

The logo for New Times Energy, featuring the lowercase letters 'nme' in a bold, white, sans-serif font. The letters are set against a circular background that transitions from a bright yellow at the top to a dark purple at the bottom, with a halftone dot pattern.

新時代能源有限公司
NEW TIMES ENERGY
corporation limited

(formerly known as New Times Group Holdings Limited 新時代集團控股有限公司)
(incorporated in Bermuda with limited liability)
(Stock code : 00166)

20
09

INTERIM REPORT

* for identification purpose only

CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Kam Chiu, Stewart (*Chairman*)
Mr. Cheng Chi Him

Non-executive Directors

Mr. Pei Cheng Ming, Michael
Mr. Wong Man Kong, Peter
Mr. Tse On Kin
Mr. Chan Chi Yuen

Independent Non-executive Directors

Mr. Fung Chi Kin
Mr. Fung Siu To, Clement
Mr. Chiu Wai On

AUDIT COMMITTEE

Mr. Chiu Wai On (*Chairman*)
Mr. Fung Chi Kin
Mr. Fung Siu To, Clement

REMUNERATION COMMITTEE

Mr. Fung Chi Kin (*Chairman*)
Mr. Fung Siu To, Clement
Mr. Chiu Wai On

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Yu Wing Cheung

AUDITOR

CCIF CPA Limited

LEGAL ADVISER

On Hong Kong law
Cheung Tong & Rosa

On Bermuda law
Conyers Dill & Perman

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
ICBC (Asia) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2003-06 Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

STOCK CODE

00166

The board of directors (the "Board") of New Times Energy Corporation Limited (the "Company") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, together with comparative figures for the corresponding period in 2008. These condensed consolidated financial statements for the six months ended 30 June 2009 have not been audited, but have been reviewed by the Audit Committee and the auditor of the Company.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	Unaudited	
		Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000 (Restated)
CONTINUING OPERATIONS			
Turnover	3	4,310	20,397
Cost of sales		(4,288)	(19,552)
Gross profit		22	845
Other revenue, net income and operating income		16,353	1,885
Administrative expenses		(8,113)	(12,628)
Other operating expenses		(8,238)	(226)
Profit/(loss) from operations		24	(10,124)
Finance costs	4	(448)	(1)
Share of post-tax profit of jointly controlled entity		1,906	–
Profit/(loss) before taxation		1,482	(10,125)
Income tax	6	(15)	(242)
Profit/(loss) for the period from continuing operations		1,467	(10,367)
DISCONTINUED OPERATIONS			
Loss for the period from discontinued operations	7	–	(4,394)
Profit/(loss) for the period	5	1,467	(14,761)
OTHER COMPREHENSIVE INCOME			
Exchange differences arising on translation of foreign operations		(89)	845
Total comprehensive income for the period		1,378	(13,916)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
	Notes	2009 HK\$'000	2008 HK\$'000 (Restated)
Profit/(loss) for the period attributable to:			
Owners of the Company		1,924	(14,761)
Minority interests		(457)	–
		<u>1,467</u>	<u>(14,761)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		1,835	(13,916)
Minority interests		(457)	–
		<u>1,378</u>	<u>(13,916)</u>
Earnings/(loss) per share			
	9		
From continuing and discontinued operations			
– basic		<u>0.16 cents</u>	<u>(1.90 cents)</u>
– diluted		<u>0.14 cents</u>	<u>(1.90 cents)</u>
From continuing operations			
– basic		<u>0.16 cents</u>	<u>(1.33 cents)</u>
– diluted		<u>0.14 cents</u>	<u>(1.33 cents)</u>
From discontinued operations			
– basic		<u>N/A</u>	<u>(0.57 cents)</u>
– diluted		<u>N/A</u>	<u>(0.57 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	As at 30 June 2009 (Unaudited) HK\$'000	As at 31 December 2008 (Audited) HK\$'000
NON-CURRENT ASSETS			
Exploration and evaluation assets	10	2,196,169	–
Property, plant and equipment		1,994	2,309
Deposit paid for potential investment		–	54,600
Interest in jointly controlled entity	11	17,034	15,128
		<u>2,215,197</u>	<u>72,037</u>
CURRENT ASSETS			
Trade and other receivables	12	32,525	91,715
Cash and cash equivalents	13	80,315	154,085
		<u>112,840</u>	<u>245,800</u>
CURRENT LIABILITIES			
Trade and other payables	14	5,870	6,084
Obligation under finance leases		12	12
Current taxation		75	18
		<u>(5,957)</u>	<u>(6,114)</u>
NET CURRENT ASSETS		<u>106,883</u>	<u>239,686</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,322,080</u>	<u>311,723</u>
NON-CURRENT LIABILITIES			
Obligation under finance leases		19	25
Promissory note payable		33,893	–
		<u>(33,912)</u>	<u>(25)</u>
NET ASSETS		<u>2,288,168</u>	<u>311,698</u>
CAPITAL AND RESERVES			
Share capital	15	351,000	78,197
Reserves		1,938,370	233,501
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>2,289,370</u>	<u>311,698</u>
MINORITY INTERESTS		<u>(1,202)</u>	<u>–</u>
TOTAL EQUITY		<u>2,288,168</u>	<u>311,698</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Unaudited						
	Attributable to owners of the Company					Minority interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2009	78,197	356,452	19,855	(142,806)	311,698	-	311,698
Exchange differences arising on translation of foreign operations	-	-	(89)	-	(89)	-	(89)
Profit for the period	-	-	-	1,924	1,924	(457)	1,467
Total comprehensive income for the period	-	-	(89)	1,924	1,835	(457)	1,378
Issue of consideration shares	9,375	38,437	95,625	-	143,437	-	143,437
Issue of convertible notes	-	-	1,832,400	-	1,832,400	-	1,832,400
Shares issued upon conversion of convertible notes	263,428	579,542	(842,970)	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	(745)	(745)
At 30 June 2009	351,000	974,431	1,104,821	(140,882)	2,289,370	(1,202)	2,288,168
At 1 January 2008	77,764	353,001	24,898	(100,655)	355,008	-	355,008
Exchange differences arising on translation of foreign operations	-	-	845	-	845	-	845
Loss for the period	-	-	-	(14,761)	(14,761)	-	(14,761)
Total comprehensive income for the period	-	-	845	(14,761)	(13,916)	-	(13,916)
Release upon disposal of subsidiaries	-	-	(2,849)	-	(2,849)	-	(2,849)
Shares issued under share option scheme	433	3,450	(1,284)	-	2,599	-	2,599
At 30 June 2008	78,197	356,451	21,610	(115,416)	340,842	-	340,842

