



# CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 263)

**Interim Report 2010**



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Gao Wenxiang (*Chairman*)

Chen Shuda

Ng Shin Kwan, Christine

Lee Jalen

### Independent Non-executive Directors

Sun Ka Ziang, Henry

Kwok Ming Fai

Wong Yun Kuen

## AUDIT COMMITTEE

Sun Ka Ziang, Henry (*Chairman*)

Kwok Ming Fai

Wong Yun Kuen

## REMUNERATION COMMITTEE

Kwok Ming Fai (*Chairman*)

Sun Ka Ziang, Henry

Wong Yun Kuen

## COMPANY SECRETARY

Ting Kin Wai

## TRADING OF SHARES

The Stock Exchange of Hong Kong Limited  
(Stock code: 263)

## REGISTERED OFFICE

Units 2502-5, 25th Floor

Harbour Centre

25 Harbour Road

Wanchai

Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd., Hong Kong Branch

Standard Chartered Bank (Hong Kong) Limited

Standard Bank Asia Limited

The Hongkong and Shanghai Banking  
Corporation Limited

Hang Seng Bank Limited

Agricultural Bank of China, Yangshan Branch

## PRINCIPAL LEGAL ADVISERS

Richards Butler

Tsang, Chan & Wong

## AUDITORS

Pan-China (H.K.) CPA Limited

*Certified Public Accountants*

## SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

## WEBSITE

[www.cytmg.com](http://www.cytmg.com)

# MANAGEMENT DISCUSSION AND OUTLOOK

## INTERIM RESULTS

The Group has recorded a loss attributable to the Company's shareholders of HK\$105,757,000 for the six months ended 30th June, 2010 (2009: a profit of HK\$42,453,000) and loss per share was 2.11 HK cents (2009: earnings per share of 1.30 HK cents). Despite the profits made by the Group's provision of finance and brokerage operations as well as the jointly controlled entity for the period under review, an overall significant loss for the Group was reported mainly due to the recognition of unrealised loss on investment of marketable securities from the Group's securities investment operation.

## BUSINESS REVIEW

### Group's Operations

During the period under review, the Group's businesses included trading, provision of finance, brokerage and securities investment as well as minerals operation. The turnover of the Group for the period was down by 62% to HK\$15,764,000 (2009: HK\$41,492,000) with gross profit dropped by 52% to HK\$11,194,000 (2009: HK\$23,470,000). Such decreases were mainly attributable to the lower activity level of the Group's trading and provision of finance operations in the period which reflects the Group's intention to focus its operations on the minerals business with promising prospects.

The Group's trading operation continued to focus on the trading of iron ore. Due to the volatility of the iron ore market for a significant part of the period under review, the Group has encountered difficulties in finalising trade deals, coupled with the trade dispute with one of the major suppliers and the increasing emphasis of the Group on its minerals business, the trading activities of the Group was largely reduced and no turnover (2009: HK\$18,261,000) was recorded for the operation during the first half of 2010. Nonetheless, an operating profit of HK\$3,937,000 (2009: HK\$437,000) was recorded mainly due to claim monies received from suppliers related to past trading transactions. Management expects transaction volume of the trading operation will remain low for the second half of the year.

The interest income and operating profit generated by the financing operation were both down by 64% to HK\$7,512,000 (2009: HK\$20,698,000) and HK\$7,542,000 (2009: HK\$20,755,000) respectively. Such decreases were primarily attributable to the lower average balance of loans advanced to customers compared to the same period last year. It is the Group's policy to regularly review the composition of the loan portfolio and lending rates charged in order to maximise the return of the operation.

The turnover of the brokerage and securities investment operation, being mainly the brokerage and commission income of the Group's securities brokerage division, has increased by 1.2 times to HK\$5,545,000 (2009: HK\$2,533,000) for the period under review. Such sharp increase was contributed by the higher transaction volume of the securities brokerage activities and commission received through participation in fund raising activities of clients during the period. Despite the growth in brokerage and commission income during the period, the operation recorded an overall loss of HK\$105,504,000 (2009: a profit of HK\$30,286,000) mainly as a result of the recognition of a net loss on investment in securities amounting to HK\$107,552,000 (2009: net gain of HK\$30,724,000). Such loss was largely attributable to the decline in market prices of listed securities held by the Group for investment purpose. At the period end, the market value of the Group's listed securities portfolio amounted to HK\$281,022,000 (at 31st December, 2009: HK\$199,359,000).

