

Earnest

Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code:339)



2012
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. CHAN Chak Paul
Mr. NGAI Wah Sang
Mr. WANG Daming

Independent Non-executive Directors

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

COMPANY SECRETARY

Ms. CHUI Yee Man

AUDITOR

Messrs. RSM Nelson Wheeler
Certified Public Accountants

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room A,
5/F., Xiu Hua Commercial Building
211-213 Jaffe Road
Wanchai, Hong Kong

STOCK CODE

339

INVESTMENT MANAGER

Success Talent Investments Limited

DIRECTORS OF THE INVESTMENT MANAGER

Mr. LEE Kwok Leung
Mr. CHOI Wai Yin

AUDIT COMMITTEE

Mr. CHAN Francis Ping Kuen
Mr. TAN Yee Boon
Mr. WANG Jia Hua

PRINCIPAL REGISTRAR

Appleby Management
(Bermuda) Limited
Argyle House
41A Cedar Avenue
PO Box HM 1179
Hamilton HM 12
Bermuda

BRANCH REGISTRAR

Tricor Tengis Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

Management Discussion and Analysis

The Board of Directors (the “Board”) of Earnest Investments Holdings Limited (the “Company”) is pleased to present the unaudited interim financial results for the six months ended 30 June 2012.

RESULTS

For the six months ended 30 June 2012, the Company’s unaudited loss attributable to owners was approximately HK\$4.9 million (2011: profit of HK\$6.9 million) and basic loss per share was HK\$0.060 (2011: earnings per share of HK\$0.085). As compared to the last corresponding period, the loss was mainly the result of the decrease in the realized gains due to a drop in turnover and the increase in the unrealized holding loss in the Company’s Hong Kong listed securities. Besides, the Company endeavored and managed to keep other administrative and operating expenses in approximately the same level.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

BUSINESS REVIEW

During the period under review, the Company recorded a net realized gain on disposal of the Company’s investments in trading securities amounting to approximately HK\$17,000 which was offset by the net unrealized holding losses on trading securities amounting to approximately HK\$3.9 million. The carrying value of the Company’s share portfolio had dropped by 7% to approximately HK\$38 million as at 30 June 2012. Given the global stock market fluctuation during the period under review, the Company was therefore very cautious in making any new investments and trading listed securities, and aimed to maintain its portfolio value for the period. As the Company’s operating results are mostly driven by the Company’s investments in trading securities, it will continuously be affected by the prevailing uncertainty and adverse sentiment in global investments atmosphere.

Management Discussion and Analysis

The Company's portfolio of Hong Kong listed securities as at 30 June 2012 consisted of Sinocop Resources (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited, China National Building Material Company Limited and Haitong Securities Company Limited.

The Company's only investment in unlisted company is Ocean Pharmaceutical (HK) Limited. Its principal activities are sourcing and trading of pharmaceutical products and was classified as available-for-sale financial assets. During the reporting period, it recorded a loss of approximately HK\$175,000. (30 June 2011: profit of approximately HK\$770,000). The Company has invested in this unlisted Company since 2003, and the performance of which had been on an upward trend until the breakout of 2008 financial crisis, and as such the company had made a significant impairment in 2008. In recent years, the performance of this company had slowly improved and was able to pay out dividend in 2010. The company had experienced losses due to sales drop during the reporting period. However, the Board is confident that its investment in this unlisted investment will have positive contribution to the Company should the global economy has become more prosperous. More details about the available-for-sale financial assets are set out in note 10 to the Condensed Financial Statements.

As at 30 June 2012, 85% (31 December 2011: 83%) of the Company's total investments were in a portfolio of Hong Kong listed securities, 1% (31 December 2011: 1%) in the equity interests of an unlisted company, 1% (31 December 2011: 2%) in other assets, and 13% (31 December 2011: 14%) in cash which was deposited with a bank in Hong Kong.

LIQUIDITY AND FINANCIAL RESOURCES

For the period under review, the Company generally financed its operations and investment activities by internal resources. As at 30 June 2012, the net asset value of the Company was HK\$44,013,242 (31 December 2011: HK\$48,893,871) with net asset value per share of HK\$0.54 (31 December 2011: HK\$0.60).

Management Discussion and Analysis

The Company has no significant liabilities. The gearing ratio of the Company, calculated on the basis of the Company's total liabilities over total owners' equity, was 0.002 as at 30 June 2012 (31 December 2011: 0.008).

All the Company's cash and cash equivalents were denominated in Hong Kong dollars as at the end of the reporting period. The Board believes that the Company has minimal exposure to foreign exchange risk.

EMPLOYEES

During the reporting period, the Company did not employ any employees other than the directors of the Company. Total staff costs for the period was HK\$172,800 (2011: HK\$172,800). The Company's remuneration policies are in line with the prevailing market practice.

