



Enerchina

H o l d i n g s L i m i t e d

威 華 達 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)

Stock Code: 622

2011

Interim Report

CORPORATE INFORMATION

Board of Directors

Executive Directors

Ou Yaping (*Chairman*)
Chen Wei (*Chief Executive Officer*)
Tang Yui Man Francis
Xiang Ya Bo

Independent Non-executive Directors

Lu Yungang
Xiang Bing
Xin Luo Lin

Authorised Representatives

Tang Yui Man Francis
Xiang Ya Bo

Audit Committee

Lu Yungang
Xiang Bing
Xin Luo Lin (*Chairman*)

Remuneration Committee

Lu Yungang
Ou Yaping
Xiang Bing
Xiang Ya Bo
Xin Luo Lin (*Chairman*)

Company Secretary

Lo Tai On

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong
Telephone : (852) 2521 1181
Facsimile : (852) 2851 0970
Stock Code : 622
Website : <http://www.enerchina.com.hk>

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda)
Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08
Bermuda

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Hong Kong Branch Share Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Legal Advisors

(*As to Hong Kong law*)
Jackson Woo & Associates in
association with Ashurst Hong Kong
Norton Rose
Woo Kwan Lee & Lo

(*As to Bermuda law*)

Conyers Dill & Pearman

Principal Bankers

Bank of China (Hong Kong) Limited
Bank of Hangzhou
China Construction Bank
Hang Seng Bank Limited
Shanghai Pudong Development Bank
China Merchants Bank
UBS AG

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FINANCIAL HIGHLIGHTS:

For the six months ended 30 June 2011

- Total turnover from continuing operation and discontinued operation was HK\$86.2 million
- Profit attributable to owners of the Company was HK\$795.6 million
- Earnings per share from continuing operation and discontinued operation was HK11.07 cents

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the undertaking of investments in the energy and power sector, in particular, in the production and sales of energy-related products and investments in financial services and property businesses. The electricity generation business was discontinued on 22 February 2011 upon the completion of the equity transfer agreement entered into between the Group and CNOOC Gas & Power Group (“CNOOC Gas”) on 19 December 2010.

For the six months ended 30 June 2011, the Group recorded a total turnover from continuing operation and discontinued operation of HK\$86.2 million, a decrease of 59% compared with the same period last year. Total gross loss from continuing operation and discontinued operation amounted to HK\$8.4 million for the six months ended 30 June 2011, a decrease of 67% compared with the same period last year. The decline in total turnover and total gross loss is mainly attributable to the disposal of our electricity generation business in February 2011.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 June 2011 amounted to HK\$795.6 million compared with the unaudited consolidated loss attributable to owners of the Company of HK\$181.5 million for the six months ended 30 June 2010. Basic earnings per share from continuing operation and discontinued operation amounted to HK11.07 cents compared with the loss per share of HK2.52 cents to same period last year. The substantial profit arises mainly from a gain of HK\$780.2 million on the disposal of a subsidiary, Shenzhen Fuhuade Electric Power Co., Ltd. (“Fuhuade”).

Disposal of interests in Fuhuade and Overview of Electricity Generation Business

On 19 December 2010, Goodunited Holdings Limited and Sinolink Electric Power Company Limited, being indirect wholly-owned subsidiaries of the Company, entered into an equity transfer agreement with CNOOC Gas to sell their entire equity interests in Fuhuade to CNOOC Gas at a total consideration of RMB1,037,641,800 (subject to adjustment).

On 23 December 2010, the “Approval Document Regarding the Transfer of Investors’ Equity Interests in Foreign-Owned Enterprise Shenzhen Fuhuade Electric Power Co., Ltd.” from the Science, Industry, Trade & Information Technology Commission of Shenzhen Municipality was received in relation to the equity transfer agreement. On 23 February 2011, Fuhuade received the approval notice from the Market Supervision Administration of Shenzhen Municipality on the change of registration and has subsequently obtained a new business license. As at 30 June 2011, the Group has received RMB680 million from CNOOC Gas, which represented 66% of the total consideration amount for the transfer. Payments for the balance of the total consideration amount as well as the shareholder’s loan due by Fuhuade to the Company are being arranged.

During the period, the Group recorded a turnover of HK\$62.6 million from the electricity generation business, a decrease of HK\$147.9 million compared with the corresponding period last year, as a result of the Group’s cessation of the electricity generation business in February 2011.

High-voltage Porcelain Products – Henan ADD Electricity Equipment Co., Ltd. (“Henan ADD”)

Henan ADD, the principal activities of which are the production and sales of porcelain insulators, represents the Group’s principal activities in the electricity and power generation business. Turnover and gross profit from production and sales of electrical products amounted to approximately HK\$23.6 million and HK\$2.3 million respectively during the period.

The Directors believe that Henan ADD, as a production enterprise for high voltage porcelain products, will continue to broaden its market share in the local and international markets in the energy and power industry and contribute to the Group’s development and enable the Group to establish a strong and competitive foundation within the industry.

Henan ADD has been conducting feasibility studies to enhance its product range and to increase its production capacity; and further investment in new production lines are expected to be made by the Group. Moreover, Henan ADD plans to further strengthen its core high-tech team and research and development capacity in order to accelerate the introduction and launch of new products and enhance its overall competitiveness.

Disposal of shares in Towngas China Company Limited (“Towngas China”)

As at 30 June 2011, the Group beneficially owned 195,487,245 shares in Towngas China, representing approximately 7.95% of the issued share capital of Towngas China. If the Group carries out the future disposal and on the assumption that all remaining Towngas China shares are to be disposed of, the future disposal may constitute a very substantial disposal of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and requires shareholders’ approval in the general meeting of the Company.