# MANAGEMENT DISCUSSION AND OUTLOOK *(Continued)*

## BUSINESS REVIEW *(Continued)*

### Group's Operations *(Continued)*

For the period under review, the Group recorded a turnover for its minerals operation amounting to HK\$2,707,000, representing the income from the sales of iron ore extracted from a mixed metal mine (the "Mine") located in Guangdong Province in the People's Republic of China (the "PRC") which was acquired by the Group in September 2009. Due to the persistent rainstorm in the Southern China region in the first half of 2010, the commercial production of the Mine was severely hindered and remained at a minimal level. Accordingly, an operating loss of HK\$2,366,000 was reported primarily as a result of fixed production costs and administrative expenses incurred by the Mine during the period. For the same period last year, an operating profit of HK\$901,000 was posted mainly owing to interest income earned by the operation. Since the start of the second half of 2010, the weather conditions in the Southern China region has improved. On the condition that favourable weather persisted, the production of the Mine will resume and the performance of the minerals operation is expected to improve in the remainder of the year.

### Jointly Controlled Entity

Shanghai Hong Qiao Friendship Shopping Center Co., Ltd. ("Hong Qiao"), the Group's 30% owned jointly controlled entity, continued to deliver profitable results during the review period. Hong Qiao operates an upmarket department store in Shanghai, the PRC. During the period, the turnover of Hong Qiao reached approximately HK\$352 million (2009: HK\$321 million), representing a year-on-year growth of 10% mainly as a result of the continuous growth in consumer spending in Shanghai and successful marketing and promotion campaigns conducted by Hong Qiao. The profit of Hong Qiao shared by the Group was HK\$6,071,000 (2009: HK\$6,446,000) for the period under review. It is expected that Hong Qiao will continue to make a positive contribution to the Group's results in the second half of the year.

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

At 30th June, 2010, the Group had current assets of HK\$721,224,000 (at 31st December, 2009: HK\$793,469,000) and liquid assets comprising bank balances and marketable Hong Kong listed securities totaling HK\$476,872,000 (excluding bank balances held under segregated trust accounts) (at 31st December, 2009: HK\$442,719,000). The Group's current ratio, calculated on the basis of current assets of HK\$721,224,000 over current liabilities of HK\$71,365,000, was at strong level of 10.1 (at 31st December, 2009: ratio of 22.9). As at 30th June, 2010, the Group had no bank and other borrowings (at 31st December, 2009: nil) but a finance lease obligation of HK\$671,000 (at 31st December, 2009: HK\$958,000).

At the end of the review period, the equity attributable to the Company's shareholders amounting to HK\$1,325,175,000 (at 31st December, 2009: HK\$1,433,183,000), which is equivalent to a consolidated net asset value of about HK\$0.26 per share of the Company (at 31st December, 2009: HK\$0.29 per share). The Group's gearing ratio calculated on the basis of finance lease obligation of HK\$671,000 over total assets of HK\$1,553,310,000 was at low level of 0.04% (at 31st December, 2009: ratio of 0.06%).

# MANAGEMENT DISCUSSION AND OUTLOOK *(Continued)*

## FINANCIAL REVIEW *(Continued)*

### Foreign Currency Management

The monetary assets and liabilities and business transactions of the Group are mainly carried and conducted in Hong Kong dollars, Renminbi, US dollars and Australian dollars. The Group maintains a prudent strategy in its foreign currency risk management, to a large extent, foreign exchange risks are minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it is considered that the Group's exposure to foreign exchange risks is not significant and no hedging measure has been undertaken by the Group.

### Pledge of Assets

At 30th June, 2010, a fixed asset of carrying amount of HK\$1,590,000 was pledged as security for the Group's finance lease obligation.

### Capital Commitment

At 30th June, 2010, the Group had no significant capital commitment.

### Contingent Liability

A subsidiary of the Company principally engaged in securities brokerage may be subject to a maximum penalty of HK\$10,000,000 to the enforcement agency in relation to certain allegedly irregular transactions conducted by a former employee of the subsidiary. The matters are currently under investigation by the enforcement agency. As the ultimate outcome of the matters cannot be reasonably predicted, the maximum penalty of HK\$10,000,000 is considered as a contingent liability of the Group.

## EMPLOYEES AND REMUNERATION POLICY

At 30th June, 2010, the Group had about 70 employees (at 30th June, 2009: 45 employees) including executive directors. Total staff costs incurred during the period (including directors' remuneration) was HK\$7,623,000, representing an increase of 12% when compared to HK\$6,784,000 as recorded in the same period last year. The increase in staff cost was in line with the increase in number of staff headcounts. The Group generally remunerates its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Benefits offered by the Group to its employees included discretionary bonus, mandatory provident fund scheme, share options, training subsidies as well as medical insurance.

## BUSINESS PROSPECTS

It has been the intention of the Group to extensively operate and further develop its mineral business since the completion of acquisition of the Mine in 2009. Although the activities of the Mine were seriously obstructed during the review period due to the adverse weather conditions, such impact is expected to be short-term and the Group is optimistic about the prospect of the Mine in the long run. It is believed that the Mine will enhance the Group's revenue stream and contribute positively to the Group's performance in the coming years after its optimal production level is achieved. Meanwhile, the Group will remain cautious and prudent in managing its other principal businesses and will continue to explore investment opportunities with promising prospects which could create long-term value to shareholders.



