BIO-DYNAMIC GROUP LIMITED
生 物 動 力 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
Stock code: 00039

Interim Report 2011

CONTENTS

The board of directors (the "Board") of BIO-DYNAMIC GROUP LIMITED (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2011. These interim results have been reviewed by Ernst & Young, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants, and by the Audit Committee of the Company, comprising the three independent non-executive directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		Six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	5	**249,091**	230,734
Cost of sales		**(238,189)**	(214,169)
Gross profit		**10,902**	16,565
Other income	5	**1,587**	2,240
Selling and distribution costs		**(13,751)**	(8,339)
Administrative expenses		**(30,152)**	(14,750)
Finance costs	6	**(1,973)**	(2,419)
LOSS BEFORE TAX	7	**(33,387)**	(6,703)
Income tax expense	8	**(207)**	271
LOSS FOR THE PERIOD		**(33,594)**	(6,432)
Attributable to:			
Owners of the parent		**(29,257)**	(6,528)
Non-controlling interests		**(4,337)**	96
		(33,594)	(6,432)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	10	**HK(2.5) cents**	HK(0.9)cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(33,594)**	(6,432)
Exchange differences on translation of foreign operations	**8,634**	2,026
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**8,634**	2,026
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(24,960)**	(4,406)
Attributable to:		
Owners of the parent	**(21,425)**	(4,975)
Non-controlling interests	**(3,535)**	569
	(24,960)	(4,406)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 (Unaudited) HK$'000	31 December 2010 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**349,188**	348,878
Prepaid land lease payments		**32,719**	32,461
Goodwill	12	**4,073**	4,073
Other intangible assets	13	**190,738**	195,121
Total non-current assets		**576,718**	580,533
CURRENT ASSETS			
Inventories		**68,448**	69,313
Trade receivables	14	**7,412**	10,531
Prepayments, deposits and other receivables		**42,843**	39,181
Due from related parties		**416**	527
Pledged deposits		**20,776**	20,776
Cash and cash equivalents		**24,916**	38,098
Total current assets		**164,811**	178,426
CURRENT LIABILITIES			
Trade payables	15	**28,800**	19,491
Other payables and accruals		**67,186**	75,765
Interest-bearing bank and other borrowings	16	**63,780**	65,781
Due to related parties		**15,935**	15,832
Due to a non-controlling shareholder of a subsidiary		**32,500**	31,730
Tax payable		**7,070**	5,974
Total current liabilities		**215,271**	214,573
NET CURRENT LIABILITIES		**(50,460)**	(36,147)
TOTAL ASSETS LESS CURRENT LIABILITIES		**526,258**	544,386
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**26,519**	27,182
Deferred income		**12,438**	12,381
Total non-current liabilities		**38,957**	39,563
Net assets		**487,301**	504,823
EQUITY			
Equity attributable to owners of the parent			
Issued capital	17	**117,650**	114,545
Reserves		**306,880**	324,634
		424,530	439,179
Non-controlling interests		**62,771**	65,644
Total equity		**487,301**	504,823

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the parent									
	Issued capital (Unaudited) *HK$'000*	Share premium account (Unaudited) *HK$'000*	Share option reserve (Unaudited) *HK$'000*	Merger reserve (Unaudited) *HK$'000*	Other reserve (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	Accumulated losses (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2010	61,351	386,276	25,517	36,465	–	20,609	(315,482)	214,736	48,404	263,140
Loss for the period	–	–	–	–	–	–	(6,528)	(6,528)	96	(6,432)
Other comprehensive income for the period: Exchange differences on translation of foreign operations	–	–	–	–	–	1,553	–	1,553	473	2,026
Total comprehensive loss for the period	–	–	–	–	–	1,553	(6,528)	(4,975)	569	(4,406)
Contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	11,234	11,234
Issue of shares	18,307	61,708	(1,396)	(37,000)	–	–	–	41,619	–	41,619
Share issue expenses	–	(779)	–	–	–	–	–	(779)	–	(779)
Equity-settled share option arrangement	–	–	498	–	–	–	–	498	–	498
At 30 June 2010	79,658	447,205	24,619	(535)	–	22,162	(322,010)	251,099	60,207	311,306
At 1 January 2011	**114,545**	**681,555***	**13,745***	**(535)***	**22,800***	**27,563***	**(420,494)***	**439,179**	**65,644**	**504,823**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(29,257)**	**(29,257)**	**(4,337)**	**(33,594)**
Other comprehensive income for the period: Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**7,832**	**-**	**7,832**	**802**	**8,634**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**7,832**	**(29,257)**	**(21,425)**	**(3,535)**	**(24,960)**
Contribution from a non-controlling shareholder of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**662**	**662**
Issue of shares	**3,105**	**21,194**	**(1,174)**	**-**	**(22,800)**	**-**	**-**	**325**	**-**	**325**
Equity-settled share option arrangement	**-**	**-**	**6,451**	**-**	**-**	**-**	**-**	**6,451**	**-**	**6,451**
At 30 June 2011	**117,650**	**702,749***	**19,022***	**(535)***	**-***	**35,395***	**(449,751)***	**424,530**	**62,771**	**487,301**