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2009*

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	12,565	(9,464)
Net cash (used in)/from investing activities	(3,029)	9,508
Net cash (used in)/from financing activities	(83,306)	2,086
Net (decrease)/increase in cash and cash equivalents	(73,770)	2,130
Effect of foreign exchange rate changes	–	(111)
Cash and cash equivalents at the beginning of the period	154,085	160,195
Cash and cash equivalents at the end of the period	80,315	162,214

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2009

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a limited liability company incorporated in Bermuda and its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the main board of The Stock Exchange of Hong Kong Limited. During the period, the Company changed its name from “New Times Group Holdings Limited” to “New Times Energy Corporation Limited” to accurately reflect the core business of the Company.

The interim financial report has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It was authorised for issue on 22 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of the events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2008. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company and by the independent auditor, CCIF CPA Limited, 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 HKICPA.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for the financial year but is derived from those financial statements. The statutory financial statements for the year ended 31 December 2008 are available from the Company’s registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 24 April 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating Segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Amendments to HKAS 27, Consolidated and separate financial statements
 - cost of an investment in a subsidiary, jointly controlled entity or associate
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments

The amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. As it is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in the interim financial report which explains the basis of preparation of the information. Corresponding amounts have also been provided on a basis consistent with the revised segment information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

- HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. The new format for the condensed consolidated statement of comprehensive income and the condensed consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009, all dividends receivable from subsidiaries and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods are not restated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION

The Group manages its businesses by divisions which are organized by a mixture of both business lines (products and services) and geography. On first-time adoption of HKFRS 8 and in a manner consistent with the way in which information is reported internally to the Group's board of directors for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

Continuing operations:

General trading	This segment includes trading of non-ferrous metal and frozen foods. Currently, the Group's general trading activities are carried out in Hong Kong.
Exploration of natural resources	This segment is engaged in the exploration of natural resources in Argentina. The activities carried out in Argentina are through a non-wholly owned subsidiary.

Discontinued operations:

Property investment and development	This segment is engaged in the leasing of properties to generate rental income and to gain from the appreciation in the properties' values in the long term and the development and sale of office premises. The Group's activities in this regard were carried out in Mainland China.
Financial services	This segment is engaged in the provision of financial services. The Group's activities in this regard were carried out in Hong Kong.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (CONTINUED)