**PAN-CHINA (H.K.) CPA LIMITED** Certified Public Accountants

**天健(香港)會計師事務所有限公司**

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF  
CHINA YUNNAN TIN MINERALS GROUP COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

## **INTRODUCTION**

We have reviewed the interim financial information set out on pages 7 to 24, which comprises the condensed consolidated statement of financial position of China Yunnan Tin Minerals Group Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30th June, 2010 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and fair presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

## **CONCLUSION**

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

**Pan-China (H.K.) CPA Limited**

*Certified Public Accountants*

Hong Kong, 20th August, 2010

**Fung Pui Cheung**

Practising Certificate Number: P00755

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2010

	Notes	Six months ended 30th June,	
		2010	2009
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Turnover	3	15,764	41,492
Cost of sales		<u>(4,570)</u>	<u>(18,022)</u>
Gross profit		11,194	23,470
Net (loss)/gain on financial assets at fair value through profit or loss	5	(107,552)	30,724
Other income	5	7,646	6,285
Administrative expenses		(23,297)	(23,526)
Finance costs		(45)	(56)
Share of profit of a jointly controlled entity		<u>6,071</u>	<u>6,446</u>
(Loss)/profit before taxation		(105,983)	43,343
Income tax credit/(expense)	4	<u>226</u>	<u>(890)</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>	5	<u><b>(105,757)</b></u>	<u>42,453</u>
<b>(Loss)/earnings per share</b>	7		
– Basic and diluted (HK cents per share)		<u><b>(2.11)</b></u>	<u>1.30</u>

The accompanying notes form an integral part of these financial statements.



# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2010

	<b>Six months ended 30th June,</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
<b>(Loss)/profit for the period</b>	<b>(105,757)</b>	42,453
<b>Other comprehensive (expenses)/income</b>		
Exchange differences arising on translation of overseas operations	<b>(562)</b>	400
Share of translation reserve of a jointly controlled entity	<b>580</b>	(10)
Fair value change in available-for-sale financial assets	<b>(2,269)</b>	2,831
Other comprehensive (expenses)/income for the period (net of tax)	<b>(2,251)</b>	3,221
<b>Total comprehensive (expenses)/income for the period attributable to owners of the Company</b>	<b>(108,008)</b>	45,674

The accompanying notes form an integral part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2010

		As at 30th June, 2010 HK\$'000 (unaudited)	As at 31st December, 2009 HK\$'000 (audited)
	Notes		
<b>Non-current assets</b>			
Property, plant and equipment	8	9,697	11,616
Interest in a jointly controlled entity		51,821	45,170
Available-for-sale financial assets	9	12,964	15,921
Other assets	10	2,230	2,230
Trading right		–	–
Mining right	11	626,695	628,254
Goodwill		128,679	128,679
		<u>832,086</u>	<u>831,870</u>
<b>Current assets</b>			
Inventories		438	603
Trade and other receivables	12	17,619	188,392
Bills receivable	12	–	365
Financial assets at fair value through profit or loss	13	281,022	199,359
Short-term loans receivable		168,432	138,445
Tax recoverable		1,807	1,946
Bank balances held under segregated trust accounts	14	56,056	20,999
Bank balances and cash		195,850	243,360
		<u>721,224</u>	<u>793,469</u>
<b>Current liabilities</b>			
Trade and other payables	15	61,465	24,475
Bills payable	15	–	347
Tax payable		75	62
Finance lease obligation – due within one year		575	575
Provision	16	9,250	9,250
		<u>71,365</u>	<u>34,709</u>
<b>Net current assets</b>		<u>649,859</u>	<u>758,760</u>
<b>Total assets less current liabilities</b>		<u>1,481,945</u>	<u>1,590,630</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30th June, 2010

		As at 30th June, 2010	As at 31st December, 2009
	<i>Notes</i>	<b>HK\$'000</b> <b>(unaudited)</b>	<i>HK\$'000</i> <i>(audited)</i>
<b>Non-current liabilities</b>			
Deferred tax liabilities		156,674	157,064
Finance lease obligation – due after one year		96	383
		<u>156,770</u>	<u>157,447</u>
<b>Net assets</b>		<u><b>1,325,175</b></u>	<u>1,433,183</u>
<b>Capital and reserves</b>			
Share capital	17	500,965	500,965
Reserves		<u>824,210</u>	<u>932,218</u>
<b>Total equity</b>		<u><b>1,325,175</b></u>	<u>1,433,183</u>

The accompanying notes form an integral part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2010