On 25 July 2011, the Company dispatched a circular to shareholders to seek a mandate to dispose the remaining shares it holds in Towngas China. The mandate was granted by Shareholders at a special general meeting on 15 August 2011 to directors to effect disposal(s) from time to time for a period of 12 months from 15 August 2011 of all remaining Towngas China shares subject to the following two conditions:

- 1) the selling price per remaining Towngas China share shall represent no more than 20% discount to the average closing price of Towngas China shares in the five trading days immediately prior to the date of the relevant sale and purchase agreement; and
- 2) the minimum selling price per Towngas China share shall not be less than HK\$3.00.

The Company intends to apply the aggregate remaining proceeds from the disposal mandate and the proceeds from the future disposal towards funding the working capital needs of its existing business and funding any future acquisition or investment as and when suitable opportunities arise.

Subscription of shares of Cordoba Homes Limited (“Cordoba”)

On 25 January 2011, Ideal Principles Limited (“Ideal Principles”), a wholly-owned subsidiary of the Company, and Cordoba entered into an agreement pursuant to which Cordoba agreed to issue and Ideal Principles agreed to subscribe for 500,000,000 shares of Cordoba at the subscription price of HK\$300,000,000. As at 30 June 2011, Ideal Principles owns approximately 14.73% of the issued share capital of Cordoba.

Cordoba is incorporated in the British Virgin Islands with limited liability and is principally engaged in property investment, near to cash investments (such as investment in securities trading and money lending business), and investment holding.

The Directors believe that the subscription will enable the Company to enter into the property investment market by leveraging on the expertise of Cordoba Group and to seek for investment opportunities through Cordoba Group’s business and operation, which the Directors believe will benefit the Group in the longer term.

Subscription of shares in Mascotte Holdings Limited (“Mascotte”)

On 6 July 2011, the Company through Kenson Investment Limited, a wholly-owned subsidiary of the Company, entered into a placing commitment letter to subscribe up to 500,000,000 shares of Mascotte at the price of HK\$0.40 per Mascotte share with a total consideration up to HK\$200,000,000. The placing was completed on 14 July 2011, on which date the Group holds approximately 11.1% of the then total issued share capital of Mascotte.

Mascotte is a company incorporated in Bermuda with limited liability and is listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Stock code: 136). The Mascotte group is principally engaged in the trading of investments, loan financing, property investment and the manufacturing of computer, photographic, video, phone and solar powered multi-media bags and accessories.

The Directors believe that the acquisition will enable the Group to hold a strategic investment, through Mascotte’s business and operations, in the market of renewable energy related businesses and also other businesses such as trading of investment, loan financing, property investment, manufacturing of computer related products, which the Directors believe will benefit the Group in the longer term.

FINANCIAL POSITION

As a result of the Group's cessation of the electricity generation business in February 2011, the Group's total borrowings decreased from HK\$941.2 million as at 31 December 2010 to HK\$36.1 million as at 30 June 2011. Gearing ratio as at 30 June 2011, calculated on the basis of total borrowing over shareholders' equity, was 1% as compared to 33% as at 31 December 2010.

Total assets pledged in securing the loan and other general banking facilities have a net book value of HK\$49.4 million as at 30 June 2011. The bank borrowing of the Group is at floating rates and denominated in RMB. The Group's operation is mainly carried out in the PRC and substantial receipts and payments in relation to the operations are denominated in RMB. No financial instruments were used for hedging purpose. The Board will continue to evaluate and monitor the potential impact of the appreciation of RMB to the Group's business and manage the risks of using different financial instruments.

The Group's cash and cash equivalents amounted to HK\$1,352.1 million as at 30 June 2011 and are mostly denominated in RMB, HKD and USD.

Capital Commitments

As at 30 June 2011, the Group had capital commitments in respect of the acquisition of property, plant and equipment but not provided in the financial statements amounting to HK\$5.0 million.

PROSPECTS

In the first half of this year, the PRC government has maintained a "steadily tightening" monetary policy, which resulted in a slowdown in the Chinese economy. Such slowdown is inevitable – and indeed intentional – as the PRC government through macroeconomic control measures strives to curb inflation, adjust the economic structure, and transform the growth model. From this perspective, a moderate slowdown is unavoidable during the process.

Nevertheless, high-end consumption remains strong in the PRC. This coupled with the launch of affordable housing as well as the huge infrastructure development projects under the 12th Five-Year Plan will prevent a significant decline in investment. As such, we believe a great amount of investment and development opportunities still exist in the PRC market.

The Group will utilize the proceeds from the disposal of Fuhuade and Towngas China to strengthen its working capital and seek to invest in or acquire assets or projects with good potential. To increase the flexibility in seeking further suitable investment opportunities and enhance return, the Group will, in addition to seeking investment opportunities in the electricity industry and energy sector and other businesses (including properties and marketable securities), consider investment opportunities in other industries or sectors. Moving forward, the Board will continue to pursue investment opportunities with good strategic value in order to enhance the shareholders' value of the Company.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare an interim dividend for the six months ended 30 June 2011 (2010: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2011, the Group employed approximately 505 full time employees. The Group recognizes the importance of high caliber and competent staff and continues to provide remuneration packages to employees with reference to prevailing market practices and individual performance. In addition, share options may be granted to certain eligible directors and employees of the Group in accordance with the terms of the share option scheme adopted by the Group.

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

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries for the six months ended 30 June 2011.

