HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00969)

2010
INTERIM REPORT

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Hua Lien International (Holding) Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2010 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2010

	Notes	Six months ended 30th June **2010** HK$'000 (unaudited)	2009 HK$'000 (unaudited & restated (Note20))
Continuing operations			
Turnover	(3)	**131,635**	81,106
Cost of sales		**(80,156)**	(36,099)
Gross profit		**51,479**	45,007
Other operating income		**738**	20
Distribution costs		**(13)**	–
Administrative expenses		**(16,573)**	(9,235)
Other expenses	(4)	**(25,000)**	(40,000)
Gain on disposal of subsidiaries	(14c)	**76,897**	–
Profit (loss) from operations		**87,528**	(4,208)
Finance costs	(5)	**(20,301)**	(13,397)
Profit (loss) before tax		**67,227**	(17,605)
Income tax expense	(7)	**–**	–
Profit (loss) for the period from continuing operations	(6)	**67,227**	(17,605)
Discontinued operations			
Loss for the period from discontinued operations	(14b)	**(9,450)**	(70,925)
Profit (loss) for the period		**57,777**	(88,530)

	Notes	Six months ended 30th June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited & restated (Note20))
Other comprehensive expense for the period			
Reserve released upon disposal of subsidiaries		**(33,398)**	–
Total comprehensive income (expense) for the period		**24,379**	(88,530)
Profit (loss) for the period attributable to:			
Owners of the Company		**56,880**	(90,053)
Non-controlling interests		**897**	1,523
		57,777	(88,530)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		**23,482**	(90,053)
Non-controlling interests		**897**	1,523
		24,379	(88,530)
Dividend	(9)	**–**	–
Earnings (loss) per share	(8)		
From continuing and discontinued operations			
– Basic (cents per share)		**4.6**	(9.7)
– Diluted (cents per share)		**3.2**	–
From continuing operations			
– Basic (cents per share)		**5.4**	(1.9)
– Diluted (cents per share)		**3.7**	–

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2010

	Notes	**30th June 2010 HK$'000 (unaudited)**	31st December 2009 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	(10)	**330**	149
Goodwill		**226,511**	226,511
Intangible asset		**394,800**	405,375
		621,641	632,035
Current assets			
Trade and other receivables	(11)	**260,617**	190,409
Bank balances and cash		**208,719**	166,041
		469,336	356,450
Assets classified as held for sale		**–**	229,330
		469,336	585,780
Current liabilities			
Trade and other payables	(12)	**100,218**	109,416
		100,218	109,416
Liabilities directly associated with assets classified as held for sale		**–**	161,423
		100,218	270,839
Net current assets		**369,118**	314,941
Total assets less current liabilities		**990,759**	946,976
Non-current liability			
Convertible notes		**480,191**	459,890
Net assets		**510,568**	487,086
Capital and reserves			
Share capital		**124,868**	124,868
Reserves		**385,700**	362,218
Total equity		**510,568**	487,086

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2010

	Attributable to owners of the Company											
	Share capital HK$'000	Share Premium HK$'000	Warrant reserve HK$'000	Convertible notes equity reserve HK$'000	Translation reserve HK$'000	Goodwill reserve HK$'000	Special reserve HK$'000	PRC statutory reserves HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st January 2010 (audited)	**124,868**	**232,604**	**4,942**	**230,845**	**33,398**	**(24,509)**	**238,966**	**21,910**	**(375,938)**	**487,086**	**–**	**487,086**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**56,880**	**56,880**	**897**	**57,777**
Other comprehensive expense												
Reserves released upon disposal of subsidiaries	**–**	**–**	**–**	**–**	**(33,398)**	**–**	**–**	**–**	**–**	**(33,398)**	**–**	**(33,398)**
Total comprehensive (expense) income	**–**	**–**	**–**	**–**	**(33,398)**	**–**	**–**	**–**	**56,880**	**23,482**	**897**	**24,379**
Disposal of subsidiaries	**–**	**–**	**–**	**–**	**–**	**24,509**	**–**	**(21,910)**	**(2,599)**	**–**	**–**	**–**
Pre-determined distribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(897)**	**(897)**
At 30th June 2010 (unaudited)	**124,868**	**232,604**	**4,942**	**230,845**	**–**	**–**	**238,966**	**–**	**(321,657)**	**510,568**	**–**	**510,568**
At 1st January 2009 (audited)	82,368	21,229	4,942	–	33,398	(24,509)	238,966	21,910	(196,825)	181,479	–	181,479
Loss for the period	–	–	–	–	–	–	–	–	(90,053)	(90,053)	1,523	(88,530)
Other comprehensive expense	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive (expense) income	–	–	–	–	–	–	–	–	(90,053)	(90,053)	1,523	(88,530)
Equity component of convertible notes	–	–	–	236,106	–	–	–	–	–	236,106	–	236,106
Share Issued	40,000	200,000	–	–	–	–	–	–	–	240,000	–	240,000
Transaction costs attribute to issue of shares	–	(1,729)	–	–	–	–	–	–	–	(1,729)	–	(1,729)
Pre-determined distribution	–	–	–	–	–	–	–	–	–	–	(1,523)	(1,523)
At 30th June 2009 (unaudited)	122,368	219,500	4,942	236,106	33,398	(24,509)	238,966	21,910	(286,878)	565,803	–	565,803