	Equity attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Available-for-sale financial assets reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2009	316,008	921,872	(2,526)	(33,367)	53,280	(132,145)	1,123,122
Profit for the period	-	-	-	-	-	42,453	42,453
Exchange differences arising on translation of overseas operations	-	-	400	-	-	-	400
Share of translation reserve of a jointly controlled entity	-	-	(10)	-	-	-	(10)
Fair value change in available-for-sale financial assets	-	-	-	2,831	-	-	2,831
Total comprehensive income for the period	-	-	390	2,831	-	42,453	45,674
Issue of shares	68,100	108,630	-	-	-	-	176,730
Transaction costs attributable to issue of shares	-	(4,308)	-	-	-	-	(4,308)
Lapse of share options	-	-	-	-	(104)	104	-
	68,100	104,322	-	-	(104)	104	172,422
At 30th June, 2009	384,108	1,026,194	(2,136)	(30,536)	53,176	(89,588)	1,341,218
At 1st January, 2010	500,965	1,112,895	(1,003)	(30,632)	53,176	(202,218)	1,433,183
Loss for the period	-	-	-	-	-	(105,757)	(105,757)
Exchange differences arising on translation of overseas operations	-	-	(562)	-	-	-	(562)
Share of translation reserve of a jointly controlled entity	-	-	580	-	-	-	580
Fair value change in available-for-sale financial assets	-	-	-	(2,269)	-	-	(2,269)
Total comprehensive expenses for the period	-	-	18	(2,269)	-	(105,757)	(108,008)
<b>At 30th June, 2010</b>	<b>500,965</b>	<b>1,112,895</b>	<b>(985)</b>	<b>(32,901)</b>	<b>53,176</b>	<b>(307,975)</b>	<b>1,325,175</b>

The accompanying notes form an integral part of these financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2010

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Net cash used in operating activities</b>	<b>(150,721)</b>	(66,820)
<b>Net cash generated from/(used in) investing activities</b>		
Dividend received from a jointly controlled entity	–	14,124
Net cash inflow from rescission of agreement for acquisition of subsidiaries	<b>103,422</b>	80,000
Cash inflow for disposal of subsidiaries (net of cash and cash equivalents disposed of) in prior years	–	15,000
Decrease in pledged bank deposit	–	19,500
Deposit paid for acquisition of investment	–	(183,000)
Acquisition of property, plant and equipment	<b>(54)</b>	(939)
Others	<b>11</b>	134
	<b>103,379</b>	(55,181)
<b>Net cash (used in)/generated from financing activities</b>		
Repayment of finance lease obligation	<b>(287)</b>	(335)
Proceeds from issue of shares, net of share issue expenses paid	–	172,422
	<b>(287)</b>	172,087
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(47,629)</b>	50,086
<b>Effect of foreign exchange rate changes</b>	<b>119</b>	6
<b>Cash and cash equivalents brought forward</b>	<b>243,360</b>	96,910
<b>Cash and cash equivalents carried forward, represented by bank balances and cash</b>	<b>195,850</b>	147,002

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th June, 2010

## 1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## 2. Significant accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual report of China Yunnan Tin Minerals Group Company Limited (the “Company”) for the year ended 31st December, 2009.

In the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) have applied, for the first time, the following new or revised standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA.

The applicable new HKFRSs adopted in this interim financial report are set out below:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 2. Significant accounting policies *(Continued)*

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>1</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>
HKFRS 9	Financial Instruments <sup>5</sup>
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1st February, 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1st July, 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2011.

<sup>5</sup> Effective for annual periods beginning on or after 1st January, 2013.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might not affect the classification and measurement of the Group’s financial assets.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 3. Turnover and segment information

For management purposes, the Group is currently organised into four operating divisions – trading of goods, provision of finance, brokerage and securities investment and exploitation and sales of minerals. These divisions are the basis on which the Group reports its primary segment information.

For the purposes of assessing segment performance and resources between segments, the Group's senior executive management monitors the results and assets and liabilities attributable to each reportable segment on the following basis:

Segment turnover represents revenue generated from external customers.

Segment results represent the profit earned or loss incurred by each segment without allocation of corporate income and expenses, central administration costs, directors' salaries, finance costs, share of profit of a jointly controlled entity and income tax credit or expense.

### Segment Turnover and Results

#### Six months ended 30th June, 2010

	Trading of goods <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Brokerage and securities investment <i>HK\$'000</i>	Exploitation and sales of minerals <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>TURNOVER</b>						
External sales	–	7,512	5,545	2,707	–	15,764
Inter-segment sales*	–	–	548	–	(548)	–
Total	–	7,512	6,093	2,707	(548)	15,764
<b>RESULTS</b>						
Segment results	3,937	7,542	(105,504)	(2,366)	–	(96,391)
Unallocated corporate income						69
Unallocated corporate expenses						(15,687)
Finance costs						(45)
Share of profit of a jointly controlled entity						6,071
Loss before taxation						(105,983)
Income tax credit						226
Loss for the period						(105,757)



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 3. Turnover and segment information *(Continued)*