CORPORATE GOVERNANCE

During the period, the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 30 June 2011, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has an audit committee (“Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors. The members of the Audit Committee are Mr. Lu Yungang, Dr. Xiang Bing and Mr. Xin Luo Lin. The Audit Committee meets regularly with the Company’s senior management and the Company’s auditor to consider the Company’s financial reporting process, the effectiveness of internal controls, the audit process and risk management.

The Audit Committee has reviewed the condensed consolidated financial statements for the six months ended 30 June 2011, including the accounting principles and practices adopted by the Group, in conjunction with the Company’s external auditor, Deloitte Touche Tohmatsu.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our gratitude to all staff for their devoted efforts and hard work.

By Order of the Board
Enerchina Holdings Limited
Chen Wei
Chief Executive Officer

Hong Kong, 25 August 2011

OTHER INFORMATION

Directors' Interests or Short Positions in Shares and in Share Options

At 30 June 2011, the interests or short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Company and the Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares and underlying Shares

Name of Directors	Capacity	Interest in Shares			Total interest in Shares	Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of issued share capital of the Company as at 30.6.2011
		Personal interest	Family interest	Corporate interest				
Chen Wei	Beneficial owner	13,162,500	-	-	13,162,500	41,910,000	55,072,500	0.77%
Lu Yungang	Beneficial owner	-	-	-	-	7,387,336	7,387,336	0.10%
Ou Yaping	Beneficial owner, interest in controlled corporations and joint interest	-	11,960,214	2,617,180,764 <i>(Note)</i>	2,629,140,978	8,784,336	2,637,925,314	36.69%
Tang Yui Man Francis	Beneficial owner	20,840,625	-	-	20,840,625	45,933,360	66,773,985	0.93%
Xiang Ya Bo	Beneficial owner	-	-	-	-	45,933,360	45,933,360	0.64%
Xin Luo Lin	Beneficial owner	9,999,000	-	-	9,999,000	7,387,336	17,386,336	0.24%

Note: 2,617,180,764 Shares represent the aggregate of (i) 2,557,105,618 Shares held by Asia Pacific Promotion Limited ("Asia Pacific") directly; and (ii) 60,075,146 Shares are held by Sinolink Worldwide Holdings Limited ("Sinolink"). Mr. Ou Yaping together with his associates hold a total of 44.28% of the existing issued share capital of Sinolink as at 30 June 2011 and is therefore deemed to be interested in all these 2,617,180,764 Shares under the SFO.

Details of the Directors' interests in share options granted by the Company are set out below under the heading "Directors' rights to acquire Shares or debentures of the Company and associated corporation".

Directors' Rights to Acquire Shares or Debentures of the Company and Associated Corporation

Pursuant to the Company's share option scheme, the Company has granted to certain Directors of the Company options to subscribe for the Shares, details of which as at 30 June 2011 were as follows:

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of Shares subject to outstanding options as at 1.1.2011	Granted/ exercise during the period	Number of Shares subject to outstanding options as at 30.6.2011	Percentage of the issued share capital of the Company as at 30.6.2011
Chen Wei	13.11.2007	01.01.2010 – 12.11.2017	0.322	20,955,000	-	20,955,000	0.29%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	20,955,000	-	20,955,000	0.29%
Lu Yungang	09.06.2004	09.06.2005 – 08.06.2014	0.315	3,196,336	-	3,196,336	0.04%
	13.11.2007	01.01.2010 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%
Ou Yaping	09.06.2004	09.06.2004 – 08.06.2014	0.315	3,196,336	-	3,196,336	0.04%
	13.11.2007	01.01.2010 – 12.11.2017	0.322	2,794,000	-	2,794,000	0.04%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	2,794,000	-	2,794,000	0.04%
Tang Yui Man Francis	09.06.2004	09.06.2004 – 08.06.2014	0.315	31,963,360	-	31,963,360	0.44%
	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
Xiang Ya Bo	09.06.2004	09.06.2004 – 08.06.2014	0.315	31,963,360	-	31,963,360	0.44%
	13.11.2007	01.01.2010 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	6,985,000	-	6,985,000	0.10%
Xin Luo Lin	09.06.2004	09.06.2004 – 08.06.2014	0.315	3,196,336	-	3,196,336	0.04%
	13.11.2007	01.01.2010 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%
	13.11.2007	01.01.2011 – 12.11.2017	0.322	2,095,500	-	2,095,500	0.03%

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. These options represent personal interest held by the Directors as beneficial owners.
3. During the period, no options was granted to or exercised by the Directors of the Company and no options held by the Directors was cancelled or lapsed under the share option scheme.

Save as disclosed above, at no time during the period, the Directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (warrants or debentures of the Company, if applicable) or shares of any of its associated corporation required to be disclosed pursuant to the SFO.

Other than as disclosed above, at no time during the period was the Company, its subsidiaries or holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

Disclosure of information regarding directors

Pursuant to rule 13.51B(1) of the Listing Rules, the changes and updated information regarding directors of the Company are as follows:

Mr. Xin Luo Lin was appointed as a non-executive director of China Environmental Technology Holdings Limited, a listed public company on the Stock Exchange, on 17 March 2011.

Share Option Scheme of the Company

The Company operates a share option scheme adopted by shareholders of the Company on 24 May 2002 (the "2002 Share Option Scheme"), under which the Board may, at its discretion, offer any employee (including any executive director) of the Company or its subsidiaries options to subscribe for Shares subject to the terms and conditions stipulated in the said scheme. The 2002 Share Option Scheme has a life of 10 years.

