During the period, the discontinued toll road operations recorded an operating loss of approximately HK\$1.8 million as compared to HK\$1 million recorded last period. The escalating level of operating loss is attributable to the continuing competition of emerging new roads and diversion of non-Hangzhou registered automobiles to adjacent alternate roads, reduced toll fare in light of direct competition and non-recognition of compensation income from Hangzhou City government.

Since acquisition in October 2007, the limousine and airport shuttle rental operations of Perryville Group continued to progress with its expansion and performance. During the period, limousine and airport shuttle rental operations have contributed approximately HK\$45.1 million to the Group's overall revenue, and recorded segment operating profit from the limousine and shuttle rental service of approximately HK\$1.8 million and HK\$1.1 million, respectively, totalling HK\$2.9 million.

The management of the Group believes that, the business of Perryville Group has helped the Group's financial results for the period and will continue to do so, it has also provided the Group a platform to diversify into business and industry with more lucrative returns, reducing its existing business and cash flow risk exposure.

Prospects

The operating and financial performance of Perryville Group's limousine and shuttle rental services operations in Hong Kong have and are expected to be stable for the financial year. With the demand of the high-end limousine rental services increasing in China and leveraging on its expertise and successful experience in Hong Kong, Perryville Group has now expanded geographically and established its operations in Shenzhen, Guangzhou, Shanghai and Beijing to capture the market shares in these vast and unexplored markets. The financial performance of the PRC operations may not have positive contributions to the profitability of the Group in the second half of the financial year owing to the infancy of these operations, but we are optimistic of its operating and financial success in the near future.

In January 2008, we have signed a conditional agreement to acquire Smart Year Investment Limited, a company legally and beneficially owns as to 90% equity interest in Luchun Xingtai, which has been granted the exploitation rights relating to a copper mine in Luchun County, Yunnan Province, the PRC. The acquisition was completed on 19th September, 2008. Luchun Xingtai is principally engaged in the exploitation, processing and sale of copper, lead, zinc, arsenic, silver and other mineral resources. The acquisition would further allow the Group to diversify its income base. In view of the increase in demand for natural resources in the world and the increase in the prices of mineral resources over the past years, we are optimistic about the future prospects and demand for natural resources. The strong and sustainable growth momentum of the PRC economy and the continuous development of the cities, infrastructure and real estate sectors, demand for mineral resources and their related products will continue to grow robustly. We therefore believe that the acquisition provides an opportunity for the Group to enhance investment returns, and in the long term, offers better financial performance to the Group and enhancement to shareholders' value.

Liquidity and financial resources

The Group generally finances its short term funding requirements with cash generated from operation, credit facilities from suppliers and banking facilities provided by our principal bankers.

Subsequent to the balance sheet date, to facilitate the financing for the acquisition of Smart Year Investment Limited and to inject new funding for expansion and working capital needs, the Group has raised net proceeds of HK\$118.5 million through the placement of 240 million new ordinary shares on 1st September, 2008.

No significant change in the working capital structure for this period, the current ratio for the period measures at 1.4 times, same as that reported in December 2007.

The gearing ratio for the period (Long term debts over Equity and long term debts) is measured at 0.21 compared to 0.24 recorded as at December 2007. As at the 30th June, 2008, the Group has total bank and other borrowing amounted to approximately HK\$27.3 million, all of which are secured, approximately HK\$23.9 million due within one year and the balance of HK\$3.4 million due more than one year. All of the borrowings are denominated in Hong Kong dollars.

During the period, the Group did not engage in the use of any other financial instruments for hedging purposes, and there is no hedging instrument outstanding as at 30th June, 2008.

Capital structure

During the period, the holder of the convertible notes of the Company has converted HK\$42 million convertible notes into 100,000,000 new ordinary shares of the Company.

Staff and remuneration

As at 30th June, 2008, the Group employed approximately 241 full time employees (30th June, 2007: 42), of which approximately 114 were in the PRC. The remuneration of employees includes salary and discretionary bonus. The Group also adopted a share option scheme to provide an incentive to the employees.

The remuneration policy and package, include the share options, of the Group's employees are maintained at market level and reviewed annually by the management.

Approval of the unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated financial statements were approved and authorized for issue by the Directors on 26th September, 2008.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 30th June, 2008, the interests and short positions of the directors and chief executives and their respective associates in the shares, underlying shares or debentures of the Company and any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions of ordinary shares of HK\$0.10 each of the Company

Name of director	Capacity	Number of issued ordinary shares held	Approximate percentage of the issued share capital of the Company
Cheng Yung Pun	Controlled Corporation ^(Note)	445,500,000	50.35%

Note: These shares are held by Leading Highway Limited, a company incorporated in the British Virgin Islands with limited liability and the entire issued share capital of which is wholly owned by Mr. Cheng Yung Pun.