(a) **Segment results, assets and liabilities**

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's board of directors for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's board of directors monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all non-current assets and current assets with the exception of interest in jointly controlled entity and certain assets unallocated to an individual reportable segment. Segment liabilities include non-current liabilities and current liabilities with the exception of current taxation and certain liabilities unallocated to an individual reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The measure used for reporting segment profit/(loss) is "profit/(loss) from operations". In addition to receiving segment information concerning profit/(loss) from operations, the board of directors is provided with segment information concerning revenue, interest income, interest expenses, depreciation and additions to non-current segment assets used by the segments in their operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's board of directors for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Continuing operations						Discontinued operations						Total	
	General trading		Exploration of natural resources		Sub-total		Property investment and development		Financial services		Sub-total			
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
For the six months ended 30 June														
Revenue from external customers	4,310	20,397	-	-	4,310	20,397	-	-	-	195	-	195	4,310	20,592
Reportable segment revenue	4,310	20,397	-	-	4,310	20,397	-	-	-	195	-	195	4,310	20,592
Reportable segment profit/(loss)	(2,644)	(669)	(1,556)	-	(4,200)	(669)	-	(6,506)	-	711	-	(5,795)	(4,200)	(6,664)
Depreciation	180	180	-	-	180	180	-	5	-	-	-	5	180	185
Interest income	(269)	(710)	-	-	(269)	(710)	-	-	-	-	-	-	(269)	(710)
Interest expense	1	1	-	-	1	1	-	700	-	84	-	784	1	785
As at 30 June 2009/ 31 December 2008														
Reportable segment assets	38,782	43,739	2,198,796	-	2,237,578	43,739	-	-	-	-	-	-	2,237,578	43,739
Additions to non-current segment assets during the period	-	7	2,196,169	-	2,196,169	7	-	-	-	-	-	-	2,196,169	7
Reportable segment liabilities	(621)	(2,554)	(625)	-	(1,246)	(2,554)	-	-	-	-	-	-	(1,246)	(2,554)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Revenue		
Reportable segment revenue	4,310	20,592
Elimination of discontinued operations	—	(195)
	<u>4,310</u>	<u>20,397</u>
Consolidated turnover	4,310	20,397
Profit/(loss)		
Reportable segment profit/(loss)	(4,200)	(6,664)
Unallocated operating income and expenses	4,224	(9,255)
Finance costs	(448)	(1)
Share of post-tax profit of jointly controlled entity	1,906	—
Elimination of discontinued operations	—	5,795
	<u>1,482</u>	<u>(10,125)</u>
Consolidated profit/(loss) before taxation from continuing operations	1,482	(10,125)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

3. SEGMENT INFORMATION (CONTINUED)

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities (Continued)

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Assets		
Reportable segment assets	2,237,578	43,739
Interest in jointly controlled entity	17,034	15,128
Unallocated corporate assets	73,425	258,970
	<u>2,328,037</u>	<u>317,837</u>
Liabilities		
Reportable segment liabilities	(1,246)	(2,554)
Current taxation	(75)	(18)
Unallocated corporate liabilities	(38,548)	(3,567)
	<u>(39,869)</u>	<u>(6,139)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

4. FINANCE COSTS

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Interest on other borrowing wholly repayable within five years	447	-	-	700	447	700
Interest on amount due to a securities dealer	-	-	-	84	-	84
Finance charges on obligation under finance leases	1	1	-	-	1	1
Total interest expenses on financial liabilities not at fair value through profit or loss	448	1	-	784	448	785

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

5. PROFIT/(LOSS) FOR THE PERIOD

Profit/(loss) for the period is arrived at after charging/(crediting):

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Cost of inventories	4,288	19,540	-	-	4,288	19,540
Depreciation	315	533	-	6	315	539
Staff cost (including directors' emoluments)						
– Wages, salaries and other benefits	2,244	4,011	-	148	2,184	4,159
– Contributions to defined contribution retirement scheme	40	52	-	-	40	52
Operating lease charges for the leasing of property	604	2,465	-	-	604	2,465
Interest income	(15,746)	(1,096)	-	-	(15,746)	(1,096)
Net foreign exchange gain	(173)	(106)	-	(4,600)	(173)	(4,706)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

6. INCOME TAX

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Current tax						
– Hong Kong profits tax	-	141	-	-	-	141
– PRC Enterprise Income Tax	22	101	-	-	22	101
– Argentina Corporate Tax	(7)	-	-	-	(7)	-
Deferred taxation	-	-	-	-	-	-
	15	242	-	-	15	242

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the period. (2008: the provision of Hong Kong profits tax was calculated at 16.5% on the estimated assessable profit for the period.)

Provision for Foreign Enterprise Income Tax in the People's Republic of China ("PRC") has been calculated based on total operating expenses of the PRC representative office in accordance with the provisions of the Circular of the State Administration of Taxation Concerning the Related Matters about Reinforcing the Collection and Administration of Taxes of Permanent Establishments of Foreign Enterprises (Guo Shui Fa [1996] No. 165) and the Circular of the State Administration of Taxation Concerning the Related Matters about the Tax Administration of the Permanent Establishments of Foreign Enterprises (Guo Shui Fa [2003] No. 28, issued by the State of Administration of Taxation of the PRC on 13 September 1996 and 12 March 2003 respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

6. INCOME TAX (CONTINUED)

Argentina Corporate Tax is provided at 35% on the estimated assessable profit for the period.

The Company did not carry out any business in other jurisdictions other than stated above.