Details of specific categories options are as follows:

Option type	Date of grant	Exercise period	Exercise price <i>HK\$</i>
2004 Option	09.06.2004	09.06.2004 – 08.06.2014	0.315
	09.06.2004	09.06.2005 – 08.06.2014	0.315
	09.06.2004	09.06.2006 – 08.06.2014	0.315
	09.06.2004	09.12.2006 – 08.06.2014	0.315
2007 Option	13.11.2007	01.01.2010 – 12.11.2017	0.322
	13.11.2007	01.01.2011 – 12.11.2017	0.322

The following table discloses movements in the Company's share options during the period:

	Option types	Outstanding at 1.1.2011	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 30.6.2011
<i>Category 1: Directors</i>						
Chen Wei	2007 Option	41,910,000	-	-	-	41,910,000
Lu Yungang	2004 Option	3,196,336	-	-	-	3,196,336
	2007 Option	4,191,000	-	-	-	4,191,000
Ou Yaping	2004 Option	3,196,336	-	-	-	3,196,336
	2007 Option	5,588,000	-	-	-	5,588,000
Tang Yui Man Francis	2004 Option	31,963,360	-	-	-	31,963,360
	2007 Option	13,970,000	-	-	-	13,970,000
Xiang Ya Bo	2004 Option	31,963,360	-	-	-	31,963,360
	2007 Option	13,970,000	-	-	-	13,970,000
Xin Luo Lin	2004 Option	3,196,336	-	-	-	3,196,336
	2007 Option	4,191,000	-	-	-	4,191,000
Total for directors		157,335,728	-	-	-	157,335,728
<i>Category 2: Employees</i>						
	2004 Option	7,613,651	-	-	-	7,613,651
	2007 Option	46,101,000	-	-	-	46,101,000
Total for employees		53,714,651	-	-	-	53,714,651
All categories		211,050,379	-	-	-	211,050,379

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the period, no options were granted, exercised, cancelled or lapsed under the share option scheme of the Company.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2011, the register of the interests and short positions maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company:

Long positions in Shares

Name of shareholders	Capacity/ Nature of interest	Aggregate interest	Approximate percentage of the issued share capital as at 30.6.2011
Asia Pacific	Beneficial owner and interest of controlled corporations/ Beneficial interest and Corporate interest	2,617,180,764 <i>(Note 1)</i>	36.40%
Pope Asset Management, LLC	Investment Manager/ Other interest	652,351,185	9.07%
Keywise Capital Management (HK) Limited ("Keywise Capital")	Investment Manager/ Other interest	514,885,065 <i>(Note 2)</i>	7.16%
Keywise Greater China Opportunities Master Fund ("Keywise China")	Beneficial owner/ Beneficial interest	461,821,065 <i>(Note 2)</i>	6.42%

Notes:

- 2,617,180,764 Shares represent the aggregate of (i) 2,557,105,618 Shares held by Asia Pacific directly; and (ii) 60,075,146 Shares are held by Sinolink. Mr. Ou through together with his associates hold a total of 44.28% of the existing issued share capital of Sinolink as at 30 June 2011 and is therefore deemed to be interested in all these 2,617,180,764 Shares under the SFO.
- According to the register kept under Section 336 of the SFO. Keywise China and Keywise Capital were interested in 461,821,065 and 514,885,065 Shares respectively. Keywise Capital is an investment manager of Keywise China. Keywise Capital is deemed to be interested in 461,821,065 Shares held by Keywise China.

Deloitte.

德勤

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF ENERCHINA HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 15 to 36, which comprises the condensed consolidated statement of financial position of Enerchina Holdings Limited (the “Company”) and its subsidiaries as of 30 June 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion 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 financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
25 August 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTES	Six months ended	
		30.6.2011 HK\$'000 (Unaudited)	30.6.2010 HK\$'000 (Unaudited)
Continuing operation			
Turnover		23,584	–
Cost of sales		(21,287)	–
Gross profit		2,297	–
Other income	4	12,140	5,278
Other gains and losses	5	43,983	(62,639)
Selling and distribution expenses		(2,963)	–
Administrative expenses		(23,654)	(13,181)
Other expenses		(618)	(28)
Share of results of an associate		–	58,240
Loss on deemed and partial disposal of an associate		–	(108,057)
Finance costs	6	(2,060)	–
Profit (loss) for the period from continuing operation		29,125	(120,387)
Discontinued operation			
Profit (loss) for the period from discontinued operation	8	766,427	(61,098)
Profit (loss) for the period	9	795,552	(181,485)
Other comprehensive income			
Share of other comprehensive income of an associate		–	18,403
Exchange differences arising on translation to presentation currency		6,039	4,657
Exchange differences released upon deregistration of a subsidiary		–	(420)
Other comprehensive income for the period		6,039	22,640
Total comprehensive income (expense) for the period		801,591	(158,845)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTE	Six months ended	
		30.6.2011 <i>HK\$'000</i> <i>(Unaudited)</i>	30.6.2010 <i>HK\$'000</i> <i>(Unaudited)</i>
Profit (loss) for the period attributable to:			
Owners of the Company		795,552	(181,473)
Non-controlling interests		<u>–</u>	<u>(12)</u>
		<u>795,552</u>	<u>(181,485)</u>
Total comprehensive income (expense) attributable to:			
Owners of the Company		801,591	(158,707)
Non-controlling interests		<u>–</u>	<u>(138)</u>
		<u>801,591</u>	<u>(158,845)</u>
		<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings (loss) per share	11		
From continuing and discontinued operations		<u>11.07</u>	<u>(2.52)</u>
From continuing operation		<u>0.41</u>	<u>(1.67)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2011