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)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(24,941)**	27,136
NET CASH FROM INVESTING ACTIVITIES	**62,804**	23,138
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(1,329)**	41,259
NET INCREASE IN CASH AND CASH EQUIVALENTS	**36,534**	91,533
CASH AND CASH EQUIVALENTS AT 1st JANUARY	**172,185**	46,887
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**–**	–
CASH AND CASH EQUIVALENTS AT 30th JUNE	**208,719**	138,420
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**208,719**	138,420

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated 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 ("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.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2009, except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

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 Hong Kong Financial Reporting Standard ("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.

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 and revised standards, amendments or interpretations that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1st July 2010 or 1st January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1st February 2010.
3 Effective for annual periods beginning on or after 1st July 2010.
4 Effective for annual periods beginning on or after 1st January 2011.
5 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 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.

3. SEGMENT INFORMATION

Management has determined operating segments on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segment and to assess its performance. The Group's reportable segments identified during the period by CODM under HKFRS 8 are as follow:

Supporting services to sweetener and ethanol business	This segment is engaged in provision of (i) facilities, raw materials and goods supply services; (ii) management and technical staff; (iii) related consulting services on construction; & (iv) contract manufacturing services; to the sweetener and ethanol business.
Manufacturing and trading of leather	This segment is engaged in leather manufacturing, processing and trading. These discontinued operations were disposed on 28th February 2010.

Six months ended 30th June 2010 – unaudited

	Revenue			Operating Profit (Loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Supporting services to sweetener and ethanol business	131,635	–	131,635	36,416	–	36,416
Manufacturing and trading of leather	–	21,920	21,920	–	(8,837)	(8,837)
	131,635	21,920	153,555	36,416	(8,837)	27,579
Other expenses				(25,000)	–	(25,000)
Gain on disposal of subsidiaries				76,897	–	76,897
Central administration costs				(785)	–	(785)
Finance costs				(20,301)	(604)	(20,905)
Profit (loss) before taxation				67,227	(9,441)	57,786
Income tax expense				–	(9)	(9)
Profit (loss) for the period				67,227	(9,450)	57,777

Six months ended 30th June 2009 – unaudited & restated (note 20)

	Revenue			Operating Profit (Loss)		
	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Supporting services to sweetener and ethanol business	81,106	–	81,106	36,073	–	36,073
Manufacturing and trading of leather	–	125,834	125,834	–	(67,901)	(67,901)
	81,106	125,834	206,940	36,073	(67,901)	(31,828)
Other expenses				(40,000)	–	(40,000)
Central administration costs				(281)	–	(281)
Finance costs				(13,397)	(2,948)	(16,345)
Loss before taxation				(17,605)	(70,849)	(88,454)
Income tax expense				–	(76)	(76)
Loss for the period				(17,605)	(70,925)	(88,530)