7. DISCONTINUED OPERATIONS

The Group no longer operates property investment and development and provision of financial services businesses subsequent to the disposal transaction in late 2008. Accordingly, the property investment and development division and the provision of financial services division are accounted for as discontinued operations. The comparative financial information for the six months ended 30 June 2008 has been reclassified to conform with the current period presentation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"

The loss for the period from the discontinued operations are summarised as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
		(Restated)
Loss of discontinued operations for the period	–	(9,194)
Gain on disposal of subsidiaries (note 17)	–	4,800
	<u>–</u>	<u>4,800</u>
	<u>–</u>	<u>(4,394)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

7. DISCONTINUED OPERATIONS (CONTINUED)

The results of the discontinued operations from 1 January 2008 to the respective dates of the discontinued operations, which have been included in the condensed consolidated statement of comprehensive income, are summarised as follows:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000 (Restated)
Turnover (note 3)	–	195
Other revenue, net income and operating income	–	4,600
Valuation loss on investment properties	–	(11,241)
Administrative expenses	–	(503)
Other operating expenses	–	(1,461)
	<hr/>	<hr/>
Loss from operations	–	(8,410)
Finance costs (note 4)	–	(784)
	<hr/>	<hr/>
Loss before taxation	–	(9,194)
Income tax (note 6)	–	–
	<hr/>	<hr/>
Loss for the period (note 5)	–	(9,194)
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009. (For the six months ended 30 June 2008: Nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company for the six months ended 30 June 2009 and 2008 is based on the following data:

Earnings/(loss)

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000 (Restated)
Profit/(loss) for the period attributable to owners of the Company		
– For continuing operations	1,924	(10,367)
– For discontinued operations	–	(4,394)
	<hr/>	<hr/>
– For continuing and discontinued operations	1,924	(14,761)
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

9. EARNINGS/(LOSS) PER SHARE (CONTINUED)

Weighted average number of ordinary shares

	Six months ended 30 June	
	2009	2008 (Restated)
Issued ordinary shares at 1 January	781,971,030	777,638,030
Effect of share options exercised	–	595,192
Effect of conversion of convertible notes	419,733,253	–
Effect of consideration shares issued	30,041,436	–
	<hr/>	<hr/>
Weighted average number of ordinary shares	1,231,745,719	778,233,222
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	–	18,708,573
Effect of conversion of convertible notes	155,650,619	–
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 30 June	1,387,396,338	796,941,795

Diluted loss per share for the six months ended 30 June 2008 was the same as the basic loss per share as the potential ordinary shares outstanding during the period had an anti-dilutive effect on the basic loss per share for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

10. EXPLORATION AND EVALUATION ASSETS

	HK\$'000
Arising on acquisition of subsidiaries (note 16)	2,166,457
Additions	<u>29,712</u>
At 30 June 2009	<u>2,196,169</u>

The directors of the Group define the Tartagal Concession and Morillo Concession (collectively the "Concessions") as the concessions of the exploration permits and potential exploitation permits for oil and developments of hydrocarbons in the province of Salta in northern Argentina covering a total surface area of approximately 7,065 and 3,518 square kilometers respectively. The Tartagal Concession was granted under the Provincial Government Decree N°3391/2006 dated 29 December 2006; and the Morillo Concession was granted under the Provincial Government Decree N°3388/2006 dated 29 December 2006 to JHP International Petroleum Engineering Limited ("JHP") and Maxipetrol – Petroleros de Occidente S.A. ("Maxipetrol" (formerly known as "Oxipetrol – Petroleros de Occidente S.A.")) respectively (collectively the "Consortium"). The exploration permits granted are valid for an initial period of four years and additional extensions up to an aggregate of nine years may be obtained. The holder for an exploration permit has the right to obtain an exploitation permit.

On 9 March 2009, an Union of Temporary Enterprise ("UTE") agreement was executed by High Luck Group Limited ("High Luck"), an indirect wholly-owned subsidiary of the Company, JHP and Maxipetrol whereunder the Consortium has agreed to distribute the interest in the Concessions as to 60% by High Luck, as to 10% by JHP and as to 30% by Maxipetrol. An UTE was set up to take up the interest distributed and to ultimately be the title owner of the concession of exploration permits to the Concessions. The UTE was registered in the Public Register of Commerce in April 2009, in which High Luck became one of the cooperators of the UTE.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

10. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

As for the fair value of the interest in the Concessions acquired, since the valuation was based on prospective resources which indicate exploration opportunities and development potentials only in the event of a petroleum discovery is made, the range of reasonable fair value estimates is so large that the directors of the Group are of the opinion that its fair value cannot be measured reliably. As a result, the fair value of the consideration paid for the acquisition of the Concessions was taken to be the fair value of the Group's interest in the Concessions.

During the period, the management of the Group determines that there is no impairment of exploration and evaluation assets.

11. INTEREST IN JOINTLY CONTROLLED ENTITY

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Share of net assets	<u>17,034</u>	<u>15,128</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

11. INTEREST IN JOINTLY CONTROLLED ENTITY (CONTINUED)

Details of the Group's interest in the jointly controlled entity are as follows:

Name of joint venture	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
			Group's effective interest	Held by the Company	Held by a subsidiary	
Smart Win International Limited ("Smart Win")	British Virgin Islands/ Hong Kong	200 shares of US\$1 each	50%	–	50%	Investment holdings

Summary financial information of the jointly controlled entity – Group's effective interest:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Current assets	17,034	15,201
Current liabilities	–	(73)
Net assets	<u>17,034</u>	<u>15,128</u>
Income	2,047	–
Expenses	<u>(141)</u>	<u>(4,372)</u>
Profit/(loss) for the period/year	<u>1,906</u>	<u>(4,372)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Trade receivables	3,109	5,212
Other receivables	28,907	51,718
	<hr/>	<hr/>
Loan and receivables	32,016	56,930
Prepayments and deposits	509	34,785
	<hr/>	<hr/>
	32,525	91,715

All of the trade and other receivables are expected to be recovered within one year.