	NOTES	30.6.2011 <i>HK\$'000</i> <i>(Unaudited)</i>	31.12.2010 <i>HK\$'000</i> <i>(Audited)</i>
Non-current assets			
Property, plant and equipment	12	84,615	1,472,350
Prepaid lease payments		17,764	60,583
Available-for-sale investments	13	583,000	278,000
		<hr/> 685,379	<hr/> 1,810,933
Current assets			
Inventories		42,116	114,258
Prepaid lease payments		466	1,738
Trade and other receivables, deposits and prepayments	14	628,034	197,429
Investments held for trading	15	1,114,582	958,350
Pledged bank deposits		12,019	55,298
Bank balances and cash		1,352,080	1,006,945
		<hr/> 3,149,297	<hr/> 2,334,018
Current liabilities			
Trade, notes and other payables	16	133,478	331,425
Taxation payable		155	8,922
Borrowings – amount due within one year	17	36,058	866,592
		<hr/> 169,691	<hr/> 1,206,939
Net current assets		<hr/> 2,979,606	<hr/> 1,127,079
Total assets less current liabilities		<hr/> 3,664,985	<hr/> 2,938,012
Non-current liabilities			
Borrowings – amount due after one year	17	–	74,618
Net assets		<hr/> 3,664,985	<hr/> 2,863,394
Capital and reserves			
Share capital		71,897	71,897
Reserves		3,593,088	2,791,497
Total equity		<hr/> 3,664,985	<hr/> 2,863,394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Capital reserve	General reserve	Contributed surplus	Share option reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2010 (audited)	71,897	3,041,421	316,585	81,525	3,637	544	11,286	(14,946)	3,511,949	474	3,512,423
Exchange differences arising on translation to presentation currency	-	-	14,504	-	-	-	-	-	14,504	-	14,504
Share of other comprehensive income of an associate	-	-	18,403	-	-	-	-	-	18,403	-	18,403
Exchange differences released upon deregistration of a subsidiary	-	-	(294)	-	-	-	-	-	(294)	(126)	(420)
Loss for the year	-	-	-	-	-	-	-	(683,181)	(683,181)	(12)	(683,193)
Total comprehensive income (expense) for the year	-	-	32,613	-	-	-	-	(683,181)	(650,568)	(138)	(650,706)
Exchange reserve realised on disposal of an associate	-	-	(166,836)	-	-	-	-	166,836	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,013	-	2,013	-	2,013
Share options lapsed	-	-	-	-	-	-	(2,818)	2,818	-	-	-
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	(336)	(336)
At 31 December 2010 (audited)	71,897	3,041,421	182,362	81,525	3,637	544	10,481	(528,473)	2,863,394	-	2,863,394

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the Company										
	Share capital	Share premium	Translation reserve	Capital reserve	General reserve	Contributed surplus	Share option reserve	(Accumulated losses) retained earnings	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011 (audited)	71,897	3,041,421	182,362	81,525	3,637	544	10,481	(528,473)	2,863,394	-	2,863,394
Exchange differences arising on translation to presentation currency	-	-	6,039	-	-	-	-	-	6,039	-	6,039
Profit for the period	-	-	-	-	-	-	-	795,552	795,552	-	795,552
Total comprehensive income for the period	-	-	6,039	-	-	-	-	795,552	801,591	-	801,591
Exchange reserve realised on disposal of a subsidiary	-	-	(185,549)	-	-	-	-	185,549	-	-	-
Disposal of a subsidiary	-	-	-	(81,525)	(3,637)	-	-	85,162	-	-	-
At 30 June 2011 (unaudited)	71,897	3,041,421	2,852	-	-	544	10,481	537,790	3,664,985	-	3,664,985
At 1 January 2010 (audited)	71,897	3,041,421	316,585	81,525	3,637	544	11,286	(14,946)	3,511,949	474	3,512,423
Share of other comprehensive income of an associate	-	-	18,403	-	-	-	-	-	18,403	-	18,403
Exchange differences arising on translation to presentation currency	-	-	4,657	-	-	-	-	-	4,657	-	4,657
Exchange differences released upon deregistration of a subsidiary	-	-	(294)	-	-	-	-	-	(294)	(126)	(420)
Loss for the period	-	-	-	-	-	-	-	(181,473)	(181,473)	(12)	(181,485)
Total comprehensive income (expense) for the period	-	-	22,766	-	-	-	-	(181,473)	(158,707)	(138)	(158,845)
Exchange reserve realised on deemed and partial disposal of an associate	-	-	(19,661)	-	-	-	-	19,661	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,006	-	1,006	-	1,006
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	(336)	(336)
At 30 June 2010 (unaudited)	71,897	3,041,421	319,690	81,525	3,637	544	12,292	(176,758)	3,354,248	-	3,354,248

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTE	Six months ended	
		30.6.2011	30.6.2010
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Net cash used in operating activities		(160,814)	(40,112)
Net cash from investing activities			
Purchase of available-for-sale investments		(305,000)	–
Gross proceeds from partial disposal of an associate		–	306,000
Net proceeds from disposal of a subsidiary	18	786,741	–
Pledged bank deposits made		–	(76,019)
Pledged bank deposits released		23,067	–
Purchase of convertible note		–	(10,000)
Dividend received from an associate		–	8,909
Expenses on partial disposal of an associate		–	(4,626)
Purchase of property, plant and equipment		(25,622)	(656)
Other investing cash flows		10,190	4,091
		489,376	227,699
Net cash from (used in) financing activities			
New bank loans raised		103,081	424,312
Repayment of bank loans		(76,934)	(402,148)
Interest paid on banks and other borrowings		(10,716)	(27,806)
		15,431	(5,642)
Net increase in cash and cash equivalents		343,993	181,945
Cash and cash equivalents at beginning of the period		1,006,945	192,020
Effect of foreign exchange rate changes		1,142	(1,610)
Cash and cash equivalents at end of the period, representing bank balances and cash		1,352,080	372,355

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of electrical products.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”):

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

2. *PRINCIPAL ACCOUNTING POLICIES (Continued)*

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (as revised in 2011)	Employee Benefits ³
HKAS 27 (as revised in 2011)	Separate Financial Statements ³
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ³
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 July 2012.