CHARGES ON THE COMPANY'S ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2012, there were no charges on the Company's assets and the Company did not have any significant contingent liabilities.

PROSPECTS

European debt crisis as well as global economic downturn are still affecting global investment environment, and if it continues, this may have impact on the Company's performance. It is expected that current market situation may not change radically in the near future, and thus, the Company will continue to manage its existing investments in accordance with the Company's investment objectives, and supplemented by cautious and defensive investment measures. With a view to maintaining its overall investment portfolio value, the Company will also continue to identify and capture investment opportunities as and when they arise.

Other Information

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was approved by its shareholders on 26 May 2006. The Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the reporting period, no option was granted, exercised, cancelled, or lapsed under the Scheme and there was no outstanding option as at 30 June 2012.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2012, no share option was granted to the directors of the Company under the Scheme.

As at 30 June 2012, none of the directors of the Company or their associates had any interest and short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571, Laws of Hong Kong (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2012, the register of substantial shareholders maintained under Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the shares and underlying shares of the Company:

Name of shareholder	Number of shares held	Percentage of total in issue as at 30 June 2012
Winsome Worldwide Limited (<i>note 1</i>)	22,275,000*	27.50%
SIU Kwan (<i>note 1</i>)	22,275,000#	27.50%
YAU Mei Han	14,051,250*	17.35%
Supreme Zone Investments Limited (<i>note 2</i>)	11,812,500*	14.58%
KEUNG Kwai Yung (<i>note 2</i>)	11,812,500#	14.58%

* Beneficial owner

Interest of controlled corporation

Note 1: The 22,275,000 shares were held by Winsome Worldwide Limited which was wholly owned by Ms. SIU Kwan. By virtue of the SFO, Ms. SIU Kwan was deemed to be interested in the 22,275,000 shares.

Note 2: The 11,812,500 shares were held by Supreme Zone Investments Limited which was wholly owned by Ms. KEUNG Kwai Yung. By virtue of the SFO, Ms. KEUNG Kwai Yung was deemed to be interested in the 11,812,500 shares.

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

Save as disclosed above, no other person had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information

CONTINUING CONNECTED TRANSACTIONS

The Company had continued the appointment of Success Talent Investments Limited (the "Success Talent") as its investment manager in 2006 and 2009 for a term of three years each upon the expiration of the preceding investment management agreement with Success Talent in 2006.

Success Talent, being the investment manager of the Company, shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. The total management fee payable to Success Talent under the investment management agreements of both 2006 (the "2006 Investment Management Agreement") and 2009 (the "2009 Investment Management Agreement") was fixed at HK\$360,000 per annum. The transactions contemplated under each of the 2006 Investment Management Agreement and the 2009 Investment Management Agreement constituted continuing connected transactions subject to reporting, announcement and the independent shareholders approval requirements as set out in Rule 14A of the Listing Rules. However, the Company failed to report, announce and obtain independent shareholders' approval in relation to both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement in time, and thus in breach of the Listing Rules.

The Company is seeking independent shareholders approval to confirm and ratify both the 2006 Investment Management Agreement and the 2009 Investment Management Agreement. A circular contains details of the above transactions will be dispatched to shareholders for their consideration.

The 2009 Investment Management Agreement was expired on 25 July 2012, and the Company had entered into a new investment management agreement with Success Talent on 30 July 2012 to renew the appointment of Success Talent as its investment manager pursuant to which Success Talent has agreed to provide investment management services to the Company for a period of three years from 26 July 2012 (the "2012 Investment Management Agreement"). The 2012 Investment Management Agreement is subject to, and the Company had complied with, the reporting and announcement requirements under the Listing Rules.

Other Information

Details of the management fees paid to Success Talent pursuant to the 2009 Investment Management Agreement during the period under review is set out in note 7 to the Condensed Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, the Company neither purchased, sold nor redeemed any of its own listed securities.

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and the Corporate Governance Code (effective from 1 April 2012) (together the "Code") as set out in Appendix 14 of the Listing Rules. The Company has complied with the code provisions during the six months ended 30 June 2012.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors securities transactions by its directors. All directors of the Company have confirmed in writing that they have complied with the required standards as set out in the Model Code throughout the reporting period.

AUDIT COMMITTEE

The audit committee of the Company, with its terms of reference established in accordance with the Code, comprises three independent non-executive directors, Mr. CHAN Francis Ping Kuen, Mr. TAN Yee Boon and Mr. WANG Jia Hua. The committee has reviewed the accounting principles and practices adopted by the Company and in the course has discussed with the management the internal controls and financial reporting matters related to the preparation of the unaudited condensed financial statements for the six months ended 30 June 2012.