An ageing analysis of the Group's trade receivables as of the balance sheet date is as follows:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Less than 90 days	3,109	5,212

Trade receivables are due within 90 days from the date of billing.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Deposits with banks	32,000	107,607
Cash at bank and on hand	<u>48,315</u>	<u>46,478</u>
Cash and cash equivalents in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows	<u>80,315</u>	<u>154,085</u>

14. TRADE AND OTHER PAYABLES

Trade and other payables comprise:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Trade payables (note (a))	590	2,504
Other payables and accruals	5,013	2,942
Amounts due to directors (note (b))	<u>267</u>	<u>638</u>
Financial liabilities measured at amortised cost	<u>5,870</u>	<u>6,084</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

14. TRADE AND OTHER PAYABLES (CONTINUED)

All of the trade and other payables (including amounts due to directors) are expected to be settled within one year or are repayable on demand.

Notes:

- (a) The following is an ageing analysis of trade payables as at the balance sheet date:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Less than 90 days	590	2,504

- (b) The amounts are unsecured, interest-free and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

15. SHARE CAPITAL

	As at 30 June 2009		As at 31 December 2008	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised				
Ordinary shares of HK\$0.10 each	<u>20,000,000</u>	<u>2,000,000</u>	<u>20,000,000</u>	<u>2,000,000</u>
Ordinary shares issued and fully paid:				
At 1 January	781,971	78,197	777,638	77,764
Shares issued under share option scheme	-	-	4,333	433
Issue of consideration shares (note 16(a))	93,750	9,375	-	-
Share issued upon conversion of convertible notes (note (a))	<u>2,634,281</u>	<u>263,428</u>	<u>-</u>	<u>-</u>
At 30 June 2009/31 December 2008	<u>3,510,002</u>	<u>351,000</u>	<u>781,971</u>	<u>78,197</u>

Note:

- (a) On 4 May 2009, the Company issued HK\$1,832,400,000 convertible notes at a conversion price of HK\$0.32 per share (note 16). During the period, HK\$842,970,000 convertible notes were converted. Upon full conversion of all the convertible notes, the number of ordinary shares of the Company increased by approximately 5,726,250,000.

16. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 4 May 2009, the Company completed its acquisition of 100% equity interest in Jade Honest Limited ("Jade Honest"), a company that directly held 100% equity interest in High Luck which is the beneficial and registered owner of 60% interest in the Concessions, from independent third parties for a consideration of HK\$2,162,947,000 and a contingent consideration of HK\$780,000,000. These transactions have been reflected as purchases of assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

16. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES (CONTINUED)

Details of the net assets acquired in respect of the acquisition of Jade Honest are summarised below:

	HK\$'000
Net assets acquired	
Exploration and evaluation assets (note 10)	2,166,457
Other receivables	9
Cash and cash equivalents	2,723
Accrual and other payables	(6,915)
Current taxation	(72)
Amounts due to shareholders	(817,909)
	<hr/>
Net assets	1,344,293
Minority interests	745
Assignment of shareholders' loan	817,909
	<hr/>
	2,162,947
	<hr/>
Consideration satisfied by:	
Deposit for acquisition of subsidiaries paid in prior period	58,358
Consideration shares (note a)	143,437
Promissory notes	123,000
Convertible notes	1,832,400
Cash consideration paid	5,752
	<hr/>
	2,162,947
	<hr/>
Cash and cash equivalents acquired for	2,723
Cash consideration paid	(5,752)
	<hr/>
Net cash outflow of cash and cash equivalents in respect of the acquisition of Jade Honest	<hr/> <u>(3,029)</u>

Note:

- (a) Pursuant to the agreements for the acquisition of Jade Honest, first tranche of 93,750,000 new shares were issued. The fair value of the shares issued for the acquisition of Jade Honest amounting to approximately HK\$47,813,000 was determined using the published closing price on 4 May 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

17. DISPOSAL OF SUBSIDIARIES

On 21 April 2008, the Company entered into a conditional sale and purchase agreement with an independent third party, Rich Fast Holdings Limited ("Rich Fast"), for the disposal of the entire issued share capital together with shareholders' loan of Smart Wave Limited ("Smart Wave") for an aggregate consideration of HK\$12,250,000 (the "Smart Wave Disposal"). Smart Wave holds through a wholly-owned subsidiary, Weiqiu Industrial (Shenzhen) Company Limited, the completed property held for sale located in Shenzhen, PRC.

Upon signing of the agreement, the Company received a deposit of HK\$2,000,000 from Rich Fast. The balance of the consideration was received on 30 June 2008.