Total segment assets

30th June 2010 – unaudited	**Continuing operations** HK$'000	**Discontinued operations** HK$'000	**Total** HK$'000
Supporting services to sweetener and ethanol business	**696,704**	**–**	**696,704**
Manufacturing and trading of leather	**–**	**–**	**–**
Unallocated	**394,273**	**–**	**394,273**
	1,090,977	**–**	**1,090,977**

31st December 2009 – audited	Continuing operations HK$'000	Discontinued operations HK$'000	Total HK$'000
Supporting services to sweetener and ethanol business	672,916	–	672,916
Manufacturing and trading of leather	–	229,330	229,330
Unallocated	315,569	–	315,569
	988,485	229,330	1,217,815

4. OTHER EXPENSES

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
Continuing operations	**(unaudited)**	(unaudited)
Impairment loss on trade and other receivables	**25,000**	–
Impairment loss on goodwill	**–**	40,000
	25,000	40,000

5. FINANCE COSTS

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
Continuing operations	**(unaudited)**	(unaudited)
Effective interest expense on convertible notes wholly repayable within five years	**20,301**	13,397

6. PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit (loss) for the period from continuing operations has been arrived at after charging:		
Amortisation of intangible asset	**10,575**	7,050
Depreciation of property, plant and equipment	**42**	–
Total depreciation and amortisation	**10,617**	7,050

7. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

No provision for income tax has been made in the consolidation financial statements as the profit for the period is not subject to taxation in relevant jurisdictions where it operations.

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings (loss)		
Profit (loss) for the purpose of basic earnings (loss) per share	**56,880**	(90,053)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**20,301**	–
Profit (loss) for the purposes of diluted earnings (loss) per share	**77,181**	(90,053)

	2010	2009
	'000	'000
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,248,680**	928,064
Effect of dilutive potential ordinary shares:		
Convertible notes	**1,097,000**	–
Warrants	**51,125**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,396,805**	928,064

Diluted loss per share for the comparative period ended 30th June 2009 had not been disclosed, as the warrants and convertible notes outstanding as at 30th June 2009 had an anti-dilutive effect on the basic loss per share.

From continuing operations

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

	Six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit (loss) figures are calculated as follows:		
Profit (loss) for the purpose of basic earnings (loss) per share	**56,880**	(90,053)
Less:		
Loss for the period from discontinued operations	**10,347**	72,448
Profit (loss) for the purpose of basic earnings (loss) per share from continuing operations	**67,227**	(17,605)
Add:		
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**20,301**	–
Profit (loss) for the purposes of diluted earnings (loss) per share from continuing operations	**87,528**	(17,605)

The denominators used are the same as those detailed above for basic earnings (loss) per share.

From discontinued operations

Basic loss per share for the discontinued operations is HK0.8 cents per share (2009: HK7.8 cents), based on the loss for the period from the discontinued operations of HK$10,347,000 (2009: HK$72,448,000) and the denominators detailed above for basic loss per share.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2010 (six months ended 30th June 2009: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$256,000 (six months ended 30th June 2009: HK$227,000) on acquisition of property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of continuing operations of approximately HK$220,797,000. The Group allows a credit period of 365 days for trade customers of supporting services of sweetener and ethanol business. The comparative figures have been reclassified to conform to current year's presentation and consisted of trade receivables of continuing operations of HK$186,305,000 and trade receivables of discontinued operations of HK$41,372,000, a total of HK$227,677,000).

	30th June 2010 HK$'000 (unaudited)	31st December 2009 HK$'000 (audited & restated)
Not yet due	**201,053**	192,609
Overdue 1 – 90 days	**19,744**	35,068
Overdue 91 – 180 days	**–**	–
Overdue 181 – 365 days	**–**	–
Overdue > 365 days	**–**	–
	220,797	227,677

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of continuing operations of approximately HK$89,815,000 as at 30th June 2010. The following is an analysis of trade payables by age based on the invoice date. The comparative figures have been reclassified to conform to current year's presentation and consisted of trade payables of continuing operations of HK$70,570,000 and trade payables of discontinued operations of HK$34,324,000, a total of HK$104,894,000).

