



GLOBAL GREEN TECH GROUP LIMITED
高寶綠色科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 274

INTERIM REPORT | 2010

The Board of Directors (the "Directors") of the Global Green Tech Group Limited (the "Company") herewith present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2010 ("Period") which have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited	
		For the six months	
		ended 30 June	
		2010	2009
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Turnover	2	138,044	218,978
Cost of sales		(138,858)	(181,463)
Gross (loss)/profit		(814)	37,515
Other revenue and net income		1,816	16,157
Selling and distribution expenses		(23,523)	(32,125)
General and administrative expenses		(94,586)	(197,128)
Gain on disposal of a subsidiary	3	-	474
Loss from operations	4	(117,107)	(175,107)
Finance costs	5	(5,751)	12,353
Loss before taxation		(122,858)	(162,754)
Income tax	6	(5)	(6,001)
Loss for the period		(122,863)	(168,755)
Other comprehensive income			
Exchange difference arising on translation of foreign operations		19,853	19,403
Total comprehensive loss for the period		(103,010)	(149,352)

		Unaudited	
		For the six months	
		ended 30 June	
		2010	2009
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Loss for the period attributable to:			
Equity holders of the Company		(119,170)	(166,221)
Minority interests		(3,693)	(2,534)
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		(122,863)	(168,755)
		<hr/>	<hr/>
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(104,970)	(145,665)
Minority interests		1,960	(3,687)
		<hr/>	<hr/>
		(103,010)	(149,352)
		<hr/>	<hr/>
Dividends	7	-	-
		<hr/>	<hr/>
Loss per share			
Basic	8	(HK\$0.0375)	(HK\$0.0960)
		<hr/>	<hr/>
Diluted	8	(HK\$0.0375)	(HK\$0.0960)
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2010	2009
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
Non-current assets			
Goodwill	9	1,802,096	912,166
Property, plant and equipment	10	1,156,032	1,171,136
Exploration and evaluation costs		35,183	–
Investment properties		34,350	34,075
Prepaid lease payments for land under operating leases		139,074	139,992
Intangible assets	10	242,119	12,203
Deposits for acquisition of property, plant and equipment		276,113	279,123
Other assets		2,484	–
Land compensation costs		2,958	–
Other deposits and club debenture		350	350
		3,690,759	2,549,045
Current assets			
Prepaid lease payments for land under operating leases		3,203	2,365
Financial assets at fair value through profit or loss	11	–	19,866
Inventories		77,742	56,141
Trade and other receivables	12	206,284	104,113
Loan receivables		23,645	44,907
Cash and cash equivalents		49,849	35,514
		360,723	262,906
Current liabilities			
Trade and other payables	13	205,223	76,162
Bank loans	14	219,953	215,308
Obligations under finance leases	15	–	3
Tax payable		28,999	29,827
		454,175	321,300
Net current liabilities		(93,452)	(58,394)
Total assets less current liabilities		3,597,307	2,490,651

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

		Unaudited	Audited
		As at	As at
		30 June	31 December
		2010	2009
<i>Notes</i>		HK\$'000	HK\$'000
Non-current liabilities			
		1,106	1,106
		494,975	–
		496,081	1,106
Net assets			
		3,101,226	2,489,545
Share capital			
	16	381,530	262,078
Reserves			
		1,780,895	1,422,538
	19	227,216	–
		166,159	166,159
		300	300
		110,121	110,121
		25,102	1,250
		118,552	104,352
		246,970	366,140
		2,675,315	2,170,860
Total equity attributable to the equity shareholders of the Company			
		3,056,845	2,432,938
Minority interests			
		44,381	56,607
Total equity			
		3,101,226	2,489,545

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
For the six months ended 30 June 2010