* These reserve accounts comprise the consolidated reserves of HK$306,880,000 (31 December 2010: HK$324,634,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash flows from operating activities	**6,377**	5,017
Net cash flows used in investing activities	**(13,838)**	(19,060)
Net cash flows from/(used in) financing activities	**(4,603)**	15,458
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(12,064)**	1,415
Cash and cash equivalents at beginning of period	**38,098**	15,201
Effect of foreign exchange rate changes, net	**(1,118)**	(270)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**24,916**	16,346
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**24,916**	16,346

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011

1. BASIS OF PRESENTATION

At 30 June 2011, the Group had net current liabilities of HK$50,460,000, inclusive of bank and other borrowings of HK$63,780,000 which were due for repayment or renewal within the next 12 months. The Group incurred a consolidated loss of HK$33,594,000 for the six months ended 30 June 2011.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, China Enterprise Capital Limited ("CEC"), a substantial shareholder of the Company, has agreed to provide continuous financial support to the Group.

In light of the continuous financial support provided by CEC, the directors are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future, and are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in the interim condensed consolidated financial statements.

2. BASIS OF PREPARATION

The unaudited interim 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.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

3. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the new and revised standards and interpretations as of 1 January 2011, noted below.

HKFRS 1 Amendment	Amendment to HKFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Improvements to HKFRSs	Amendments to a number of HKFRSs issued in May 2010

The adoption of the above new and revised standards and interpretations has had no material effect on the accounting policies of the Group and the methods of computation in the interim condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the ethanol segment is engaged in the production and sale of ethanol products and ethanol by-products;

(b) the alcoholic beverage segment is engaged in sales and distribution of alcoholic beverages; and

(c) the animal feed segment is engaged in the production and sale of forages.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results. Segment results are measured consistently with the Group's loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

No intersegment sale and transfer is transacted for the six months ended 30 June 2011 and 2010.

4. OPERATING SEGMENT INFORMATION (continued)

	Ethanol (Unaudited) HK$'000	Alcoholic beverage (Unaudited) HK$'000	Animal feed (Unaudited) HK$'000	Total (Unaudited) HK$'000
Six months ended 30 June 2011				
Segment revenue:				
Sales to external customers	**176,363**	**72,728**	**–**	**249,091**
Segment results	**(20,530)**	**1,318**	**(3,152)**	**(22,364)**
Reconciliation:				
Interest income				**74**
Finance costs				**(1,973)**
Corporate and other unallocated expenses				**(9,124)**
Loss before tax				**(33,387)**
Six months ended 30 June 2010				
Segment revenue:				
Sales to external customers	177,491	53,243	–	230,734
Segment results	(2,374)	964	–	(1,410)
Reconciliation:				
Interest income				22
Finance costs				(2,419)
Corporate and other unallocated expenses				(2,896)
Loss before tax				(6,703)

5. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue and other income is as follows:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**249,091**	230,734
Other income		
Government grants	**244**	380
Interest income	**74**	22
Others	**1,269**	1,838
	1,587	2,240

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other loans wholly repayable within five years	**1,973**	2,419

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**237,158**	222,597
Depreciation	**13,631**	12,712
Amortisation of prepaid land lease payments	**529**	502
Amortisation of other intangible assets	**6,055**	1,369

8. INCOME TAX

During the period, no Hong Kong profits tax has been provided as there was no assessable profit arising from Hong Kong.