	30th June 2010 HK$'000 (unaudited)	31st December 2009 HK$'000 (audited & restated)
Not yet due	**89,815**	92,726
Overdue 1 – 90 days	**–**	644
Overdue 91 – 180 days	**–**	1,858
Overdue 181 – 365 days	**–**	1,812
Overdue > 365 days	**–**	7,854
	89,815	104,894

13. SHARE CAPITAL

	Number of shares '000	Value HK$'000
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2009 (audited) and 30th June 2010 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2009 (audited) and 30th June 2010 (unaudited)	1,248,680	124,868

14. DISPOSAL OF SUBSIDIARIES & LOSS FOR THE PERIOD (RELATING TO DISCONTINUED OPERATIONS)

(a) Description

The Company entered into Disposal Agreements with Sino Commend Limited on 16th October 2009 and 19th October 2009 to dispose of its entire issued share capital of Hua Lien Group (Holding) Company, Limited and the shareholder's loan, which engaged in manufacturing and trading of leather. The total consideration payable for the disposal is HK$101,500,000 in cash, of which approximately HK$29,370,000 represents the consideration for the sales of the sales shares and the balance approximately of HK$72,130,000 represents the consideration for assignment of the shareholder's loan. The disposal was completed on 28th February 2010.

The profit (loss) for the period relating to discontinued operations is analysed as follows:

	Two months ended 28th February 2010 HK$'000 (unaudited)	Six months ended 30th June 2009 HK$'000 (unaudited)
Loss for the period from manufacturing and trading of leather	**(9,450)**	(70,925)
Gain on disposal of subsidiaries	**76,897**	–
	67,447	(70,925)

(b) The Financial performance and cash flow information

	Two months ended 28th February 2010 HK$'000 (unaudited)	Six months ended 30th June 2009 HK$'000 (unaudited)
Turnover	**21,920**	125,834
Cost of sales	**(30,181)**	(159,124)
Gross loss	**(8,261)**	(33,290)
Other operating income	**805**	954
Distribution costs	**(4)**	(31)
Administrative expenses	**(1,377)**	(35,534)
Loss from operations	**(8,837)**	(67,901)
Finance costs	**(604)**	(2,948)
Loss before tax	**(9,441)**	(70,849)
Income tax expense	**(9)**	(76)
Loss for the period from discontinued operations	**(9,450)**	(70,925)

	Two months ended 28th February 2010 HK$'000 (unaudited)	Six months ended 30th June 2009 HK$'000 (unaudited)
Loss for the period from discontinued operations has been arrived at after charging:		
Amortisation of prepaid lease payments	**190**	569
Depreciation of property, plant and equipment	**5,212**	15,854
Total depreciation and amortisation	**5,402**	16,423

	Two months ended 28th February 2010 HK$'000 (unaudited)	Six months ended 30th June 2009 HK$'000 (unaudited)
Net cash inflows from operating activities	**2,405**	24,872
Net cash outflows from investing activities	**(32)**	(132)
Net cash outflows from financing activities	**(1,330)**	(16,544)
Net cash inflows from discontinued operations	**1,043**	8,196

(c) Net assets disposed of:

The net assets of Hua Lien Group (Holding) Company, Limited and its subsidiaries as at the date of disposal were as follow:

	28th February 2010 HK$'000 (unaudited)
Property, plant and equipment	77,829
Prepaid lease payments on land use rights	45,802
Deferred tax assets	499
Inventories	35,050
Trade and other receivables	45,154
Bank balances and cash	7,187
Trade and other payables	(39,850)
Loan from a director	(285)
Tax liabilities	(10,338)
Bank borrowings	(103,047)
Shareholder's loan	(72,130)
Translation reserve released	(33,398)
	(47,527)
Add: Shareholder's loan	72,130
	24,603
Gain on disposal of subsidiaries	76,897
Total consideration satisfied by cash	101,500
Net cash inflow arising on disposal	
Cash consideration	101,500
Bank balances and cash disposed of	(7,187)
	94,313

No tax charge or credit arose on the disposal of Hua Lien Group (Holding) Company, Limited.

15. COMMITMENTS

(a) Operating lease commitments

	For the six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Minimum lease payments paid during the period under operating leases in respect of office premises	**359**	327

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases that fall due as follows:

	30th June	31st December
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(audited)
Within one year	**647**	827
In the second to fifth year inclusive	**323**	647
Over five years	**–**	–
	970	1,474

Operating lease payments principally represent rentals payable by the Group for certain of its office premises.