³ Effective for annual periods beginning on or after 1 January 2013.

The directors anticipate that the application of these new and revised standards will have no material impact on the results and the financial position of the Group.

3. *SEGMENT INFORMATION*

The Group determines its operating segment and measurement of segment profit based on the internal reports to Chief Executive Officer, the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment. The Group's continuing operation comprises manufacture and sales of electrical products and it is determined that the Group has only one operating segment in its continuing operation, accordingly no segment information was disclosed. The Group did not have any operating segment in its continuing operation for the period ended 30 June 2010 since the operation in manufacturing and sales of electrical products was acquired by the Group in July 2010.

3. SEGMENT INFORMATION (Continued)

During the current interim period, the Group disposed of the whole operation in electricity supplies, upon which disposal this operating segment was discontinued and was described in more detail in note 8. The corresponding information for the period ended 30 June 2010 has been re-presented accordingly.

4. OTHER INCOME

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Interest income on:		
– bank deposits	1,772	267
– others	3,372	537
	<u>5,144</u>	<u>804</u>
Dividend income		
– listed	6,852	316
– unlisted	–	1,742
	<u>6,852</u>	<u>2,058</u>
Others	144	2,416
	<u>12,140</u>	<u>5,278</u>

5. OTHER GAINS AND LOSSES

	Six months ended	
	30.6.2011	30.6.2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net gains (losses) on fair value changes of investments held for trading	43,983	(73,428)
Gain on convertible note classified as held for trading	–	10,789
	<u>43,983</u>	<u>(62,639)</u>

6. FINANCE COSTS

	Six months ended	
	30.6.2011	30.6.2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	<u>2,060</u>	<u>–</u>

7. TAXATION

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no assessable profit for both periods.

No PRC Enterprise Income Tax has been provided for the six months ended 30 June 2011 as the Group has no taxable profit for the period.

8. DISCONTINUED OPERATION

On 19 December 2010, the Group entered into an equity transfer agreement (“Agreement”) with 中海石油氣電集團有限責任公司 (CNOOC Gas & Power Group) (“Purchaser”) to dispose of its 100% equity interest in 中海油深圳電力有限公司 (formerly known as 深圳福華德電力有限公司, Shenzhen Fuhuade Electric Power Co., Ltd.) (“Shenzhen Fuhuade”) which was engaged in electricity supply in the PRC. The disposal was completed on 22 February 2011, on which date Shenzhen Fuhuade ceased to be a subsidiary of the Company, accordingly the Group’s electricity supply operation is treated as a discontinued operation.

The profit (loss) from the discontinued operation and the results of the electricity operation which have been included in the condensed consolidated statement of comprehensive income for the current and prior periods is analysed as follows:

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Turnover	62,632	210,529
Cost of sales	(73,285)	(235,702)
	<hr/>	<hr/>
Gross loss	(10,653)	(25,173)
Other income	8,091	404
Administrative expenses	(2,435)	(8,489)
Other expenses	(70)	(34)
Finance costs	(8,656)	(27,806)
	<hr/>	<hr/>
Loss of electricity supply operation for the period	(13,723)	(61,098)
Gain on disposal of electricity supply operation	780,150	-
	<hr/>	<hr/>
Profit (loss) for the period from the discontinued operation	766,427	(61,098)
	<hr/> <hr/>	<hr/> <hr/>

8. DISCONTINUED OPERATION (Continued)

The net cash flows incurred by Shenzhen Fuhuade are as follows:

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Net cash (used in) from operating activities	(13,777)	85,086
Net cash used in investing activities	(19,536)	(76,289)
Net cash from (used in) financing activities	22,743	(5,642)
	<u>(10,570)</u>	<u>3,155</u>

The carrying amounts of the assets and liabilities of Shenzhen Fuhuade at the date of disposal are disclosed in note 18.

9. PROFIT (LOSS) FOR THE PERIOD – CONTINUING OPERATION

	Six months ended	
	30.6.2011	30.6.2010
	HK\$'000	HK\$'000
Profit (loss) for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	2,647	170
Release of prepaid lease payments	201	–
	<u>2,848</u>	<u>170</u>

10. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period.

The directors do not declare the payment of an interim dividend in respect of six months ended 30 June 2011 (six months ended 30 June 2010: nil).

11. EARNINGS (LOSS) PER SHARE (Continued)

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

From discontinued operation

Basic and diluted earnings per share from the discontinued operation is HK10.66 cents per share (six months ended 30 June 2010: loss per share of HK0.85 cents per share), based on the profit for the period from the discontinued operation of HK\$766 million (six months ended 30 June 2010: loss for the period of HK\$61 million) and the denominators detailed above for both basic and diluted earnings (loss) per share.

The computation of diluted earnings (loss) per share has not assumed the exercise of the Company's options as the exercise price was higher than the average market price of shares for both periods.

12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group spent HK\$25,622,000 (six months ended 30 June 2010: HK\$656,000) on acquisition of property, plant and equipment.