The Smart Wave Disposal constituted, under the Listing Rules, a major disposal, the details of which were set out in the circular issued by the Company on 29 May 2008. The Smart Wave Disposal had been approved in the special general meeting of the shareholders held on 16 June 2009 and became effective on 30 June 2008.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

17. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the net assets/(liabilities) disposed of in respect of the Smart Wave Disposal are summarised below:

	<i>HK\$'000</i>
Property, plant and equipment	42
Inventories	152,512
Other receivables	33,669
Cash and cash equivalents	44
Trade and other payables	(198,343)
Other borrowing	(11,389)
	<hr/>
	(23,465)
Assignment of amounts due from the subsidiaries	33,764
Exchange fluctuation reserve realised	(2,849)
Gain on disposal of subsidiaries (<i>note 7</i>)	4,800
	<hr/>
Total consideration – satisfied by cash	12,250
	<hr/>
Cash consideration received	12,250
Cash and cash equivalents disposed of	(44)
	<hr/>
Net cash inflow arising from Smart Wave Disposal	12,206
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

18. COMMITMENTS

a) Capital commitments

Capital commitments not provided for in the interim financial report are as follows:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Contracted for		
– Investment cost of potential investment	–	2,045,400

In addition, as at 30 June 2009, the Group has the following obligations and commitments:

- (i) An annual fee of AR\$917,652 (equivalent to approximately HK\$1,877,000) in relation to the exploration permits of the Concessions payable to the government of Salta Province of Argentina;
- (ii) To perform committed work units over Tartagal and Morillo license areas during the first 4-year exploration periods;
- (iii) To indemnify the surface owners for any damages caused by the activities conducted by the Consortium; and
- (iv) To take an environmental liability insurance in favour of the government of Salta Province of Argentina and/or third persons to cover any damage that the work may cause in the Tartagal and Morillo license areas.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

18. COMMITMENTS (CONTINUED)

(b) Commitments under operating leases

The Group had commitments for future minimum lease payments under non-cancellable operating leases payable as follows:

	As at 30 June 2009 HK\$'000	As at 31 December 2008 HK\$'000
Within one year	713	1,215
In the second to fifth year, inclusive	—	102
	713	1,317

The Group leases its office under an operating lease arrangement. The lease for properties is negotiated for a term of three years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

19. MATERIAL RELATED PARTY TRANSACTIONS

- (a) The Group has not entered into any material related party transactions during the current and prior period.
- (b) Key management personnel remuneration

Remuneration for key management personnel, including amount paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Short-term employee benefits	1,167	2,347
Post-employment benefits	10	24
	<u>1,177</u>	<u>2,371</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2009

20. EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 4 August 2009, the Company made an application to the High Court of Hong Kong (the "Court") for interpleader relief for the purpose of seeking an order or direction from the Court concerning the allotment and issue of the second tranche consideration shares pursuant to the acquisition agreement for the Company's acquisition of the entire issued share capital of Jade Honest. First hearing in relation to the interpleader relief is fixed to be held on 23 September 2009.
- (b) Up to the date of this report, convertible notes totalling HK\$336,000,000 were converted into 1,050,000,000 ordinary shares of the Company.

21. COMPARATIVE FIGURES

Certain comparative figures have been restated or reclassified as a result of the presentation of discontinued operation and conformation with the current period's presentation.

In addition, as a result of the application of HKAS 1 (Revised 2007), *presentation of financial statements*, and HKFRS 8, *Operation Segments*, certain comparative figures have been adjusted to conform with the current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

For the six months ended 30 June 2009, the Group's turnover was HK\$4,310,000 (for the six months ended 30 June 2008: HK\$20,397,000) representing a decrease of 79%. During the period under review, the Group recorded a profit attributable to owners of the Company of approximately HK\$1,924,000 as compared to a loss of HK\$14,761,000 for the corresponding period in 2008. The profit was mainly resulted from a non-cash income from the initial recognised at fair value of promissory notes and share of profit from a jointly controlled entity.

REVIEW OF BUSINESS AND OUTLOOK

General trading business

Recovery of economy is very slowly and at a still uncertain pace in the first half of the year 2009. During the period under review, global financial environment remained weak as did in the Group's end market. Trading business amounted to HK\$4,310,000 as a result of the global financial crisis and volatility of non-ferrous metal price (for the six months ended 30 June 2008: HK\$20,397,000) with a gross profit of approximately HK\$22,000 (for the six months ended 30 June 2008: HK\$845,000).

During the period, a profit of approximately HK\$1,906,000 was contributed from a jointly controlled entity which was mainly resulted from gain in foreign currency on an Australian dollar loan.