(b) Capital commitments

The Group did not have any significant capital commitments at the end of the reporting period.

16. RELATED PARTY TRANSACTIONS

During the period, the Group had certain transactions with related parties. Details of these transactions for the period and balances at 30th June 2010 with these related parties are as follows:

(a) Transactions with related parties

	Six months ended 30th June 2010 HK$'000 (unaudited)	From 27th February 2009 (Date of acquisition) to 30th June 2009 HK$'000 (unaudited)
Sales to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd. (Note (i))	**131,635**	81,106
Purchases from substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (ii))	**75,211**	31,504
Rental and building management fee paid to substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (iii))	**323**	216

Notes:

(i) Pursuant to four supply and service agreements dated 15th December 2008, which approved by independent shareholders of the Company on 20th February 2009, Sino-Africa Technology & Trading Limited (the "SATT"), a subsidiary of the Company, rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.

(ii) Pursuant to an supply and service agreement dated 15th December 2008, which approved by independent shareholders of the Company on 20th February 2009, SATT, a subsidiary of the Company, receiving supporting services to sweetener and ethanol business from the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.

(iii) The amount paid by SATT pursuant to a tenancy agreement dated 15th December 2008 between SATT, a subsidiary of the Company and the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.

(b) Trade receivables and payable of related parties

	At 30th June 2010 HK$'000 (unaudited)	At 31st December 2009 HK$'000 (audited)
Trade receivables of four subsidiaries of COMPLANT International Sugar Industry Co., Ltd. (Note (i))	**220,797**	186,305
Trade payable to substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (ii))	**89,815**	70,570

Notes:

(i) The trade receivables are interest free and unsecured. The amount receivables by SATT, a subsidiary of the Company, rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.

(ii) The trade payable is interest free and unsecured. The amount payables by SATT, a subsidiary of the Company, in relation to receiving supporting services to sweetener and ethanol business from the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company

(c) Key management personnel compensation

Remuneration for key management personnel is as follows:

	For the six months ended 30th June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Short-term employee benefits	**656**	338

17. PLEDGE OF ASSETS

No assets of the Group had been pledged as at 30th June 2010.

18. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30th June 2010.

19. POST BALANCE SHEET EVENT

The Group did not have any material post balance sheet events.

20. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform to current period's presentation in respect of the reclassification of the business segment of manufacturing and trading of leather to discontinued operations that ceased operations on 28th February 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period ended 30th June 2010, the Group recorded turnover from continuing operations of approximately HK$131,635,000 (six months ended 30th June 2009: HK$81,106,000) and turnover from discontinued operations of approximately HK$21,920,000 (six months ended 30th June 2009: HK$125,834,000).

The increase in turnover from continuing operation was mainly benefited from accelerating growth in the Madagascar where one of the customers has begun its full production this period. There was an approximately HK$25 million increase in sales in mechanical and electrical equipments, an approximately HK$9 million increase in sales of fertilizers and an approximately HK$5 million increase in farm machinery during the period. The gross profit ratio was 39.1% (six months ended 30th June 2009: 55.5%). The lower gross profit ratio was resulting from the customers in African countries, facing price pressure from its customers in European countries under the shadow of the European debt crisis, passed the price pressure up chain causing the average price to decrease.

The turnover from discontinued operations decreased by approximately HK$96 million as the discontinued operations only accounted for two months results up to its disposal on 28th February 2010 and leather demand remains weak during that period.

The net profit from continuing operations for the period was approximately HK$67.2 million (six months ended 30th June 2009: net loss of approximately HK$17.6 million). Basic earnings per share from continuing operations for the period ended 2010 was HK5.4 cents (six months ended 30th June 2009: Basic loss per share of HK1.9 cents). The net profit from continuing operations mainly came from the gross profit from supporting services of sweetener and ethanol business of approximately HK$51.5 million and the gain on disposal of discontinued leather manufacturing operation of approximately HK$76.9 million.