Six months ended 30th June, 2009

	Trading of goods <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Brokerage and securities investment <i>HK\$'000</i>	Exploitation and sales of minerals <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>TURNOVER</b>						
External sales	18,261	20,698	2,533	–	–	41,492
Inter-segment sales*	–	–	590	–	(590)	–
	<u>18,261</u>	<u>20,698</u>	<u>3,123</u>	<u>–</u>	<u>(590)</u>	<u>41,492</u>
Total	<u>18,261</u>	<u>20,698</u>	<u>3,123</u>	<u>–</u>	<u>(590)</u>	<u>41,492</u>
<b>RESULTS</b>						
Segment results	437	20,755	30,286	901	–	52,379
Unallocated corporate income						707
Unallocated corporate expenses						(16,133)
Finance costs						(56)
Share of profit of a jointly controlled entity						<u>6,446</u>
Profit before taxation						43,343
Income tax expense						<u>(890)</u>
Profit for the period						<u>42,453</u>

\* *Inter-segment sales were charged at cost plus margin basis as agreed between both parties.*

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 4. Income tax credit/(expense)

	Six months ended 30th June,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	123	892
<b>Underprovision of current tax in prior periods</b>		
Hong Kong Profits Tax	37	–
PRC Enterprise Income Tax	3	–
	<u>40</u>	<u>–</u>
<b>Deferred tax</b>		
Current period	<u>(389)</u>	<u>(2)</u>
Total taxation (credited)/charged for the period	<u><u>(226)</u></u>	<u><u>890</u></u>

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both periods.

For the Group's subsidiaries established in the People's Republic of China (the "PRC"), PRC Enterprise Income Tax is calculated at the rate of 25% (2009: nil).

## 5. (Loss)/profit for the period attributable to owners of the Company

	Six months ended 30th June,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the period attributable to owners of the Company has been arrived at after charging:</b>		
Staff costs including directors' remuneration	7,397	6,536
Retirement benefits schemes contributions	<u>226</u>	<u>248</u>
Total staff costs	<u><u>7,623</u></u>	<u><u>6,784</u></u>
Amortisation of trading right	–	50
Amortisation of mining right	1,559	–
Depreciation of property, plant and equipment	1,980	2,234
Foreign exchange loss, net	37	–
Share of taxation of a jointly controlled entity (included in share of profit of a jointly controlled entity)	2,022	1,901
Cost of inventories recognised as expenses	<u><u>2,292</u></u>	<u><u>17,361</u></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 5. (Loss)/profit for the period attributable to owners of the Company *(Continued)*

	<b>Six months ended 30th June,</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>and after crediting:</b>		
Other income		
Interest income on:		
Bank deposits	11	44
Other loan and receivables	<u>2,094</u>	<u>5,197</u>
Total interest income	<b>2,105</b>	5,241
Foreign exchange gain, net	–	522
Gain on disposal of property, plant and equipment	–	90
Claim received from suppliers	<b>3,393</b>	–
Sundry income	<u>2,148</u>	<u>432</u>
	<u><b>7,646</b></u>	<u>6,285</u>
<b>Net (loss)/gain on financial assets at fair value through profit or loss:</b>		
Net realised (loss)/gain on financial assets at fair value through profit or loss	<b>(5,321)</b>	9,836
Unrealised (loss)/gain on financial assets at fair value through profit or loss	<u><b>(102,231)</b></u>	<u>20,888</u>
	<u><b>(107,552)</b></u>	<u>30,724</u>

## 6. Dividends

No dividends were declared during the period (six months ended 30th June, 2009: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 7. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	<b>Six months ended 30th June,</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
<b>(Loss)/earnings</b>		
(Loss)/earnings attributable to owners of the Company	<u><b>(105,757)</b></u>	<u>42,453</u>

	<b>Six months ended 30th June,</b>	
	<b>2010</b>	2009
	<b>'000</b>	'000
<b>Number of shares</b>		
Weighted average number of shares for the purposes of basic (loss)/earnings per share	<u><b>5,009,654</b></u>	<u>3,274,851</u>

Basic and diluted (loss)/earnings per share for the six months ended 30th June, 2010 and 2009 were equal because there was no dilution event existed during both periods.

## 8. Movements in property, plant and equipment

During the period, the Group incurred costs for furniture and fixtures of HK\$54,000 (six months ended 30th June, 2009: costs for furniture and fixtures and motor vehicle of approximately HK\$19,000 and HK\$996,000 respectively).

As at 30th June, 2010, a property, plant and equipment with a carrying amount of HK\$1,590,000 (as at 31st December, 2009: HK\$2,226,000) was held under a finance lease.

## 9. Available-for-sale financial assets

Available-for-sale financial assets of listed securities of the Group at the reporting date represent the Group's listed investment in YTC Resources Limited of which its shares are listed on the Australian Securities Exchange. They are measured at fair value based on the quoted market bid prices available on the stock exchange.

## 10. Other assets

Other assets are statutory deposits paid to the Stock Exchange and Securities and Futures Commission in relation to the Group's licensed activities in the Hong Kong securities market.