Save as disclosed above, as at 30th June, 2008, none of the Directors and chief executives of the Company and/or any of their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Other than as disclosed in section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and any Associated Corporation", at no time during the period was the Company, its or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors of the Company (including their respectively spouse and children under the age of (18) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2008, save as disclosed under the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and any Associated Corporation” above, the Company had been notified of the following substantial shareholders interests, being 5% or more of the Company’s issued share capital under Section 336 of the SFO:

Long positions in ordinary shares and underlying shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of shares or underlying shares	Approximate percentage of the issued share capital of the Company
Parklane International Holdings Limited ^(Note 1)	Beneficial owner	185,714,285	20.99%
Leung Chi Yan ^(Note 1)	Controlled corporations	185,714,285	20.99%
Chuntin Investments Limited ^(Note 2)	Beneficial owner	60,000,000	6.78%
Juang William ^(Note 2)	Controlled corporations	60,000,000	6.78%
Prideful Future Investments Limited ^(Note 3)	Beneficial owner	443,332,000	50.11%
Cheung Sze Wai, Catherine ^(Note 3)	Controlled corporations	443,332,000	50.11%
Shimmer Expert Investments Limited ^(Note 4)	Beneficial owner	411,664,000	46.53%
Groom High Investments Limited ^(Note 4)	Controlled corporations	411,664,000	46.53%
Zhang Li ^(Note 4)	Controlled corporations	411,664,000	46.53%
Top Respect Holdings Limited ^(Note 5)	Beneficial owner	249,168,000	28.16%
Chang Hing Hang ^(Note 5)	Controlled corporations	249,168,000	28.16%
Villas Green Investments Limited ^(Note 6)	Beneficial owner	249,168,000	28.16%
Chong Yee Kwan ^(Note 6)	Controlled corporations	249,168,000	28.16%
Gracious Fortune Investments Limited ^(Note 7)	Beneficial owner	195,000,000	22.04%
Li Hua ^(Note 7)	Controlled corporations	195,000,000	22.04%
Wander Profits Investments Limited ^(Note 8)	Beneficial owner	86,668,000	9.80%

Name of shareholder	Capacity	Number of shares or underlying shares	Approximate percentage of the issued share capital of the Company
Potential High Investments Limited ^(Note 8)	Controlled corporations	86,668,000	9.80%
Zhang Rui ^(Note 8)	Controlled corporations	86,668,000	9.80%
Talent Zone Investments Limited ^(Note 9)	Beneficial owner	120,666,000	13.64%
Ho Pui Fan ^(Note 9)	Controlled corporations	120,666,000	13.64%

Notes:

- The 185,714,285 conversion shares derived from the convertible note issued on 13th June, 2007 in the outstanding principal amount of HK\$78,000,000 and are held by Parklane International Holdings Limited, which is 100% held by Mr. Leung Chi Yan.
- The 60,000,000 shares are held by Chuntin Investments Limited, a company incorporated in the British Virgin Islands and controlled by Mr. Juang William.
- The 443,332,000 shares are derived from the convertible notes in the principal amount of HK\$130,000,000 to be issued to Prideful Future Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by Cheung Sze Wai, Catherine.
- The 411,664,000 shares are derived from 86,664,000 Shares and the convertible notes in the principal amount of HK\$97,500,000 to be issued to Shimmer Expert Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by Groom High Investments Limited. Groom High Investments Limited is a company incorporated in the British Virgin Islands and controlled 100% by Zhang Li.
- The 249,168,000 shares are derived from the convertible notes in the principal amount of HK\$74,750,000 to be issued to Top Respect Holdings Limited, a company incorporated in the British Virgin Islands and controlled 100% by Chang Hing Hang.
- The 249,168,000 shares are derived from the convertible notes in the principal amount of HK\$74,750,000 to be issued to Villas Green Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by Chong Yee Kwan.
- The 195,000,000 shares are derived from the convertible notes in the principal amount of HK\$58,500,000 to be issued to Gracious Fortune Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by Li Hua.
- The 86,668,000 shares to be issued to Wander Profits Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by the Potential High Investments Limited. Potential High Investments Limited is a company incorporated in the British Virgin Islands and controlled 100% by Zhang Rui.
- The 120,666,000 shares to be issued to Talent Zone Investments Limited, a company incorporated in the British Virgin Islands and controlled 100% by the Ho Pui Fan.

SHARE OPTION SCHEME

Please refer to note 17 to the condensed interim financial information for details of the share options of the Company.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company.

COMPLIANCE OF THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied throughout the period with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "CGP Code") except for the deviation from the following provisions of the CGP Code:

There was no separation of the role of chairman ("Chairman") and chief executive officer ("CEO") as set out in the code provision A.2.1. Mr. Cheng Yung Pun currently assumes the role of both the Chairman and the CEO of the Company as the structure was more suitable to the Company because it could promote the efficient formulation and implementation of the then Company's strategies. However, as the Group's business becomes more diversified, there is a need for and the Board is actively seeking a suitable candidate to assume the role of the CEO of the Company.

All other information on the corporate governance practices of the Company have been disclosed in the corporate governance report contained in the 2007 Annual Report of the Company issued in April 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. Having made specific enquiry of all the Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code adopted by the Company throughout the six months ended 30th June, 2008.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors ("INEDs"), Mr. Lau Kwok Kuen, Eddie, Mr. Uwe Henke Von Parpart and Mr. Wilton Timothy Carr Ingram. The Audit Committee has adopted the terms of reference which are in line with the CGP Code. The Group's condensed interim financial information for the six months ended 30th June, 2008 have been reviewed by the Audit Committee, who is of the opinion that such statements comply with the applicable accounting standard and legal requirements, and that adequate disclosures have been made.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 26th September, 2008