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current	**1,180**	–
Deferred	**(973)**	(271)
Total tax charge/(credit) for the period	**207**	(271)

Under the new corporate income tax law of the People's Republic of China (the "PRC") effective from 1 January 2008, the tax rate applicable to domestic-invested enterprises and foreign-invested enterprises has been standardised at 25%. One of the Group's subsidiaries is exempted from PRC corporate income tax for its first two profit-making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the succeeding three years. Although this subsidiary has no assessable profit since its date of registration, based on the State Council Circular on the Implementation of Transitional Concession Policies for Corporate Income Tax (Guo Fa [2007] No. 39), this subsidiary should be subject to the first year exemption in 2008 whether or not it has assessable profit.

9. DIVIDENDS

The directors do not recommend the payment of any dividend for the six months ended 30 June 2011 (2010: Nil).

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent of HK$29,257,000 (2010: HK$6,528,000) and the weighted average number of ordinary shares of 1,147,961,742 (2010: 694,738,136) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2011 and 2010 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Carrying amount at 1 January	**348,878**	335,063
Additions	**5,771**	24,457
Acquisition of subsidiaries	**–**	16,495
Disposals	**(275)**	(11,229)
Depreciation provided during the period/year	**(13,631)**	(27,376)
Exchange realignment	**8,445**	11,468
Carrying amount at 30 June/31 December	**349,188**	348,878
At 30 June/31 December:		
Cost	**437,021**	421,358
Accumulated depreciation and impairment	**(87,833)**	(72,480)
Net carrying amount	**349,188**	348,878

12. GOODWILL

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Cost at 1 January, net of accumulated impairment	**4,073**	–
Acquisition of subsidiaries	**–**	64,073
Impairment during the period/year	**–**	(60,000)
Cost at 30 June/31 December, net of accumulated impairment	**4,073**	4,073
At 30 June/31 December:		
Cost	**71,089**	71,089
Accumulated impairment	**(67,016)**	(67,016)
Net carrying amount	**4,073**	4,073

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate the carrying value may be impaired. During the six months ended 30 June 2011, no impairment loss has been recognised.

13. OTHER INTANGIBLE ASSETS

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Carrying amount at 1 January	**195,121**	75,203
Additions	**–**	71,965
Acquisition of subsidiaries	**–**	51,914
Amortisation provided during the period/year	**(6,055)**	(5,395)
Exchange realignment	**1,672**	1,434
Carrying amount at 30 June/31 December	**190,738**	195,121
At 30 June/31 December:		
Cost	**280,709**	277,980
Accumulated amortisation and impairment	**(89,971)**	(82,859)
Net carrying amount	**190,738**	195,121

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. During the six months ended 30 June 2011, no impairment provision on non-financial assets has been made.

14. TRADE RECEIVABLES

Other than the cash and credit card sales, the Group allows a credit period which is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit.

None of the trade receivables is impaired. An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Within 1 month	**6,931**	9,842
1 to 2 months	**74**	116
2 to 3 months	**–**	–
Over 3 months	**407**	573
	7,412	10,531

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Within 1 month	**5,558**	8,879
1 to 2 months	**9,298**	4,478
2 to 3 months	**7,084**	562
Over 3 months	**6,860**	5,572
	28,800	19,491

The trade payables are non-interest-bearing.

16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2011			31 December 2010		
	Effective interest rate (%)	**Maturity**	***HK$'000*** **(Unaudited)**	Effective interest rate (%)	Maturity	*HK$'000* (Audited)
Current						
Bank loans – secured	**5.31-5.84**	**2011**	**60,185**	5.31-6.37	2011	62,285
Other loans – unsecured	**6.37**	**2011**	**3,595**	6.37	2011	3,496
			63,780			65,781

	30 June 2011 (Unaudited) ***HK$'000***	31 December 2010 (Audited) *HK$'000*
Analysed into:		
Bank loans and other borrowings:		
Within one year	**63,780**	65,781

As at 30 June 2011, the Group's loan facilities amounting to HK$48,148,000 (31 December 2010: HK$47,008,000), of which HK$41,528,000 (31 December 2010: HK$40,544,000) had been utilised as at the end of the reporting period, are secured by mortgages over the Group's property, plant and equipment and leasehold land, which had an aggregate carrying value at the end of the reporting period of approximately HK$69,816,000 (31 December 2010: HK$69,615,000) and HK$16,041,000 (31 December 2010: HK$15,832,000), respectively. The Group's bank loan of HK$18,657,000 (31 December 2010: HK$18,216,000) are secured by the pledged deposit of HK$20,776,000 (31 December 2010: HK$20,776,000) held by the Group. As at 31 December 2010, the Group's bank loan of HK$3,525,000 was secured by a property held by a related party.