## 11. Mining right

The mining right at the reporting date represents the mining right acquired by the Group in September 2009 in relation to a magnetite iron ore mine situated at the Guangdong Province, the PRC and has a legal life of 1.5 years, expiring in December 2010.

The mining right is amortised over 15 to 20 years using the units of production method based on the proven and probable reserves under the assumption that the Group can renew the mining right indefinitely till all proven reserves have been mined. For the six months ended 30th June, 2010, the amortisation provided by the Group in relation to the mining right amounted to HK\$1,559,000 (six months ended 30th June, 2009: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 12. Trade and other receivables/bills receivable

	<b>As at 30th June, 2010 HK\$'000</b>	As at 31st December, 2009 HK\$'000
Trade receivables	<b>11,467</b>	10,934
Less: Impairment loss recognised	<b>(1,489)</b>	(1,492)
	<b>9,978</b>	9,442
Deposits, other receivables and prepayments	<b>7,997</b>	179,306
Less: Impairment loss recognised, in respect of other receivables	<b>(356)</b>	(356)
	<b>7,641</b>	178,950
Trade and other receivables	<b>17,619</b>	188,392
Bills receivable	–	365
	<b>17,619</b>	188,757
Details of trade receivables are as follows:		
	<b>As at 30th June, 2010 HK\$'000</b>	As at 31st December, 2009 HK\$'000
Trade receivables arising from securities dealing business:		
Margin account clients	<b>7,256</b>	8,523
Cash account clients	<b>3,394</b>	2,285
Clearing house	<b>11</b>	–
Others	<b>126</b>	126
	<b>10,787</b>	10,934
Trade receivables arising from the mining business	<b>680</b>	–
	<b>11,467</b>	10,934

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 12. Trade and other receivables/bills receivable *(Continued)*

The settlement term of trade receivables arising from securities dealing business is two days after the trade date while trade receivables arising from the mining business of the Group were all due within 60 days.

As at 31st December, 2009, the bills receivable of the Group were aged from 181 to 240 days.

## 13. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss at the reporting date represent equity securities listed on the Stock Exchange.

## 14. Bank balances held under segregated trust accounts

As a subsidiary of the Company is principally engaged in the business of securities dealing and brokerage, it receives and holds money deposits from clients and other institutions in the course of the conduct of the regulated activities. These clients' monies are maintained in one or more segregated trust bank accounts. The Group has recognised the corresponding account payables to respective clients and other institutions. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

## 15. Trade and other payables/bills payable

	<b>As at 30th June, 2010 HK\$'000</b>	As at 31st December, 2009 HK\$'000
Trade payables	<b>58,100</b>	22,023
Other payables and accruals	<b>3,365</b>	2,452
	<hr/>	<hr/>
Trade and other payables	<b>61,465</b>	24,475
Bills payable	<b>-</b>	347
	<hr/>	<hr/>
	<b>61,465</b>	24,822
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 15. Trade and other payables/bills payable *(Continued)*

Details of trade payables are as follows:

	<b>As at 30th June, 2010 HK\$'000</b>	As at 31st December, 2009 HK\$'000
Trade payables arising from securities dealing business:		
Cash account clients	<b>18,597</b>	18,669
Clearing house	<b>1,624</b>	382
Margin account clients	<b>37,837</b>	2,827
Others	<b>42</b>	119
	<b>58,100</b>	21,997
Trade payables arising from the mining business	–	26
	<b>58,100</b>	22,023

The settlement term of trade payables arising from securities dealing business is two days after the trade date while for amounts due to margin account clients are repayable on demand.

As at 31st December, 2009, trade payables arising from the mining business of the Group were all due within 60 days while the bills payable of the Group were aged from 181 to 240 days.

## 16. Provision

During the year ended 31st December, 2008, a subsidiary of the Company principally engaged in securities brokerage might be found liable to certain third parties for certain irregular transactions allegedly conducted by its former employee involving an aggregate amount of approximately HK\$9,250,000. The matters had been first reported to the relevant enforcement agencies by such subsidiary in March 2009. The former employee was convicted by the High Court of Hong Kong during the year ended 31st December, 2009 and there was no claim received by the subsidiary up to the date of this report. Based on the information available to the directors, the full amount of the possible claims was provided as at 30th June, 2010 and 31st December, 2009.

Based on a preliminary legal advice, such subsidiary may also be subject to a maximum penalty of HK\$10,000,000 to the enforcement agency for the allegedly irregular transactions conducted by the former employee. No penalty against the subsidiary was received during the period. As the investigation of the matters by the enforcement agency is in progress, the directors cannot reasonably predict the outcome of the matters, the possible maximum penalty of HK\$10,000,000 is therefore regarded as a contingent liability of the Group as at 30th June, 2010 and 31st December, 2009.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

For the six months ended 30th June, 2010

## 17. Share capital

	Number of shares '000	Amount HK\$'000
Authorised:		
At 1st January, 2010 and 30th June, 2010, ordinary shares of HK\$0.10 each	<u>9,000,000</u>	<u>900,000</u>
Issued and fully paid:		
At 1st January, 2010 and 30th June, 2010, ordinary shares of HK\$0.10 each	<u>5,009,654</u>	<u>500,965</u>

## 18. Capital commitments

The Group and the Company did not have any significant capital commitments as at 30th June, 2010 and 31st December, 2009.