	Share capital HK\$'000	Share premium HK\$'000	Share-based		Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible share reserve HK\$'000	Capital redemption reserve HK\$'000	Attributable to owners			Total equity HK\$'000
			Capital reserve HK\$'000	compensation reserve HK\$'000					Retained profits HK\$'000	of the Company HK\$'000	Minority interests HK\$'000	
At 1 January 2010	262,078	1,422,538	166,159	1,250	110,121	104,352	-	300	366,140	2,432,938	56,607	2,489,545
Loss for the period	-	-	-	-	-	-	-	-	(119,170)	(119,170)	(3,693)	(122,863)
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	14,200	-	-	-	14,200	5,653	19,853
Total comprehensive income/(loss) for the period	-	-	-	-	-	14,200	-	-	(119,170)	(104,970)	1,960	(103,010)
Issue of shares	119,452	358,357	-	-	-	-	-	-	-	477,809	-	477,809
Issue of convertible bonds	-	-	-	-	-	-	227,216	-	-	227,216	-	227,216
Issue of share options	-	-	-	23,852	-	-	-	-	-	23,852	-	23,852
Due to acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	(14,186)	(14,186)
At 30 June 2010	381,530	1,780,895	166,159	25,102	110,121	118,552	227,216	300	246,970	3,056,845	44,381	3,101,226

Unaudited
For the six months ended 30 June 2009

	Share capital HK\$'000	Share premium HK\$'000	Share-based		Statutory reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Convertible preference share reserve HK\$'000	Capital redemption reserve HK\$'000	Attributable to owners			Total equity HK\$'000
			Capital reserve HK\$'000	compensation reserve HK\$'000					Retained profits HK\$'000	of the Company HK\$'000	Minority interests HK\$'000	
At 1 January 2009	133,321	1,092,905	166,159	24,754	110,121	79,461	26,635	300	986,552	2,620,208	66,854	2,687,062
Loss for the period	-	-	-	-	-	-	-	-	(166,221)	(166,221)	(2,534)	(168,755)
Exchange difference on translation of financial statements of overseas subsidiaries	-	-	-	-	-	20,556	-	-	-	20,556	(1,153)	19,403
Total comprehensive income/(loss) for the period	-	-	-	-	-	20,556	-	-	(166,221)	(145,665)	(3,687)	(149,352)
Issue of shares	65,437	101,564	-	-	-	-	-	-	-	167,001	-	167,001
Cancellation of share options	-	24,754	-	(24,754)	-	-	-	-	-	-	-	-
Redemption of equity portion of REPS	-	-	-	-	-	-	(26,635)	-	-	(26,635)	-	(26,635)
At 30 June 2009	198,758	1,219,223	166,159	-	110,121	100,017	-	300	820,331	2,614,909	63,167	2,678,076

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	<i>HK\$'000</i>
Net cash inflow from operating activities	19,963	214,128
Net cash inflow/(outflow) from investing activities	126	(281,584)
Net cash used in financing activities	(5,754)	(46,243)
Increase/(decrease) in cash and cash equivalents	14,335	(113,699)
Cash and cash equivalents at 1 January	35,514	187,919
Cash and cash equivalents at 30 June	49,849	74,220
Analysis of balances of cash and cash equivalents:		
Cash and cash equivalents	49,849	74,220

NOTES TO CONDENSED ACCOUNTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value.

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2009.

2. SEGMENT INFORMATION

The Group comprises the following main business segments:

- (a) Household products segment – manufacture of household products for sale to wholesalers and retailers in the general consumer market;
- (b) Industrial products segment – manufacture of industrial surfactants for sale principally to textile and garment manufacturers and traders;
- (c) Cosmetics and skincare products segment – manufacture of cosmetics and skincare products under the brand name of Marjorie Bertagne for sale to authorised distributors and retailers in the general consumer market; manufacture of ODM/OEM products for sales to the overseas customers;
- (d) Biotechnology products segment – manufacture of biotechnology products with medical applications;
- (e) Investments segment – engaged in provision of loan financing services and investment and/or trading in marketable securities, bonds, foreign currencies, various funds and other income generated fixed assets portfolios; and
- (f) Mining segment – engaged in gold exploration, development and mining.