The Group's bank and other borrowings are denominated in RMB and bear interest at fixed interest rates. The carrying amounts of the Group's borrowings approximate to their fair values.

17. SHARE CAPITAL

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Authorised:		
4,000,000,000 (2010: 4,000,000,000) ordinary shares of HK$0.1 each	**400,000**	400,000
Issued and fully paid:		
1,176,496,263 (2010: 1,145,446,263) ordinary shares of HK$0.1 each	**117,650**	114,545

During the six months ended 30 June 2011, the movements in share capital were as follows:

(a) The subscription rights attaching to 1,050,000 share options were exercised at the subscription price of HK$0.288 and HK$0.73 per share, resulting in the issue of 1,050,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$325,000. An amount of HK$1,394,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(b) On 2 June 2011, the Company allotted and issued 30,000,000 shares as the additional consideration shares for the Group's acquisition of 100% equity interests in Keen Vitality Holdings Limited. An amount of HK$19,800,000 was transferred from the other reserve to the share premium account. Further details of the acquisition of Keen Vitality Holdings Limited were set out in the circular of the Company dated 17 August 2010.

18. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Within one year	**3,220**	3,541
In the second to fifth years	**4,399**	5,181
	7,619	8,722

19. COMMITMENTS

In addition to the operating lease commitments detailed in note 18 above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2011 (Unaudited) *HK$'000*	31 December 2010 (Audited) *HK$'000*
Contracted, but not provided for:		
Purchase of machinery	**962**	596

20. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the period:

	Six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Rental paid to companies which have common directors with the Company	**573**	180

The office and warehouse rental expenses were made according to market prices.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2011 (Unaudited) *HK$'000*	2010 (Unaudited) *HK$'000*
Short term employee benefits	**444**	694
Post-employment benefits	**5**	5
Equity-settled share option expense	**1,519**	419
Total compensation paid to key management personnel	**1,968**	1,118

21. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 18 August 2011.

INDEPENDENT AUDITORS' REVIEW REPORT

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central, Hong Kong

To the board of directors of
BIO-DYNAMIC GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 2 to 16, which comprise the condensed consolidated statement of financial position of BIO-DYNAMIC GROUP LIMITED and its subsidiaries as at 30 June 2011 and the related condensed consolidated income statement, comprehensive income, changes in equity and cash flows for the six months period then ended, and the explanatory notes. The 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.

The directors are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 Hong Kong Institute of Certified Public Accountants. 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our opinion, we draw attention to Note 1 to the interim condensed consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK$33,594,000 during the six months ended 30 June 2011, and, as at that date, the Group's consolidated current liabilities exceeded its consolidated current assets by HK$50,460,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Ernst & Young
Certified Public Accountants
18 August 2011

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the six months ended 30 June 2011 (the "Period"), the Group's revenue was approximately HK$249.1 million, representing an increase of 8.0% over the corresponding period last year. Loss attributable to owners of the parent was approximately HK$29.3 million, representing an increase of 348.2% over the corresponding period last year. Loss per share for the Period was HK2.5 cents (2010: HK0.9 cents).

During the Period, the Group's alcoholic beverage business recorded growth in revenue and profit. However, the Group's ethanol business recorded a substantial increase in loss. As a result, the loss attributable to owners of the parent increased substantially as compared to the corresponding period last year.

SEGMENTAL INFORMATION

Ethanol business

The Group's ethanol business is principally engaged in the production and sale of ethanol products and ethanol by-products in the PRC. Ethanol is the core products of the Group. Currently, the Group manages and operates an ethanol production facility located in Harbin, PRC. The Group's Harbin production facility is designed to have an annual production capacity of 60,000 tonnes.

During the Period, the ethanol business recorded revenue of approximately HK$176.4 million, down 0.6% over the corresponding period last year and accounted for 70.8% (2010: 76.9%) of the total revenue. In order to reduce the future costs of electricity, the Group's Harbin production facility has temporarily suspended its production process for around one month during the Period to start up its own electric power generation facility. This temporary suspension has led to a decrease in sales volume of the ethanol products and hence, ethanol by-products. Despite the decrease in sales volume, the revenue of ethanol products increased by 5.4% to approximately HK$137.3 million due to the increase in its average selling price and the appreciation of Renminbi. However, the revenue of ethanol by-products decreased by 17.3% to approximately HK$39.1 million because the increase in its average selling price cannot offset the decrease in its sales volume. As a result, the total revenue of this business dropped slightly during the Period.