## 19. Contingent liabilities

Save as disclosed in note 16, the Group and the Company had no material contingent liability as at 30th June, 2010 and 31st December, 2009.

## 20. Material related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial statements, during the period, the Group had entered into transactions with related parties which, in the opinion of the directors, were carried out in the ordinary course of the Group's business as shown below:

### Key management personnel remuneration

Remunerations for key management personnel, including amounts paid to the Company's directors are as follows:

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
Short-term employee benefits	1,180	2,224
Retirement benefits schemes contributions	<u>7</u>	<u>79</u>
	<u>1,187</u>	<u>2,303</u>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

*For the six months ended 30th June, 2010*

## **21. Events after the end of the reporting period**

On 9th August, 2010, the Company entered into a placing agreement and a subscription agreement with Oriental Genesis Limited and a placing agent, pursuant to which Oriental Genesis Limited placed and subsequently subscribed for an aggregate of 600,000,000 new shares of the Company at a price of HK\$0.1 per share. Details of the transactions are set out in the Company's announcement dated 9th August, 2010.

Save as disclosed above, there was no other significant event took place subsequent to the end of the reporting period.

## OTHER INFORMATION

### INTERIM DIVIDENDS

The Company had no distributable reserve as at 30th June, 2010. The directors of the Company have resolved not to declare an interim dividend for the six months ended 30th June, 2010 (2009: nil).

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th June, 2010, the interests of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Name of director	Capacity	Number of shares	Number of underlying shares	Total interests	Approximate percentage of the issued share capital of the Company
Chen Shuda	Interest held by controlled corporation	269,832,000 (note 1)	–	301,440,000	6.02%
	Beneficial owner	31,608,000	–		
Ng Shin Kwan, Christine	Beneficial owner	–	16,780,000 (note 2)	16,780,000	0.33%
Sun Ka Ziang, Henry	Beneficial owner	200,000	52,000 (note 3)	252,000	0.01%
Kwok Ming Fai	Beneficial owner	–	252,000 (note 4)	252,000	0.01%
Wong Yun Kuen	Beneficial owner	200,000	52,000 (note 5)	252,000	0.01%

Notes:

1. These shares were beneficially owned by Super Union Group Limited. Super Union Group Limited was wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda was deemed to be interested in 269,832,000 shares under the SFO.

## OTHER INFORMATION *(Continued)*

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes: *(Continued)*

2. This represents the interest of Ms. Ng Shin Kwan, Christine in 16,780,000 underlying shares issuable under the share options granted by the Company to her on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Ms. Ng Shin Kwan, Christine on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercisable period is between 3rd December, 2007 and 2nd December, 2017.
3. This represents the interest of Mr. Sun Ka Ziang, Henry in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Sun Ka Ziang, Henry on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercisable period is between 3rd December, 2007 and 2nd December, 2017.
4. This represents the interest of Mr. Kwok Ming Fai in 252,000 underlying shares, of which, 200,000 underlying shares issuable under the share options granted by the Company to him on 23rd March, 2007 and 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Mr. Kwok Ming Fai on acceptance of the share options granted was HK\$1.00 for each grant of share options. For the 200,000 share options, the exercise price is HK\$0.38 per share (adjusted for the effect of bonus issue of three bonus shares for every one share held on 7th November, 2007) and the exercisable period is between 23rd March, 2007 and 22nd March, 2017. For the remaining 52,000 share options, the exercise price is HK\$1.22 per share and the exercisable period is between 3rd December, 2007 and 2nd December, 2017.
5. This represents the interest of Dr. Wong Yun Kuen in 52,000 underlying shares issuable under the share options granted by the Company to him on 3rd December, 2007 under the Share Option Scheme. The consideration paid by Dr. Wong Yun Kuen on acceptance of the share options granted was HK\$1.00. The exercise price is HK\$1.22 per share and the exercisable period is between 3rd December, 2007 and 2nd December, 2017.

Save as disclosed above, as at 30th June, 2010, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE OPTION SCHEME

The existing share option scheme was approved and adopted by the shareholders of the Company at the extraordinary general meeting held on 8th November, 2006 ("Share Option Scheme"). The primary purpose of the Share Option Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Further details of the Share Option Scheme are as disclosed in the Company's 2009 Annual Report.