NOTES TO CONDENSED ACCOUNTS (cont'd)

2. SEGMENT INFORMATION (cont'd)

An analysis of the Group's revenue and results for the Period by business segments are as follows:

	Unaudited													
	For the six months ended 30 June													
	Household products		Industrial products		Cosmetics and skincare products		Mining products		Biotechnology products		Investments		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	3,065	5,379	85,194	118,251	30,048	95,348	-	-	-	-	19,737	-	138,044	218,978
Segment results	(1,506)	(1,220)	(36,810)	(135,716)	(41,940)	(47,078)	(4,886)	-	(4,503)	-	858	9,560	(88,787)	(174,454)
Unallocated operating income and expenses													(28,320)	(1,127)
Loss from operations													(117,107)	(175,581)
Finance costs													(5,751)	12,353
Loss before taxation													(122,858)	(163,228)
Income tax													(5)	(6,001)
Core loss													(122,863)	(169,229)
Gain on disposal of a subsidiary													-	474
Loss for the period													(122,863)	(168,755)

3. GAIN ON DISPOSAL OF A SUBSIDIARY

During the period ended 30 June 2009, the Group had negotiated with an independent lender ("Lender") for the proposed settlement of a loan of an amount of approximately HK\$39,881,000 as at 31 May 2009 owing by Dongguan Gao Bao Chemicals Co. Ltd. ("Dongguan Gao Bao") to such Lender. As a term of the settlement arrangement, the Lender has requested the Group to dispose of its entire interest in Global Chemical International Limited ("GCIL"), the sole investor of a wholly-foreign-owned-enterprise, Dongguan Gao Bao, in PRC, to the Lender. The assets retained by Dongguan Gao Bao that would be transferred to the Lender were certain fixed assets and inventories relating to laundry powder business of Dongguan Gao Bao.

NOTES TO CONDENSED ACCOUNTS (cont'd)**3. GAIN ON DISPOSAL OF A SUBSIDIARY (cont'd)**

Details of the transaction are set out as follows:

	<i>HK\$'000</i>
Net assets disposal of – inventories and fixed assets	39,407
Gain on disposal of a subsidiary	474
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	39,881
	<hr style="border-top: 3px double black;"/>
Satisfied by:	
Settlement of cash borrowings owing by Dongguan Gao Bao to the Lender	39,881
	<hr style="border-top: 3px double black;"/>

4. LOSS FROM OPERATIONS

Loss from operations is stated after charging the followings:

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	<i>HK\$'000</i>
Amortisation of intangible assets	4,503	4,450
Cost of inventories sold	138,858	181,463
Depreciation of property, plant and equipment	48,535	43,868
Research and development costs	1,150	1,130
Staff costs	27,034	25,580
Provision for doubtful debts	–	155,107

5. FINANCE COSTS

Details of finance costs are set out as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	<i>HK\$'000</i>
Finance costs		
Interest expense on bank advances and other borrowings wholly repayable within five years	5,750	1,845
Written back of provision for redemption loss	–	(17,461)
Finance charges on obligations under finance leases	1	2
Other borrowing costs	–	3,261
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	5,751	(12,353)
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NOTES TO CONDENSED ACCOUNTS (cont'd)**6. INCOME TAX**

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the Period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the Period at the rates of tax prevailing in the countries in which the subsidiaries of the Company operate.

The amount of taxation charged to the unaudited condensed consolidated statement of comprehensive income represents:

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current taxation:		
Hong Kong profits tax	(5)	–
Overseas taxation (<i>note (b)</i>)	–	6,001
	<hr/>	<hr/>
Taxation charge	(5)	6,001
	<hr/>	<hr/>

The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Loss before taxation	(99,007)	(162,754)
	<hr/>	<hr/>
Tax at applicable tax rates (<i>note (a)</i>)	(22,045)	(41,169)
Income not subject to tax	(564)	(1,672)
Tax losses not recognized	20,034	42,841
Expenses not deductible for taxation purposes	2,573	6,001
Over-provision in prior years	(3)	–
	<hr/>	<hr/>
Taxation charge	(5)	6,001
	<hr/>	<hr/>

NOTES TO CONDENSED ACCOUNTS (cont'd)**6. INCOME TAX (cont'd)**

Notes:

- (a) The applicable tax rates represent the rates of tax prevailing in the countries in which the Company's subsidiaries operate.
- (b) Overseas tax provision is required to be made in respect of the subsidiaries of the Company established in the PRC. In accordance with the relevant PRC income tax rules and regulations, the enacted PRC income tax is 25% (2009: 25%). Some of them were entitled to preferential tax treatment from the PRC's authority.