Gross loss was approximately HK$7.6 million (2010: gross profit of HK$8.6 million). The gross loss was mainly due to the increase in selling price of ethanol products cannot offset the increase in corn price.

The Group will continue to improve the operational efficiency and cost control of this business so as to improve its financial performance and position.

Alcoholic beverage business

The Group's alcoholic beverage business is principally engaged in sales and distribution of alcoholic beverages in the PRC. Alcoholic beverages are the downstream products of ethanol. Currently, the Group operates a retail and distribution network for selling alcoholic beverages in Guangzhou, Harbin and Hunan province of the PRC. As at 30 June 2011, the Group had 24 wine and liquor specialty stores and 20 franchise stores in Guangzhou.

During the Period, the alcoholic beverage business recorded revenue of approximately HK$72.7 million, up 36.6% over the corresponding period last year and accounted for 29.2% (2010: 23.1%) of the total revenue. The increase in revenue was mainly attributable to the contributions from Power Range Holdings Limited and its subsidiaries (the "Power Range Group") which were acquired in September 2010 and the growth of the Group's retail and distribution operation in Guangzhou. A subsidiary of the Power Range Group is the exclusive distributor of Diancang Jiugui, Xiaoxiangquan under 250ml and Meiming Wenshi in China until May 2020. Gross profit was approximately HK$18.5 million, representing an increase of 132.7% over the corresponding period last year. Gross profit margin improved from 14.9% to 25.4%. The increase was mainly due to enhancement of product mix following the acquisition of Power Range Group.

The Group will continue to improve the product mix and focus on higher margin products to grow its business.

Animal feed business

The Group's animal feed business will principally engage in the production and sale of forages. The Group's forages are the by-products of ethanol. In May 2011, construction of a 100,000 tonne forage production facility within the Group's Harbin ethanol production facility was completed with the forages produced by employing the Group's intellectual property attaining a protein content level to the satisfaction of the Group. The forages were tested by China Northeast Agricultural University Ruminant Nutrition Laboratory for product safety, nutritive value, digestibility and degradability. The Group's forages, which are produced without additives by utilising the liquid waste from the ethanol production process and corn stalk, are found to be higher in protein and digestibility when compared to corn silage.

With the completion of the production facility, the Group achieves industrial mass production of high-protein corn stalk forages. Ethanol liquid waste and crop stalk can be utilised and converted into quality forages for livestock to replace whole-plant corn silage. Through "stalk for livestock and manure for fields", pollution made by the livestock industry can be reduced. Livestock industry development and environmental protection may now go together. The production of high-protein corn stalk forages also has an enormous effect and revolutionary meaning on solving the problem of "competing for food and land between human and livestock" exists in the agricultural sustainability.

During the Period, the Group's animal feed business recorded no revenue. The new forage production facility is expected to commence production in mid October 2011. The Group is currently under negotiation with agricultural sectors to establish plants in different regions in the PRC and is confident that the sales of high-protein forages will be a growth driver of the Group in the future.

FINANCIAL REVIEW

The Group's total revenue for the Period was approximately HK$249.1 million, representing an increase of 8.0% over the corresponding period last year. The increase was mainly attributable to the growth in revenue of alcoholic beverage business.

Gross profit of the Group was approximately HK$10.9 million, representing a decrease of 34.2% over the corresponding period last year. Overall gross profit margin decreased from 7.2% to 4.4%. The decrease was mainly because the Group's ethanol business recorded gross loss during the Period as opposed to gross profit of the corresponding period last year.

Selling and distribution costs was approximately HK$13.8 million, representing an increase of 64.9% over the corresponding period last year and 5.5% (2010: 3.6%) of the Group's revenue. The increase was mainly due to the increase in expenses following the acquisition of Power Range Group in September 2010.

Administrative expenses was approximately HK$30.2 million, representing an increase of 104.4% over the corresponding period last year. The increase was due to (i) the increase in recognition of share option expenses of approximately HK$6.0 million, (ii) the overhead expenses incurred during the temporary suspension of the Group's Harbin production facility of approximately HK$2.2 million, and (iii) the increase in amortisation of intangible assets of approximately HK$4.7 million and other administrative expenses following the acquisition of the Power Range Group and Keen Vitality Holdings Limited in September 2010.