The net loss from discontinued operations for the period was approximately HK$9.4 million (six months ended 30th June 2009: net loss of approximately HK$70.9 million). Basic loss per share from discontinued operations for the period was HK0.8 cents (six months ended 30th June 2009: HK7.8 cents). The loss from discontinued operations was mainly due to gross loss from leather operations of approximately HK$8.3 million as a result of the weak leather demand in overseas markets, soaring price on raw materials for leather and the decrease in economy of scales causing the increase in per-unit leather manufacturing cost.

For the segment result, the continuing operations of supporting services to sweetener and ethanol business recoded revenue of approximately HK$131.6 million which represented approximately 85.7% of total revenue of the Group and contributed an operating profit of approximately HK$67.2 million during the period. While, the discontinued operations of leather business recoded revenue of approximately HK$21.9 million which represented approximately 14.3% of total revenue of the Group and recorded an operating loss of approximately HK$9.4 million during the period.

FINANCIAL REVIEW

Bank deposits and cash balances of continuing operations as at 30th June 2010 amounted to approximately HK$208,719,000 (31st December 2009: approximately HK$166,041,000), mainly denominated in Hong Kong Dollars and US dollars.

Total equity of the Group as at 30th June 2010 amounts to approximately HK$510,568,000 (31st December 2009: approximately HK$487,086,000).

The Group financed its operation with cash flow generated internally. The bank balances were placed in short term deposits with major banks in Hong Kong.

As at 30th June 2010, the Group's total borrowings consisted of the outstanding five-year zero-coupon Hong Kong-dollar convertible notes of continuing operations of approximately HK$480.2 million (31st December 2009: HK$459.9 million). The debt to equity ratio of the Group as at 30th June 2010 calculated as a ratio of total borrowings (including convertible notes) to total equity was approximately 94% (31st December 2009: 115.6%). The decrease was mainly due to the disposal of discontinued operations that consisted of bank borrowings of approximately HK$103 million. All the Group's borrowings as at 30th June 2010 are denominated in Hong Kong.

Pledge of assets

No assets of the Group had been pledged as at 30th June 2010.

EMPLOYEE REMUNERATION POLICY

At 30th June 2010, the Group employed 46 full time management, administrative and operation staff in Hong Kong and the PRC (31st December 2009: 397).

The Group's emolument policies are formulated on the bases of individual performance and the salary trend in the various regions, and are reviewed every year. The Company has set up share options plan and provides staff quarters to staff in the PRC.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Company disposed the entire issued share capital of Hua Lien Group (Holding) Company, Limited and the shareholder's loan, which engaged in manufacturing and trading of leather. The total consideration payable for the disposal is HK$101,500,000 in cash, of which approximately HK$29,370,000 represents the consideration for the sales of the sales shares and the balance of approximately of HK$72,130,000 represents the consideration for assignment of the shareholder's loan. The disposal was completed on 28th February 2010.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates or jointly-controlled entities during the period under review.

Future plans for material investments and capital assets

The Company signed the MOU on 31st January 2010 in respect of the Possible Transactions.

Definitions used in the Announcement on 1st February 2010 are adopted herein unless the context requires otherwise.

The Board is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries.

The initial phase under consideration would be to incorporate Benin JV and use it as a vehicle to establish a Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business. In order to finance the possible joint venture, the Company is considering to raise approximately HK$78 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK$54 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK$24 million (before deducting related expenses) to CADFund for funding its share of capital contribution for the incorporation of Benin JV and the operation of Benin PC.

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such Other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK$312 million (before deducting related expenses). The terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) have not yet been finalized and further negotiations are necessary.

Capital Structure

There was no change in capital structure during the six month ended 30th June 2010.

Treasury Policies

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. When considered appropriate the Group will hedge against currency exposure as well as interest rate exposure.

The Group did not use any derivative financial instruments to hedge for its risk exposure during the period ended 30th June 2010.

Foreign Exchange exposure

The sales and purchases of the Group during the period are mainly denominated in Renminbi and United States dollar. Hence, the Group's exposure to foreign exchange risk arising from sales and purchases is expected to be minimal. The use of financial instruments for hedging purposes is not considered necessary.