7. DIVIDENDS

	Unaudited	
	For the six months	
	ended 30 June	
	2010	2009
	HK\$'000	HK\$'000

Interim, paid, of HK\$Nil (2009: HK\$Nil) per ordinary share	-	-
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At a meeting held on 30 August 2010, the Directors did not recommend payment of interim dividend for the Period.

8. LOSS PER SHARE**(a) Basic loss per share**

The calculation of the basic loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$119,170,000 (2009: loss of HK\$166,221,000) and the weighted average number of 3,176,507,830 (2009: 1,732,171,997) ordinary shares in issue during the Period.

(b) Diluted loss per share

The calculation of the diluted loss per share is based on the loss attributable to equity holders of the Company of approximately HK\$119,170,000 (2009: loss of HK\$166,221,000) and the weighted average number of 3,176,507,830 (2009: 1,732,171,997) ordinary shares after adjusting for the potential dilutive effect of share options and convertible bonds.

	No. of shares as at 30 June	
	2010	2009
Weighted average number of ordinary shares used in calculating basic loss per share	3,176,507,830	1,732,171,997
Weighted average number of ordinary shares used in calculating diluted loss per share	3,176,507,830	1,732,171,997

NOTES TO CONDENSED ACCOUNTS (cont'd)**9. GOODWILL**

The goodwill arose from the following transactions:

- (a) Acquisition of 30% equity interest in a non-wholly owned subsidiary of the Company, Global Cosmetics (HK) Company Limited, from Cristal Marketing Management Company Limited.
- (b) Acquisition of 100% interests in Supreme China Limited which owned the entire equity interests in Cristal Marketing Management Company Limited, a company engaged in distribution of MB products and facial treatment business.
- (c) Acquisition of 100% interests in Westralian Resources Pty Limited which, in turn, owned 80% equity interests in Hunan Westralian Mining Company Limited, a company engaged in gold exploration, development and mining.

10. PROPERTY, PLANT AND EQUIPMENT/INTANGIBLE ASSETS

	Unaudited	
	Intangible assets	Property, plant and equipment
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost		
At 1 January 2010	108,909	1,891,748
Additions	–	3,435
Acquisition of subsidiary	234,117	14,610
Exchange adjustment	985	20,325
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At 30 June 2010	344,011	1,930,118
	<hr/>	<hr/>
Accumulated amortisation/depreciation/impairment		
At 1 January 2010	96,706	720,612
Amortisation/depreciation provided for the period	4,503	48,535
Exchange adjustment	683	4,939
	<hr/>	<hr/>
At 30 June 2010	101,892	774,086
	<hr/>	<hr/>
Net book value		
At 30 June 2010	242,119	1,156,032
	<hr/>	<hr/>
At 31 December 2009	12,203	1,171,136
	<hr/>	<hr/>

NOTES TO CONDENSED ACCOUNTS (cont'd)**11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 <i>HK\$'000</i>
Listed equity securities at market value		
– in Hong Kong	–	18,540
– outside Hong Kong	–	1,326
	<u>–</u>	<u>19,866</u>

12. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 <i>HK\$'000</i>
Trade receivables	96,881	64,486
Bills receivables	–	2,040
Prepayments, deposits and other receivables	140,435	68,314
	<u>237,316</u>	<u>134,840</u>
Less: Allowance for doubtful debts	(31,032)	(30,727)
	<u>206,284</u>	<u>104,113</u>

At 30 June 2010, the aging analysis of the trade and bills receivables was analysed as follows:

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 <i>HK\$'000</i>
Within 30 days	61,824	28,965
31 – 60 days	5,287	15,600
61 – 90 days	7,289	4,943
Over 90 days	22,481	17,018
	<u>96,881</u>	<u>66,526</u>
Less: Impairment loss on trade receivables	(31,032)	(30,727)
	<u>65,849</u>	<u>35,799</u>

The normal credit period granted to the customers of the Group is 30 to 180 days (2009: 30 to 180 days). Impairment loss on trade receivables was made and thereafter written off when collection of full amount was no longer probable. Bad debts are written off as incurred. Trade and bills receivables are mainly denominated in Renminbi, Hong Kong Dollars and US Dollars.