## OTHER INFORMATION *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

Movement of share options under the Share Option Scheme during the six months ended 30th June, 2010 was as follows:

Name or category of participant	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
				Outstanding at 1st January, 2010	Reclassification (note c)	Outstanding at 30th June, 2010
<b>Directors</b>						
Ng Shin Kwan, Christine	3.12.2007	3.12.2007 – 2.12.2017	1.22	16,780,000	–	16,780,000
Sun Ka Ziang, Henry	3.12.2007	3.12.2007 – 2.12.2017	1.22	52,000	–	52,000
Kwok Ming Fai	23.3.2007	23.3.2007 – 22.3.2017	0.38	200,000	–	200,000
	3.12.2007	3.12.2007 – 2.12.2017	1.22	52,000	–	52,000
Wong Yun Kuen	3.12.2007	3.12.2007 – 2.12.2017	1.22	52,000	–	52,000
Sue Ka Lok <i>(note c)</i>	3.12.2007	3.12.2007 – 2.12.2017	1.22	10,000,000	(10,000,000)	–
Subtotal:				<u>27,136,000</u>	<u>(10,000,000)</u>	<u>17,136,000</u>
<b>Employees other than directors in aggregate</b>						
	23.3.2007	23.3.2007 – 22.3.2017	0.38	40,000	–	40,000
	3.12.2007	3.12.2007 – 2.12.2017	1.22	1,808,000	10,000,000	11,808,000
Subtotal:				<u>1,848,000</u>	<u>10,000,000</u>	<u>11,848,000</u>
<b>Other participants in aggregate</b>						
	3.12.2007	3.12.2007 – 2.12.2017	1.22	77,940,000	–	77,940,000
Subtotal:				<u>77,940,000</u>	<u>–</u>	<u>77,940,000</u>
<b>Total:</b>				<u>106,924,000</u>	<u>–</u>	<u>106,924,000</u>

## OTHER INFORMATION *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

Notes:

- a. The share options outstanding as at 30th June, 2010 had no vesting periods.
- b. No share options were granted, exercised, lapsed or cancelled during the six months ended 30th June, 2010.
- c. On 18th January, 2010, Mr. Sue Ka Lok resigned as a director of the Company but remained his positions with various subsidiaries of the Company. Accordingly, the share options held by him were reclassified from the category of "Directors" to the category of "Employees other than directors in aggregate".

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the six months ended 30th June, 2010 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors or their spouse or children under the age of eighteen, had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30th June, 2010, the register of interest kept by the Company under section 336 of the SFO showed that the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company:

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Suen Cho Hung, Paul	Interest held by controlled corporation	743,263,096 <i>(note 1)</i>	749,063,096	14.95%
	Beneficial owner	5,800,000		
All Sino Resources Limited	Interest held by controlled corporation	743,263,096 <i>(note 1)</i>	743,263,096	14.84%
Oriental Genesis Limited	Beneficial owner	600,000,000	600,000,000	11.98%

## OTHER INFORMATION *(Continued)*

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO *(Continued)*

Name of shareholder	Capacity	Number of shares	Total interests	Approximate percentage of the issued share capital of the Company
Chen Shuda	Interest held by controlled corporation	269,832,000 <i>(note 2)</i>	301,440,000	6.02%
	Beneficial owner	31,608,000		
Super Union Group Limited	Beneficial owner	269,832,000	269,832,000	5.39%

*Notes:*

1. These shares were beneficially owned by Top Media Resources Limited as to 143,263,096 shares and Oriental Genesis Limited as to 600,000,000 shares. Top Media Resources Limited and Oriental Genesis Limited were wholly-owned by All Sino Resources Limited which in turn was wholly-owned by Mr. Suen Cho Hung, Paul. Accordingly, Mr. Suen Cho Hung, Paul and All Sino Resources Limited were deemed to be interested in 743,263,096 shares under the SFO.
2. These shares were beneficially owned by Super Union Group Limited. Super Union Group Limited was wholly-owned by Mr. Chen Shuda. Accordingly, Mr. Chen Shuda was deemed to be interested in 269,832,000 shares under the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares and underlying shares of the Company as at 30th June, 2010 as required pursuant to section 336 of the SFO.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30th June, 2010.

## OTHER INFORMATION *(Continued)*

### CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since the date of the 2009 Annual Report of the Company which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Dr. Wong Yun Kuen, an independent non-executive director of the Company, resigned as the chairman and executive director of Green Energy Group Limited with effect from 19th May, 2010 and resigned as an independent non-executive director of China E-Learning Group Limited and Superb Summit International Timber Company Limited with effect from 24th June, 2010. All the companies mentioned are listed companies in Hong Kong.

### CORPORATE GOVERNANCE

The condensed consolidated financial statements of the Company for the six months ended 30th June, 2010 have not been audited, but have been reviewed by the Audit Committee and external auditors of the Company.

The Company had complied throughout the six months ended 30th June, 2010 with the code provisions set out in the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by directors. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30th June, 2010.

By Order of the Board

**Gao Wenxiang**

*Chairman*

Hong Kong, 20th August, 2010