13. AVAILABLE-FOR-SALE INVESTMENTS

	30.06.2011 HK\$'000	31.12.2010 HK\$'000
Unlisted shares in overseas, at cost	578,000	278,000
Unlisted shares in Hong Kong, at cost	5,000	–
	<u>583,000</u>	<u>278,000</u>

13. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

On 25 January 2011, Ideal Principles Limited (“Ideal Principles”), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “Cordoba Agreement”) with Cordoba Homes Limited (“Cordoba”), an unlisted private company incorporated in the British Virgin Islands. Pursuant to the Cordoba Agreement, Cordoba agreed to issue and Ideal Principles agreed to subscribe for shares at a subscription price of HK\$300,000,000. As at 30 June 2011, the Group owns approximately 14.73% of the issued share capital of Cordoba. The principal activities of Cordoba and its subsidiaries are principally engaged in property investment, near to cash investments (such as investment in securities trading and money lending business) and investment holding.

In addition to the Group’s investment in Cordoba, investments in unlisted equity securities issued by private entities incorporated overseas and in Hong Kong are held for an identified long term strategic purpose. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.06.2011	31.12.2010
	HK\$'000	HK\$'000
Trade receivables	17,557	105,079
Consideration receivable for disposal of a subsidiary (<i>note 18</i>)	429,858	–
Amount due from Shenzhen Fuhuade (<i>note 18</i>)	155,340	–
Other receivables, deposits and prepayments	25,279	92,350
	<u>628,034</u>	<u>197,429</u>

14. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period:

	30.06.2011 <i>HK\$'000</i>	31.12.2010 <i>HK\$'000</i>
Within 90 days	17,426	96,282
91 – 180 days	–	3,236
181 – 360 days	131	118
Over 360 days	–	5,443
	17,557	105,079

15. INVESTMENTS HELD FOR TRADING

	30.06.2011 <i>HK\$'000</i>	31.12.2010 <i>HK\$'000</i>
Investments held for trading, at fair value		
Listed shares in Hong Kong	1,069,667	955,394
Listed shares in overseas	369	573
Listed debt instrument in Singapore with fixed interest of 13.5% and due in 2016	42,163	–
Unlisted managed investment funds	2,383	2,383
	1,114,582	958,350

The fair values of the investments held for trading relating to listed shares and debt instrument are determined based on the quoted market bid prices of underlying securities available on the relevant exchanges.

15. INVESTMENTS HELD FOR TRADING (Continued)

Included in the listed shares in Hong Kong is an amount of HK\$791,723,000 (31 December 2010: HK\$729,167,000) equity interest in Towngas China Company Limited (“Towngas China”), a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange. The Group’s interest in Towngas China is 7.95% as of 30 June 2011 (31 December 2010: 7.98%). The principal activities of Towngas China and its subsidiaries are the provision of piped city-gas, construction of gas pipelines, the operation of city gas pipeline networks, the operation of gas fuel automobile refilling stations, and the sale of household gas appliances.

With respect to the unlisted managed investment funds, the fair value is measured by reference to the price quoted from a financial institution, the administrator of the investment fund, which is determined by the underlying net asset value held by the unlisted private investment fund.

16. TRADE, NOTES AND OTHER PAYABLES

	30.06.2011	31.12.2010
	HK\$'000	HK\$'000
Trade and notes payables	18,523	110,312
Advances received (<i>Note</i>)	–	146,228
Other taxes arising from disposal of a subsidiary (<i>note 18</i>)	98,000	–
Other payables and accrued charges	16,955	74,885
	133,478	331,425

Note: Amount represented advance from an independent third party unrelated to the Group (the “Entity”). Pursuant to the agreement which the Group entered into with the Entity in 2010, the Entity agreed to advance an amount not exceeding RMB200 million to the Group for the trading of fuel consumables and resell to the enterprises in the PRC. The Group would identify trading opportunity and share the profit or loss based on mutually agreed terms. During the year ended 31 December 2010, an amount of RMB124 million (approximately HK\$146,228,000) was advanced to the Group. During the six months ended 30 June 2011, HK\$57,600,000 was repaid by the Group, while the remaining balance has been disposed of upon the disposal of a subsidiary as disclosed in note 18.

16. TRADE, NOTES AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade and notes payables, presented based on the invoice date, at the end of the reporting period:

	30.6.2011	31.12.2010
	HK\$'000	HK\$'000
Aged:		
Within 90 days	13,954	99,884
91 – 180 days	753	5,828
181 – 360 days	297	836
Over 360 days	3,519	3,764
	<u>18,523</u>	<u>110,312</u>

17. BORROWINGS

	30.6.2011	31.12.2010
	HK\$'000	HK\$'000
Bank loans		
– secured	36,058	418,438
– unsecured	–	522,772
	<u>36,058</u>	<u>941,210</u>
The maturity of the above borrowings is as follows:		
On demand or within one year	36,058	866,592
More than one year but not more than two years	–	74,618
	<u>36,058</u>	<u>941,210</u>
Less: Amount due within one year shown under current liabilities	<u>(36,058)</u>	<u>(866,592)</u>
Amount due after one year	<u>–</u>	<u>74,618</u>

17. BORROWINGS (Continued)

At 30 June 2011, property, plant and equipment with an aggregate carrying amounts of HK\$19,120,000 (31 December 2010: HK\$759,062,000), prepaid lease payments of HK\$18,230,000 (31 December 2010: HK\$18,022,000), bank deposits of HK\$12,019,000 (31 December 2010: HK\$55,298,000) and inventories of nil (31 December 2010: HK\$74,335,000) were pledged to banks for the secured bank loans and other general banking facilities granted to the Group.