NOTES TO CONDENSED ACCOUNTS (cont'd)

13. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Trade payables	49,356	31,493
Accrued liabilities and other payables	155,867	44,669
	205,223	76,162

At 30 June 2010, the aging analysis of the trade payables was analysed as follows:

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Within 30 days	25,860	12,760
31 – 60 days	12,003	7,211
61 – 90 days	7,327	5,468
Over 90 days	4,166	6,054
	49,356	31,493

Trade payables are mainly denominated in Renminbi, Hong Kong Dollars and US Dollars.

14. BANK LOANS

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Secured bank loan (<i>note (a)</i>)	219,953	215,308
	219,953	215,308

Note:

- (a) The secured bank loans were short term loans that borrowed from the banks in PRC by the PRC subsidiaries of the Group and secured by the properties in PRC. The principal amount of these short term loans were RMB191,560,000 (2009: RMB189,560,000) (equivalent to approximately HK\$219,953,000 (2009: HK\$215,308,000). The interest rate ranged from 4.617% per annum to 6.372% per annum.

The Group's borrowings are denominated in Renminbi.

NOTES TO CONDENSED ACCOUNTS (cont'd)**15. OBLIGATIONS UNDER FINANCE LEASES**

Details of obligation under finance leases was as follows:

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Obligations under finance leases repayable:		
Within 1 year	-	4
After 1 year but within 2 years	-	-
After 2 years but within 5 years	-	-
	<hr/>	<hr/>
	-	4
Less: future finance charges on finance leases	-	(1)
	<hr/>	<hr/>
Present value of obligations under finance leases	-	3
	<hr/>	<hr/>

16. SHARE CAPITAL

	Unaudited 30 June 2010 HK\$'000	Audited 31 December 2009 HK\$'000
Authorised:		
8,000,000,000 (2009: 6,000,000,000) ordinary shares of HK\$0.10 each	800,000	600,000
	<hr/>	<hr/>
Issued and fully paid:		
3,815,303,300 (2009: 2,620,781,300) ordinary shares of HK\$0.10 each	381,530	262,078
	<hr/>	<hr/>

By an ordinary resolution passed in Extraordinary General Meeting on 19 February 2010, the authorised share capital of the Company increased from HK\$600,000,000 to HK\$800,000,000 by the creation of an additional 2,000,000,000 shares of HK\$0.10 each.

NOTES TO CONDENSED ACCOUNTS (cont'd)**16. SHARE CAPITAL (cont'd)**

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
At 1 January 2009	1,333,211	133,321
Exercise of share options	198,506	19,851
Allotment through open offer	644,620	64,462
Exercise of convertible bonds	444,444	44,444
	<hr/>	<hr/>
At 31 December 2009 and at 1 January 2010	2,620,781	262,078
Allotment of consideration shares	762,022	76,202
Exercise of convertible bonds	432,500	43,250
	<hr/>	<hr/>
At 30 June 2010	3,815,303	381,530

17. OPERATING LEASES COMMITMENTS**As lessee**

The Group leases certain land and buildings under operating leases arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases as follows:

	Unaudited 30 June 2010 <i>HK\$'000</i>	Audited 31 December 2009 <i>HK\$'000</i>
Within 1 year	8,563	2,171
After 1 year but within 5 years	3,846	–
After 5 years	–	–
	<hr/>	<hr/>
	12,409	2,171

NOTES TO CONDENSED ACCOUNTS (cont'd)**18. CAPITAL COMMITMENTS**

At 30 June 2010, the Group had the following capital commitments:

	Unaudited	Audited
	30 June	31 December
	2010	2009
	HK\$'000	HK\$'000
Contracted but not provided for:		
Property, plant and equipment	24,565	47,977
Acquisition of a subsidiary	–	1,200,000
	24,565	1,247,977

The Group did not have any material capital commitments at 30 June 2010 (31 December 2009: Nil).

19. ACQUISITION OF A SUBSIDIARY

Pursuant to the agreements the Company has conditionally agreed to purchase the entire issued share capital of an Australian company, Westralian Resources Pty. Ltd., and its mining subsidiary, Hunan Westralian Mining Co., Ltd. at a total consideration of approximately HK\$1,200 million which was satisfied by issues of new shares of approximately HK\$305 million and convertible bonds of approximately HK\$895 million. On 31 March 2010, the purchase and sale agreement was formally completed. Details of the transaction can be found in the circular dated 1 February 2010 and the announcement dated 31 March 2010.