Oil field exploration and exploitation business

During the period under review, the Group has completed the acquisition of 100% shareholding in Jade Honest Limited, which is interested in the 100% of the entire issued share capital of High Luck Group Limited ("High Luck"). High Luck is the beneficiary and registered owner of a 60% interest in the exploration and potential exploitation permits granted by the Government of Argentina in Tartagal and Morillo covering a surface area of approximately 7,065 km² and 3,518 km² respectively. High Luck entered into a Temporary Union of Enterprises (the "UTE") agreement with Maxipetrol – Petroleros de Occidente S.A. and JHP International Petroleum Engineering Limited and is responsible for the arrangement of the required capital commitment, human resources and equipment for the exploration and exploitation projects in Tartagal and Morillo. An exploration plan was agreed by members of the UTE. Airborne geophysical survey work and further 3D seismic survey for oil wells drilling will commence shortly. For the wells repaired in last year for due diligence purposes, the UTE shall install additional equipment to resume production as soon as possible.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FUTURE PROSPECTS

In 2009, international crude oil prices rose sharply from its lows and demands for oil products stopped falling and gradually went up, bouncing from the bottom of the fourth quarter last year. Consumption of petroleum and natural gas has been a global trend and for which there is a shortage of this irreplaceable form of energy. Hence, price for crude oil will rise in the future.

The Board believes that despite of the global financial crisis, natural resources will have its sustained demand. The Group's strategy is to focus on its business development not only on oil exploration and exploitation but also on businesses in other natural resources such as coal, non-ferrous and precious metal. The Group will keep on developing more new businesses in natural resources so as to capture new opportunities with potential in bringing strong returns to the shareholders of the Company in the long run.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

On 4 May 2009, the Company issued 93,750,000 new shares of HK\$0.10 each and convertible notes for the principal of HK\$1,832,400,000 at a conversion price of HK\$0.32 per share pursuant to the agreement of acquisition of 100% interest in Jade Honest Limited. Upon full conversion of all convertible notes, the number of shares will be increased by 5,726,250,000. As at 30 June 2009, HK\$842,970,000 convertible notes were converted into 2,634,281,250 shares of the Company and the remaining principal of convertible notes was HK\$989,430,000.

As at 30 June 2009, the total equity of the Group was approximately HK\$2,288,168,000 (31 December 2008: HK\$311,698,000) and the net asset value per share was approximately HK\$0.65 (31 December 2008: HK\$0.40). The debt ratio, calculated by total liabilities divided by total assets, was 1.71% as at 30 June 2009 (As at 31 December 2008: 1.93%).

As at 30 June 2009, working capital, calculated by deducting current liabilities from current assets, was approximately HK\$106,883,000. (As at 31 December 2008: HK\$239,686,000).

As at 30 June 2009, the balances of cash and cash equivalents of Group were approximately HK\$80,315,000 (31 December 2008: HK\$154,085,000) which were mainly denominated in Hong Kong dollars.

As at 30 June 2009, the gearing ratio, calculated on the basis of interest-bearing borrowings to total equity, was 1.48% (31 December 2008: 0.01%).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITY

As at 30 June 2009, the Group did not have any material contingent liabilities (31 December 2008: Nil).

CHARGES ON ASSETS

As at 30 June 2009, the Group had not charged any of its assets (31 December 2008: Nil).

CAPITAL INVESTMENTS AND COMMITMENTS

Details of the Company's capital commitments are set out in note 18(a) to the financial statements.

FOREIGN EXCHANGE AND INTEREST RATE EXPOSURE

Revenue and incurred costs of the Group are mainly denominated in Hong Kong Dollar and U.S. Dollar. Management of the Company will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 June 2009, the Group does not have any hedging activities against its foreign exchange exposure nor does it adopt any formal hedging policies.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

As at 30 June 2009, the Group's operations engaged a total of about 18 staff and workers. The remuneration policy of the Group is reviewed and approved by the executive directors based on individual experience and qualifications as well as the job responsibilities and market conditions at the relevant time. Discretionary bonus is linked to the profit performance of the Group as well as individual performance. Benefits include medical schemes and Mandatory Provident Fund Scheme for Hong Kong employees, and state-sponsored retirement plans for employees in the People's Republic of China.

OTHER INFORMATION

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

As at 30 June 2009, the interests and short positions of the directors and/or their associates 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 ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for the Securities Transactions by Directors of Listed Companies were as follows:

Long positions of Directors' interests in shares of the Company

Name of Directors	Nature of Interest	Number of ordinary shares of the Company held	Approximate percentage of the total issued share capital
Mr. Tse On Kin	Beneficial owner	9,641,000	0.27%
Mr. Fung Siu To, Clement	Beneficial owner	600,000	0.02%

Save as disclosed above, as at 30 June 2009, none of the directors or their associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period under review 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 or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

OTHER INFORMATION (CONTINUED)**PERSON WHO HAVE AN INTEREST AND SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISION 2 AND 3 OR PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2009, so far as is known to the Directors, the following persons (not being a Director or a chief executive of the Company) had or were deemed to have interest or short positions in the shares or underlying shares of the Company which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of members of the Group:

Name of Shareholders	Capacity and Nature of Interest	Number of share held	Percentage of the Company's issued share capital
Max Sun Enterprises Limited	Beneficially owner	255,259,530	7.27%
Chow Tai Fook Nominee Limited (i)	Through a controlled corporation	255,259,530	7.27%
Dato' Dr. Cheng Yu Tung (ii)	Through a controlled corporation	255,259,530	7.27%
City Giant Holdings Limited (iii)	Beneficially owner	375,000,000	10.68%
New Strength International Limited (iv)	Beneficially owner	609,281,250	17.36%
Pride City Holdings Limited (v)	Beneficially owner	695,187,500	19.81%
Golden Mountain Development Limited (vi)	Beneficially owner	312,500,000	8.90%
Lightly Pearl Holdings Limited (vii)	Beneficially owner	375,000,000	10.68%

OTHER INFORMATION (CONTINUED)

PERSON WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISION 2 AND 3 OR PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Notes:

- (i) 255,259,530 ordinary shares in the Company were held by Max Sun Enterprises Limited, a company which is wholly-owned by Chow Tai Fook Nominee Limited.
- (ii) So far is known to the Directors, Chow Tai Fook Nominees Limited is wholly-owned by Dato' Dr. Cheng Yu Tung.
- (iii) The total number of 375,000,000 underlying shares (may be converted into ordinary share of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK\$120,000,000 at HK\$0.32 per share) were held by City Giant Holdings Limited, which is wholly-owned by Ms. He Jin Zhi.
- (iv) The total number of 609,281,250 underlying shares (may be converted into ordinary share of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK\$194,970,000 at HK\$0.32 per share) were held by New Strength International Limited, which is 50% owned by Ms. Tang Qiao Lian and 50% owned Ms. Gao Lin.
- (v) The total number of 695,187,500 underlying shares (may be converted into ordinary share of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK\$222,460,000 at HK\$0.32 per share) were held by Pride City Holdings Limited, which is 50% owned by Ms. Wu Yan Mei and 50% owned by Ms. Wu Qiong.
- (vi) The total number of 312,500,000 underlying shares (may be converted into ordinary share of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK\$100,000,000 at HK\$0.32 per share) were held by Golden Mountain Development Limited, which is wholly-owned by Mr. Yan Jin Song.
- (vii) The total number of 375,000,000 underlying shares (may be converted into ordinary share of the Company upon exercise of conversion right under the convertible notes for the principal amount of HK\$120,000,000 at HK\$0.32 per share) were held by Lightly Pearl Holdings Limited, which is wholly-owned by Ms. Deng Jian Yi.

Save as disclosed above, the Company has not been notified by any persons (other than Directors) who had or were deemed or taken to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION (CONTINUED)

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include any director, or proposed director, including independent non-executive director, employee or proposed employee, secondee, any holder of securities issued by any member of the Group, any business or joint venture partner, contractor, agent or representative, any person or entity that provides research, development or other technology support or advisory, consultancy, professional or other services to the Group, any supplier, producer or licensor of goods or services to the Group, any customer, licensee or distributor of goods or services of the Group, or any landlord or tenant of the Group or any substantial shareholder or company controlled by a substantial shareholder, or any company controlled by one or more persons belonging to any of the above classes of participants. The Scheme became effective on 30 August 2002 and, unless otherwise terminated earlier by shareholders in a general meeting, will remain in force for a period of 10 years from that date.

During the period under review, no share options were granted. A summary of the movement of the share options granted under the Scheme are as follows:

Category of grantees	Date of grant	Exercise period	Exercise price	Number of share options				Balance at the end of the period
				Balance at beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	
Other employees in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	8,666,000	-	-	-	8,666,000
Other participants in aggregate	8.5.2007	8.5.2007 – 7.5.2012	HK\$0.60	25,998,000	-	-	-	25,998,000
				34,664,000	-	-	-	34,664,000

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 period under review.

OTHER INFORMATION (CONTINUED)

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company had complied with the Code Provisions on Corporate Governance (the "Code Provision(s)") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009 except for the following deviations:

Code Provision A.2.1

This code stipulates that the role of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Company does not at present have any office with the title "Chief Executive Officer".

Code provisions A.4.1

This code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The non-executive and independent non-executive directors of the Company are not appointed for a specific term but they are subject to retirement by rotation and re-election at the general meeting of the Company.

REVIEW BY INDEPENDENT AUDITOR

The 2009 interim report is unaudited, but have been reviewed by the Company's auditor, CCIF CPA Limited, 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.

AUDIT COMMITTEE

The 2009 interim report is unaudited, but has been reviewed by the Audit Committee which comprises of three independent non-executive directors of the Company, namely Mr. Chiu Wai On, Mr. Fung Chi Kin and Mr. Fung Siu To, Clement. The Audit Committee was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

OTHER INFORMATION (CONTINUED)

REMUNERATION COMMITTEE

The Remuneration Committee, comprising the three independent non-executive directors of the Company, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On. The committee is primarily responsible for reviewing and making recommendations to the Board on the remuneration packages of all executive directors and senior management.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors, all directors confirmed they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

BY ORDER OF THE BOARD
Cheng Kam Chiu, Stewart
Chairman

Hong Kong, 22 September 2009