Finance cost was approximately HK$2.0 million, representing a decrease of 18.4% over the corresponding period last year. The decrease was because the Group has repaid most of its other loans in the second half of 2010.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Period, the issued share capital of the Company increased by 31,050,000 shares to 1,176,496,263 shares due to the 30,000,000 shares allotted and issued as additional consideration for the acquisition of Keen Vitality Holdings Limited pursuant to the sale and purchase agreement dated 4 August 2010 and the exercise of share options by directors. Apart from options to subscribe for shares in the Company, there were no other capital instruments in issue.

As at 30 June 2011, the Group has equity attributable to owners of the parent of approximately HK$424.5 million (31 December 2010: HK$439.2 million). Net current liabilities of the Group as at 30 June 2011 amounted to approximately HK$50.5 million (31 December 2010: HK$36.1 million). The Group's unpledged cash and cash equivalents as at 30 June 2011 amounted to approximately HK$24.9 million (31 December 2010: HK$38.1 million), which were denominated in Hong Kong dollars and Renminbi.

As at 30 June 2011, the Group's total borrowings amounted to approximately HK$112.2 million (31 December 2010: HK$113.3 million). The Group's borrowings included bank loans of approximately HK$60.2 million (31 December 2010: HK$62.3 million), other borrowings of approximately HK$3.6 million (31 December 2010: HK$3.5 million), amounts due to related parties of approximately HK$15.9 million (31 December 2010: HK$15.8 million) and an amount due to a non-controlling shareholder of a subsidiary of approximately HK$32.5 million (31 December 2010: HK$31.7 million). All of the borrowings are denominated in Renminbi. The bank loans bear interest rates ranging between 5.31% and 5.84% (31 December 2010: 5.31% and 6.37%). Other borrowings bear interest rate of 6.37% (31 December 2010: 6.37%). The amounts due to related parties and a non-controlling shareholder of a subsidiary are interest-free. The gearing ratio of the Group as at 30 June 2011, calculated as net debt divided by equity attributable to owners of the parent plus net debt, was 30.2% (31 December 2010: 28.0%).

Considered the Group's current unpledged cash and cash equivalents and bank and other borrowings, and the financial support from a substantial shareholder, the management believes that the Group's financial resources are sufficient for its operations.

The Group did not use financial instruments for financial hedging purposes during the Period.

The Group's business transactions, assets and liabilities are principally denominated in Renminbi and Hong Kong dollars. Fluctuations in Renminbi may impact the Group's results and net asset value as the Company's consolidated financial statements are presented in Hong Kong dollars. The Group's treasury policy is to manage its foreign currency exposure only when its potential financial impact is material to the Group. The Group will continue to monitor its foreign exchange position and, if necessary, utilise hedging tools, if available, to manage its foreign currency exposure.

CHARGE ON ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2011, certain of the Group's property, plant and equipment, leasehold land and pledged deposits with aggregate net book value of approximately HK$106.6 million (31 December 2010: HK$106.2 million) were pledged to banks to secure the Group's bank loans.

As at 30 June 2011, the Group had no material contingent liabilities (31 December 2010: Nil).

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2011, the Group had approximately 549 (2010: 475) employees in Hong Kong and the PRC with total staff costs amounted to approximately HK$20.7 million (2010: HK$10.2 million). Remuneration of employees is offered at competitive standards, generally structured with reference to market terms and individual qualifications. The Company has adopted a share option scheme and the purpose of which is to provide incentives to participants for their contribution to the Group, and to enable the Group to recruit and retain quality employees to serve the Group on a long-term basis.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2011, the interests and short positions of the directors in the share capital and underlying shares of the Company or 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 by the Company pursuant to 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, were as follows:

Long positions in ordinary shares of the Company:

	Number of shares held, capacity and nature of interest			Percentage of the Company's issued share capital
Name of director	**Directly beneficially owned**	**Through spouse**	**Total**	
Mr. Lo Peter	3,160,000	–	3,160,000	0.27
Mr. Li Wentao	2,274,000	–	2,274,000	0.19
Mr. Sun David Lee	2,170,000	230,000	2,400,000	0.20
Mr. Zhao Difei	4,300,000	–	4,300,000	0.37
Mr. Li Jian Quan	3,296,000	–	3,296,000	0.28
Mr. Yeung Ting-Lap Derek Emory	100,000		100,000	0.01
	15,300,000	230,000	15,530,000	1.32