During the Period, approximately HK\$173 million of convertible bonds were convertible into 432,500,000 ordinary shares at exercise price of HK\$0.4 per ordinary shares

	Unaudited
	30 June
	2010
	HK\$'000
Purchase consideration:	
Consideration shares	304,809
Convertible bonds	895,191
Less: Fair value of net assets acquired shown below	(310,070)
Goodwill	889,930

NOTES TO CONDENSED ACCOUNTS (cont'd)**19. ACQUISITION OF A SUBSIDIARY (cont'd)**

	Fair value <i>HK\$'000</i>	Carrying amounts <i>HK\$'000</i>
Property, plant and equipment	14,610	14,610
Intangible assets	234,117	234,117
Other assets	47,323	47,323
	<hr/>	<hr/>
	296,050	296,050
Other payables	(166)	(166)
Minority interests	14,186	14,186
	<hr/>	<hr/>
Net assets attributed to the Group	310,070	310,070
	<hr/>	<hr/>
Cash and cash equivalents in subsidiaries acquired	552	
Purchase consideration settled in cash	–	
	<hr/>	
Net cash inflow	552	
	<hr/>	

20. CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any significant contingent liabilities.

21. MATERIAL RELATED PARTY TRANSACTIONS

During the Period, the Group has not entered into any significant related party transactions.

22. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 30 August 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a turnover of HK\$138.04 million, representing a decrease of 36.96% from that of HK\$218.98 million in last period. Gross loss was HK\$0.81 million, representing a decrease of 102.16% from that of gross profit of HK\$37.52 million in last period. Loss for the Period amounted to HK\$122.86 million compared with a loss of HK\$168.76 million in last period. The basic loss per share was HK\$3.75 cents (last period: the basic loss per share of HK\$9.6 cents).

OPERATIONAL REVIEW

I. Household Products

For the Period under review, turnover of household products was HK\$3.07 million, representing a decline of 42.94% from last period and accounting for 2.22% of the Group's total turnover. The gross margin of this segment was gradually deteriorated by the fierce market competition. The Group will try to maintain its market share by competitive pricing and marketing strategy.

II. Industrial Products

For the Period ended 30 June 2010, turnover of industrial products went down by 27.96% to HK\$85.19 million, accounting for 61.71% of the Group's total turnover. Industrial surfactants, with a long operation history and a strong customer base, used to be the Group's primary business. Despite the difficult operating environment in 2010 for PRC textile and garment industry, the Group was able to maintain considerable market shares in the sector. Although current PRC market of industrial enzymes for textile industry is dominated by foreign players, the Group is confident of being capable of grabbing market share over the time with good product quality and relatively lower price.

III. Cosmetics and Skincare Products

During the review Period, turnover of cosmetics and skincare products decreased by 68.48% to HK\$30.05 million, accounting for 21.77% of the Group's total turnover. The global financial crisis also resulted in a profound effect on the economy of PRC, causing weaker consumer demand due to a slowdown in economic growth. With a state-of-the-art GMPC compliant production base and R&D expertise, the Group continued its expansion into the European and North American markets by providing ODM cosmetics and skincare products in the formats of gift and premium packages.

IV. Biotechnology Products

There was no biotechnology products being sold for the Period.

MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

OPERATIONAL REVIEW (cont'd)

V. Investments

The realisation of investment securities for the Period resulted in operating profit of HK\$0.86 million (last period: unrealised profit of HK\$9.56 million).

VI. Mining Products

The operational issues of mining segments were being reviewed by the Group, therefore, the mining and production process were not yet commenced. Within the relevant period, the Group has not conducted any significant activities in exploration, development and production, and therefore did not incur any significant cost in exploration, development and production in relation to gold mining.

USE OF PROCEEDS FROM ISSUE OF SHARES

There was no share options being exercised for the Period.