Currency exposure arising from net assets of the foreign operations of the Group in the PRC is managed primarily through borrowings denominated in the relevant foreign currencies. The Group did not use any derivative financial instruments to hedge for its foreign exchange risk exposure on net assets during the period ended 30th June 2010.

Contingent Liabilities

At the balance sheet date, the Company had not provided any guarantees in favour of any third party nor were there any significant contingent liabilities.

Significant Investment Held

The Group had not made any significant investment during the period ended 2010 and 2009.

PROSPECTS

Looking ahead, the sales orders of supporting services for sweetener and ethanol business from our customers in African countries expects to be stable for second half of the year following signs of stabilizing in country economy of their customers in European countries.

Following the disposal of the loss-making leather business on 28th February 2010, the operation of the Group has been more streamlined and the resources can fully concentrate on expanding the supporting services for sweetener and ethanol business and its upstream developments. The initial works for the possible ethanol biofuel project in Benin as announced in 1st February 2010 which is a joint venture with China Africa Development Fund and COMPLANT International Sugar Industry Co. Ltd. is underway and appropriate announcement will make to update the public of the progress. The Board is also assessing the feasibility of other expansion plans in other countries where there is potential for superior returns.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2010, the interests of the directors in the ordinary shares in the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (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 Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in shares

	Number of ordinary shares held		
Name of director	**Beneficial Owner**	**Held by controlled corporation** (Note)	**Approximately percentage of interest**
Liaw Yuan Chian ("Mr. Liaw")	–	363,500,039	29.11

Note: Mr. Liaw was deemed to have interests in 363,500,039 ordinary shares in the Company, which were held by Joyce Services Limited, a company in which Mr. Liaw has 58.87% beneficial interests.

Save as disclosed above, as at 30th June 2010, there were no other interests or short positions of the directors in any shares of the Company which have been notified to the Company pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any such director was taken or deemed to have under such provisions of SFO) or recorded in the register maintained 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 for Securities Transactions by Directors of Listed Companies.

SHARE OPTION SCHEME

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "2007 Share Option Scheme"), as approved by the shareholders of the Company at the extraordinary general meeting held on 20th September 2007. The purpose of the 2007 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees, directors, consultants and advisers of the Group and to promote the success of the Group. The details of the 2007 Share Option Scheme as pursuant to the Listing Rules, are set out in the Company's circular dated 3rd September 2007.

As at the balance sheet date, no share option has been granted under the 2007 Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities in the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2010, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests in shares and underlying shares and debentures of the Company, as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Name of shareholder	Capacity	Number of shares interested	Approximate percentage of the issued share capital of the Company
COMPLANT International Sugar Industry Co., Ltd. (Note i)	Beneficial interests	1,189,500,000	95.26
Hu Yebi (Note ii)	Held by controlled corporation & spouse	128,448,000	10.29

Notes:

(i) State-owned Assets Supervision and Administration Commission holds 100% of the State Development & Investment Corp. which holds 100% of China National Complete Plant Import & Export Corporation (Group) which in turn holds 70% in COMPLANT International Sugar Industry Co., Ltd. The totaling 1,189,500,000 shares held by COMPLANT International Sugar Industry Co., Ltd. consist of 300,000,000 shares beneficially owned and the convertible note of principal amount of HK$533,700,000 which can be converted into 889,500,000 shares during its conversion period.

(ii) Hu Yebi and his spouse, Li Ling Xiu are deemed (by virtue of the SFO) to be interested in 128,448,000 shares in the Company. It comprised 3,448,000 shares held by Li Ling Xiu and convertible notes of principal amount of HK$75,000,000 held by Hollyview International Limited, a company beneficially owned by Hu Yebi, which can be converted into 125,000,000 shares during its conversion period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30th June 2010, except for the following deviations.

Code Provision A.4.1

None of the existing independent non-executive directors of the Company is appointed for a specific term. However, all the independent non-executive directors are subject to retirement by rotation at each annual general meeting under the bye-laws of the Company. As such, the company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG code.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive directors has held meetings to review with management the accounting principles and practices adopted by the Group and discussing internal controls and financial reporting matters including a review of the unaudited condensed interim financial statements for the six months ended 30th June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By order of the Board
Shih Chian Fang
Chairman

Hong Kong, 27th August 2010