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Mr. Lo Peter	7,000,000
Mr. Li Wentao	1,000,000
Mr. Sun David Lee	1,680,000
Mr. Zhao Difei	500,000
Mr. Fu Hui	4,500,000
Mr. Yeung Ting-Lap Derek Emory	200,000
Dr. Loke Yu	150,000
Mr. Zuchowski Sam	400,000
Mr. Zhang Yonggen	200,000
	15,630,000

Save as disclosed above, as at 30 June 2011, none of the directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations that was required to be recorded 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 Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of, the Group. The Scheme was adopted on 23 May 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Details of the Scheme are set out in the published annual report of the Company for the year ended 31 December 2010.

The following table discloses movements in the Company's share options outstanding during the six months ended 30 June 2011:

Name or category of participant	Number of share options: At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** *HK$ per share*	Price of the Company's shares at grant date *HK$ per share*
Directors								
Mr. Lo Peter	1,660,000	–	–	1,660,000	31-10-08	31-10-08 to 30-10-11	0.288	0.28
	1,660,000	–	–	1,660,000	31-10-08	31-10-09 to 30-10-12	0.288	0.28
	840,000	–	–	840,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	840,000	–	–	840,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	1,000,000	–	–	1,000,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	1,000,000	–	–	1,000,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	7,000,000	–	–	7,000,000				
Mr. Li Wentao	500,000	–	–	500,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	500,000	–	–	500,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	1,000,000	–	–	1,000,000				
Mr. Sun David Lee	340,000	–	(340,000)	–	31-10-08	31-10-08 to 30-10-11	0.288	0.28
	1,660,000	–	(660,000)	1,000,000	31-10-08	31-10-09 to 30-10-12	0.288	0.28
	340,000	–	–	340,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	340,000	–	–	340,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	2,680,000	–	(1,000,000)	1,680,000				
Mr. Zhao Difei	250,000	–	–	250,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	250,000	–	–	250,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	500,000	–	–	500,000				
Mr. Fu Hui	2,250,000	–	–	2,250,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	2,250,000	–	–	2,250,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	4,500,000	–	–	4,500,000				

Name or category of participant	Number of share options: At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share	Price of the Company's shares at grant date HK$ per share
Mr. Yeung Ting-Lap Derek Emory	50,000	–	–	50,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	50,000	–	–	50,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	50,000	–	–	50,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	50,000	–	–	50,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	200,000	–	–	200,000				
Dr. Loke Yu	50,000	–	(50,000)	–	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	50,000	–	–	50,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	50,000	–	–	50,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	50,000	–	–	50,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	200,000	–	(50,000)	150,000				
Mr. Zuchowski Sam	100,000	–	–	100,000	11-2-09	11-2-09 to 10-2-12	0.19	0.187
	100,000	–	–	100,000	11-2-09	11-2-10 to 10-2-13	0.19	0.187
	50,000	–	–	50,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	50,000	–	–	50,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	50,000	–	–	50,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	50,000	–	–	50,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	400,000	–	–	400,000				
Mr. Zhang Yonggen	–	100,000	–	100,000	4-5-11	4-5-12 to 3-5-15	1.152	1.15
	–	100,000	–	100,000	4-5-11	4-5-13 to 3-5-16	1.152	1.15
	–	200,000	–	200,000				
	16,480,000	200,000	(1,050,000)	15,630,000				

Name or category of participant	Number of share options At 1 January 2011	Granted during the period	Exercised during the period	At 30 June 2011	Date of grant of share options*	Exercise period of share options	Exercise price of share options** HK$ per share	Price of the Company's shares at grant date HK$ per share
Other employees								
In aggregate	660,000	–	–	660,000	31-10-08	31-10-08 to 30-10-11	0.288	0.28
	1,660,000	–	–	1,660,000	31-10-08	31-10-09 to 30-10-12	0.288	0.28
	680,000	–	–	680,000	26-4-10	26-4-11 to 25-4-14	0.73	0.71
	680,000	–	–	680,000	26-4-10	26-4-12 to 25-4-15	0.73	0.71
	3,400,000	–	–	3,400,000	12-7-10	12-7-11 to 11-7-14	0.62	0.62
	3,400,000	–	–	3,400,000	12-7-10	12-7-12 to 11-7-15	0.62	0.62
	5,000,000	–	–	5,000,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	5,000,000	–	–	5,000,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	20,480,000	–	–	20,480,000				
Consultants								
In aggregate	4,750,000	–	–	4,750,000	13-9-10	13-9-11 to 12-9-14	0.83	0.83
	4,750,000	–	–	4,750,000	13-9-10	13-9-12 to 12-9-15	0.83	0.83
	9,500,000	–	–	9,500,000				
	46,460,000	200,000	(1,050,000)	45,610,000				

Notes to the table of share options outstanding during the period:

* The vesting period of the share options is from the date of grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK$1.19 per share. The closing price of the Company's shares immediately before the date on which the options were granted during the period was HK$1.13 per share.