During the Period, 762,022,000 ordinary shares and 432,500,000 ordinary shares were allotted to the allottees as consideration shares and exercise of the conversion rights attaching to the Company's convertible bonds issued as consideration for acquisition of indirectly interests in 80% of a mining company. Details of the transaction can be found in the circular dated 1 February 2010. The allotment of consideration shares and the conversion of convertible bonds during the Period resulted in the issue of 1,194,522,000 additional ordinary shares of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained cash and cash equivalent of approximately HK\$49.85 million as at the end of the Period. The Group adopts conservative treasury policies in cash and financial management. Most of the retained cash was placed as Renminbi and Hong Kong Dollars short term deposits and therefore exposure to exchange fluctuations was minimal. The Group also invested in a combination of portfolio investments such as marketable securities, bonds, funds, foreign currencies and fixed income assets in order to increase the financial returns. Shareholders' funds as at 30 June 2010 was HK\$3,056.85 million compared with that of HK\$2,432.94 million as at 31 December 2009, representing an increase of HK\$623.91 million or 25.64%.

Pursuant to the agreements the Company has conditionally agreed to purchase the entire issued share capital of an Australian company, Westralian Resources Pty. Ltd., and its mining subsidiary, Hunan Westralian Mining Co., Ltd. at a total consideration of approximately HK\$1,200 million which was satisfied by issues of new shares of HK\$305 million and convertible bond of HK\$895 million. On 31 March 2010, the purchase and sale agreement was formally completed.

LIQUIDITY AND FINANCIAL RESOURCES (cont'd)

The Group's capital expenditure for the Period amounted to HK\$18.05 million were funded from cash generated from operations, bank loans, issue of shares and convertible bonds. Of the HK\$18.05 million, there was HK\$14.61 million related to acquisition of a subsidiary which was financed by issue of shares and convertible bonds.

The indebtedness of the Group mainly comprises bank loans which are largely denominated in Renminbi. The Group's borrowings are closely monitored to ensure a smooth repayment schedule to maturity.

As at 30 June 2010, the Group's banking facilities had been utilized to the extent of approximately HK\$220 million which are short term bank loans.

The Group's inventory turnover period increased from 52 days in last year to 88 days in current period. Debtor's and creditor's turnover periods were 67 days and 53 days respectively. Net debt to equity ratio and gearing ratio (total interest bearing debts over total assets) were 31.09% and 5.43% respectively whereas current ratio was 0.79.

PROSPECTS

New Business with Enormous Potential – Green Energy Recycling

Regarding the green energy recycling project (the "Project"), the Hong Kong Science and Technology Parks Corporation of the HKSAR Government granted a site of approximately 24,000 square metres in Yuen Long Industrial Estate at approximately HK\$39.01 million for the Group to set up its recycle energy business. The Group has submitted application to Hong Kong Environmental Protection Department (EPD) and is now under negotiation with the Government. The Group believes that this business will become one of the major sources of revenue to the Group in the future.

The Group will first develop the Hong Kong market, mainly through wholesaling high quality petroleum and chemical (such as carbon black and/or active carbon) products to different clients including public transportation corporations. In the long run, the Group targets to expand the business to overseas markets under high oil price pressure, such as Singapore, Malaysia and Japan. The Group believes its development strategy will accelerate its growth and bring remarkable returns to shareholders.

PROSPECTS (cont'd)

Cosmetics and Skincare Products

Currently, the Group has both the retail line and professional line of product series which are under the Group's own brand name of "Marjorie Bertagne (MB)" and consistently develops and promotes new series of MB products. Besides, leveraging on our strong in-house product design and state-of-the-art production facilities, the Group is planning to launch another brand focusing on functional cleansing for younger generation of customers to capture more market shares. The Group expects to launch the new brand in PRC as its first market. Other than that, the Group also designs and produces high quality skincare products, colour cosmetics and toiletries for its ODM and OEM customers in Europe and United States at competitive prices. As part of the "one-stop service" of this ODM and OEM business, the Group also provides research, development, sourcing, merchandising and technical enquires to its customers.

Biotech Products

The Directors believe that the business for industrial enzymes will bring revenues to industrial segment due to the rising awareness of environmental protection issue by the PRC Government. The Group also believes that the production of industrial enzymes will greatly reduce its reliance on overseas import as well as production costs.