18. DISPOSAL OF A SUBSIDIARY

As disclosed in note 8, on 22 February 2011, the Group discontinued its electricity supply operation at the time of disposal of its subsidiary, Shenzhen Fuhuade (the "Disposal"). The net assets of Shenzhen Fuhuade at the date of the Disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	1,415,935
Prepaid lease payments	44,328
Inventories	72,611
Trade and other receivables, deposits and prepayments	78,094
Pledge bank deposits	20,212
Bank balances and cash	30,567
Trade, notes and other payables	(191,906)
Amount due to the Group (<i>Note</i>)	(152,567)
Taxation payable	(8,684)
Borrowings – amount due within one year	(864,929)
Borrowings – amount due after one year	(74,645)
	<hr/>
	369,016
Gain on disposal	780,150
	<hr/>
Total consideration after deducting estimated other tax expenses in relation to the Disposal of HK\$98,000,000	1,149,166
	<hr/> <hr/>
Satisfied by:	
Cash received during the period	817,308
Cash consideration receivable (<i>note 14</i>)	429,858
	<hr/>
	1,247,166
	<hr/> <hr/>
Net cash inflow arising on the Disposal:	
Total cash consideration received	817,308
Bank balances and cash disposed of	(30,567)
	<hr/>
	786,741
	<hr/> <hr/>

18. DISPOSAL OF A SUBSIDIARY (Continued)

Note: The Group has provided loans to Shenzhen Fuhuade pursuant to inter-company loan agreements in the principal amount of US\$12,000,000 (equivalent to HK\$93,000,000) and US\$4,500,000 (equivalent to HK\$35,263,000), which carried interest at fixed rates of 5% and 3% per annum respectively. The outstanding principal amounts of the two loans together with the accrued interests of HK\$152,567,000 as at the date of the Disposal was repayable within 20 days after the date of the Disposal in the event that the shareholding structure of Shenzhen Fuhuade has changed and/or prior to the date of obtaining written consent by Sinolink Electric Power Company Limited (“Sinolink Electric”), a former shareholder of Shenzhen Fuhuade and an indirect wholly owned subsidiary of the Company.

As agreed by Sinolink Electric, the outstanding principal amount of the two loans owe to Sinolink Electric together with the interests accrued up to 30 June 2011 amounts to HK\$155,340,000 in aggregate as disclosed in note 14.

The consideration after deducting estimated other tax expenses such as withholding tax arising on the Disposal is subject to adjustment in accordance with the results of supplemental audit on the financial information of Shenzhen Fuhuade for the period from 1 January 2010 to the date of the Disposal (the “Supplemental Audit”). Up to 30 June 2011, the Supplemental Audit was not yet completed, accordingly, the gain arising on the Disposal of HK\$780,150,000 is determined by consideration of RMB1,037,641,800 (equivalent to HK\$1,247,166,000), which is assumed to be no adjustment after assessment by the directors of the Company, deducting the net assets of Shenzhen Fuhuade disposed of, and other tax expenses in relation to the Disposal of HK\$98,000,000 (note 16).

The deferred consideration will be settled in cash by Purchaser substantially, within 20 days after the results of the Supplemental Audit have been confirmed by the Group and the Purchaser. The directors of the Company expected that such amount will be settled within one year from the end of the reporting period.

The impact of Shenzhen Fuhuade on the Group’s results and cash flows in the current and prior periods is disclosed in note 8.

19. GOVERNMENT SUBSIDIES

During the six months ended 30 June 2010, government subsidies of HK\$86,820,000 were granted by the Treasury of Shenzhen Trade and Industrial Council in compensation for the high fuel cost and to ensure the Group can maintain the profitability for its power plant in times of rising crude oil cost. The government subsidies were recognised in condensed consolidated statement of comprehensive income and were deducted from the related cost of sales for financial reporting purpose. There were no other specific conditions attached to the subsidies and, therefore, the Group recognised the subsidies upon receipt. No government subsidies have been received during the six months ended 30 June 2011.

20. RELATED PARTY TRANSACTION

During the period, the Group had paid or payable office expenses of approximately HK\$1,569,000 (six months ended 30 June 2010: HK\$1,689,000) to Sinolink Worldwide Holdings Limited ("Sinolink Worldwide"). Sinolink Worldwide is a shareholder of the Company and Mr. Ou Yaping, its director and a substantial shareholder, is also a director and a substantial shareholder of the Company. The office expense is determined with reference to actual costs incurred.

21. CAPITAL COMMITMENTS

	30.6.2011 HK\$'000	31.12.2010 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	5,048	14,126

22. CONTINGENT LIABILITIES

As at 30 June 2011, a financial guarantee of HK\$20,000,000 has been provided to a bank in respect of a banking facility granted to an investee incorporated in Hong Kong held by the Group. At the end of the reporting period, HK\$17,253,000 (31 December 2010: nil) of the bank facility has been utilised. In the opinion of the directors of the Company, because the banking facility is secured by assets owned by the investee, which market value can substantially cover the utilised bank facility amount, the fair value of the financial guarantees is insignificant.

23. EVENT AFTER THE END OF THE INTERIM PERIOD

On 6 July 2011, the Group entered into a placing commitment letter with Chung Nam Securities Limited, pursuant to which the Group agreed to subscribe for up to 500,000,000 shares of Mascotte Holdings Limited (“Mascotte”), at the price of HK\$0.40 per share of Mascotte with a total consideration up to HK\$200,000,000. The placing was completed on 14 July 2011, on which date the Group holds approximately 11.1% of the then total issued share capital of Mascotte, and the shares acquired will be accounted for as an investments held for trading.

Mascotte is a company incorporated in Bermuda with limited liability and its shares are listed on the main board of the Stock Exchange (stock code: 136). Mascotte and its subsidiaries are principally engaged in loan financing, trading of investments, manufacture and sale of accessories for photographic, electrical and multimedia products and property investment.