The fair value of the share options granted during the period was approximately HK$155,000. The fair value of equity-settled share options granted during the period was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	Grant date 04-05-2011
Dividend yield *(%)*	–
Expected volatility *(%)*	104.67 to 104.86
Historical volatility *(%)*	104.67 to 104.86
Risk-free interest rate *(%)*	1.343 to 1.679
Expected life of options *(year)*	4 to 5
Weighted average share price *(HK$)*	1.152

The Group recognised a share option expense of approximately HK$6,451,000 (2010: HK$498,000) during the six months ended 30 June 2011.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued share capital**
China Enterprise Capital Limited *(Note)*	Interest of controlled corporations	402,516,263	34.21
Orientelite Investments Limited *(Note)*	Beneficial owner	195,000,000	16.57
	Interest of a controlled corporation	128,960,000	10.96
CEC Agricapital Group Limited	Beneficial owner	128,960,000	10.96
CEC F&B Limited *(Note)*	Interest of a controlled corporation	78,556,263	6.68
China Food and Beverage Group Limited	Beneficial owner	78,556,263	6.68
Jiang Jianjun	Beneficial owner	70,664,000	6.01
Liang Kui Di	Beneficial owner	64,700,000	5.50
Sun Lian	Beneficial owner	61,248,000	5.21

Note:

China Enterprise Capital Limited owns 100% Orientelite Investments Limited and 100% CEC F&B Limited. Orientelite Investments Limited owns 100% of CEC Agricapital Group Limited and CEC F&B Limited owns 88.6% of the issued share capital of China Food and Beverage Group Limited. Accordingly, China Enterprise Capital Limited is taken under the SFO to be interested in the shares in which Orientelite Investments Limited, CEC Agricapital Group Limited and China Food and Beverage Group Limited have an interest. Orientelite Investments Limited is taken under the SFO to be interested in the shares which CEC Agricapital Group Limited have an interest. CEC F&B Limited is taken under the SFO to be interested in the shares in which China Food and Beverage Group Limited has an interest.

Save as disclosed above, as at 30 June 2011, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2011.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code on ethics and securities transactions ("Code"), which incorporates a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Specified employees who are likely to be in possession of unpublished price-sensitive information of the Company are also subject to the compliance with the Code. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Code throughout the six months ended 30 June 2011.

On 9 August 2011, Mr. Li Wentao, the then executive director and chief executive officer of the Company, informed the Company with apology for his failure to comply with the Code in respect of his purchase and sale of 500,000 shares and 3,226,000 shares of the Company respectively during the period from 19 April 2010 to 24 December 2010. The Company shall iterate and remind the directors and senior management from time to time in respect of the relevant procedures, rules and requirements in relation to directors' and senior management's dealings in order to ensure compliance with the Code.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2011.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the directors since the date of 2010 Annual Report of the Company are set out as follows:

Mr. Li Wentao has resigned as an executive director and the chief executive officer of the Company with effect from 9 August 2011.

Mr. Sun David Lee, an executive director of the Company, was appointed as the chairman of Asia Coal Limited, a company listed on the Main Board of the Stock Exchange, with effect from 30 June 2011.

Mr. Yeung Ting-Lap Derek Emory, a non-executive director of the Company, ceased to be an adjudicator of the registration of persons tribunal of the HKSAR with effect from 1 June 2011.

Mr. Zhang Yonggen was appointed as an independent non-executive director and a member of the audit committee of the Company with effect from 4 May 2011 immediately following the conclusion of the annual general meeting of the Company held in 2011.

Dr. Leung Kwan-Kwok has retired as an independent non-executive director and also ceased to act as a member of the audit committee of the Company with effect from 4 May 2011 immediately following the conclusion of the annual general meeting of the Company held in 2011.

By order of the Board
Peter Lo
Chairman

Hong Kong, 18 August 2011