INTERIM DIVIDEND

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

EMPLOYEE AND REMUNERATION POLICIES

The Group's clear and effective management policies have enabled it to maintain good staff relations. It has not encountered any difficulties in recruiting experienced personnel and there has not been any interruption to its operations as a result of labour disputes. The Group provides social security benefits encompassing the mandatory provident fund and health insurance scheme to all its employees. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

As at 30 June 2010, the Group had 720 employees. Total staff costs paid during the period was approximately HK\$27.03 million.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 20 December 2001, the share option scheme adopted by the Company on 28 November 2000 (the "Old Scheme") was terminated and another share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Old Scheme remain in force and all share options granted prior to such termination continue to be valid and exercisable in accordance therewith. There are no changes in any terms of the schemes during the Period. The detailed terms of the schemes were disclosed in the 2009 annual accounts.

As at 30 June 2010, there was no outstanding share options which have been granted under the Old Scheme.

During the Period, 262,078,130 share options were granted under the New Scheme.

Detail of the share options outstanding as at 30 June 2010 which have been granted under the New Scheme are as follows:

Participant	Date of grant	Original exercise price HK\$	Number of share options				Company's share price	
			1-Jan-10	Granted during the period	Exercised during the period	30-Jun-10	At date of grant HK\$	At date of exercise HK\$
Suppliers of goods or services, customers and others								
In aggregate	7 July 2009 ⁽¹⁾	0.44	10,000,985	-	-	10,000,985	0.44	N/A
	25 February 2010 ⁽¹⁾	0.349	-	262,078,130	-	262,078,130	0.34	N/A
			10,000,985	262,078,130	-	272,079,115		
Share options granted under the New Scheme			10,000,985	262,078,130	-	272,079,115		

SHARE OPTIONS (cont'd)

Note:

- ⁽¹⁾ The exercisable period of the above share options is 3 years from the date of grant as determined by the Directors. The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange's closing price on the trading day immediately prior to the date of grant of the share options. The price of the Company's shares disclosed as at the date of exercise of the share options is the weighted average closing price of the shares immediately before the dates on which share options were exercised.

The fair value of share options granted is recognised in profit and loss account taking into account the probability that the share options will vest over the vesting period. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which lapsed, if any, prior to their exercise date are deleted from the outstanding options.

CONTINGENT LIABILITY AND CHARGE OF GROUP ASSETS

As at 30 June 2010, the Group did not have any significant contingent liabilities. As at 30 June 2010, certain bank loans were secured by the properties in PRC.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The Company had no purchase, redemption or sales of its own shares during the Period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY, DEBT SECURITIES OR WARRANTS

At 30 June 2010, no directors, chief executives or their associates had any interest or short position in the shares or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2010, the register of substantial shareholders maintained under Section 336 of the SFO showed that, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital:

Name of shareholder	Number of ordinary shares	Percentage of the Company's share capital
Star Sino International Limited	1,110,000,000	29.09%
Double Chance Investments Limited	569,046,976	14.91%
Successful Era Investments Limited	300,000,000	7.86%

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, the Company has not been notified by any other person (other than a director of the Company disclosed above) who has an interest or short position in the shares or underlying shares of the Company pursuant to Section 336 of the SFO as at 30 June 2010.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rule throughout the Period except for the deviations as mentioned below:

Code provision A.2.1 stipulated that the role of chairman and chief executive officer ("CEO") should be separated and not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. The Board considered that the non-segregation would not result in considerable concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board ensured that all Directors complied with good corporate governance practices and are properly briefed on issues arising at the Board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the Period.

AUDIT COMMITTEE

The Company's Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheung Kwok Yu, Ms. Lin Ying and Mr. Li Yongxiang.

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the HKICPA. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The Audit Committee has regularly reviewed with the management the accounting principles and policies adopted by the Group. The unaudited interim financial statements for the six months ended 30 June 2010 was reviewed by the Audit Committee.

BOARD OF DIRECTORS

As at the date of this interim report, the executive Directors are Mr. Yip Chung Wai David, Mr. Wong Hiu Tung and Mr. Jia Xuelei; and the independent non-executive Directors are Mr. Cheung Kwok Yu, Ms. Lin Ying and Mr. Li Yongxiang.

By Order of the Board
Yip Chung Wai, David
Executive Director

Hong Kong, 30 August 2010