INDEPENDENT REVIEW REPORT

RSM Nelson Wheeler

中瑞岳華(香港)會計師事務所

Certified Public Accountants

TO THE BOARD OF DIRECTORS OF EARNEST INVESTMENTS HOLDINGS LIMITED

(Continued into Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 25 which comprises the condensed statement of financial position of the Company as at 30 June 2012 and the related condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended and other 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" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 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.

INDEPENDENT REVIEW 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 inquires, 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 Hong Kong Accounting Standard 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong
30 August 2012

Condensed Statement of Comprehensive Income

For the six months ended 30 June 2012

		(Unaudited)	
		Six months ended 30 June	
	Note	2012 HK\$	2011 HK\$
Turnover	4	698,523	4,336,783
Revenue	4	723	50,783
Realised gains on disposals of financial assets at fair value through profit or loss		17,200	1,854,857
Net unrealised holding (losses)/gains from financial assets at fair value through profit or loss		(3,920,640)	7,407,710
Administrative and other operating expenses		(1,161,434)	(1,098,002)
(Loss)/profit before tax		(5,064,151)	8,215,348
Income tax credit/(expense)	5	183,522	(1,324,869)
(Loss)/profit for the period attributable to owners of the Company	6	(4,880,629)	6,890,479
Other comprehensive income for the period, net of tax		–	–
Total comprehensive income for the period attributable to owners of the Company		(4,880,629)	6,890,479
(Loss)/earnings per share			
Basic	9	(0.060)	0.085

Condensed Statement of Financial Position

At 30 June 2012

		(Unaudited) 30 June 2012 HK\$	(Audited) 31 December 2011 HK\$
	<i>Note</i>		
Non-current assets			
Available-for-sale financial assets	10	650,000	650,000
Current assets			
Financial assets at fair value through profit or loss	11	37,604,920	40,544,560
Prepayments, deposits and other receivables		167,150	1,014,436
Bank and cash balances		5,691,772	7,055,897
		43,463,842	48,614,893
Current liabilities			
Accruals and other payables		100,600	187,500
Net current assets		43,363,242	48,427,393
Total assets less current liabilities		44,013,242	49,077,393
Non-current liabilities			
Deferred tax liabilities		–	183,522
NET ASSETS		44,013,242	48,893,871
Capital and reserves attributable to owners of the Company			
Share capital	12	1,620,000	1,620,000
Reserves		42,393,242	47,273,871
TOTAL EQUITY		44,013,242	48,893,871
Net asset value per share	13	0.54	0.60

Condensed Statement of Changes in Equity

For the six months ended 30 June 2012

	(Unaudited)				
	Share capital HK\$ <i>(note 12)</i>	Share premium account HK\$	Contributed surplus account HK\$	Retained profits HK\$	Total equity HK\$
At 1 January 2011	1,620,000	5,760,000	28,040,011	18,103,978	53,523,989
Total comprehensive income and changes in equity for the period	–	–	–	6,890,479	6,890,479
At 30 June 2011	1,620,000	5,760,000	28,040,011	24,994,457	60,414,468
At 1 January 2012	1,620,000	5,760,000	28,040,011	13,473,860	48,893,871
Total comprehensive income and changes in equity for the period	–	–	–	(4,880,629)	(4,880,629)
At 30 June 2012	1,620,000	5,760,000	28,040,011	8,593,231	44,013,242

Condensed Statement of Cash Flows

For the six months ended 30 June 2012

(Unaudited)

Six months ended 30 June

	2012 HK\$	2011 HK\$
Net cash (used in)/generated from operating activities	(1,364,125)	3,433,575
Net (decrease)/increase in cash and cash equivalents	(1,364,125)	3,433,575
Cash and cash equivalents at 1 January	7,055,897	5,859,899
Cash and cash equivalents at 30 June		
Representing bank and cash balances	5,691,772	9,293,474

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

1. CORPORATE INFORMATION

The Company was continued into Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. The address of its principal place of business is Room A, 5/F., Xiu Hua Commercial Building, No. 211-213 Jaffe Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment and trading of listed and unlisted companies.

2. BASIS OF PREPARATION

The unaudited condensed interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These condensed interim financial statements should be read in conjunction with the Company's 2011 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2011.

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

In the current period, the Company has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for its accounting period beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Company's accounting policies, presentation of the Company's financial statements and amounts reported for the current period and prior years.

The Company has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

4. REVENUE AND TURNOVER

	(Unaudited)	
	Six months ended 30 June	
	2012	2011
	HK\$	HK\$
Dividend income from listed investments	–	49,950
Bank interest income	723	833
Revenue	723	50,783
Proceeds from disposals of financial assets at fair value through profit or loss	697,800	4,286,000
Turnover	698,523	4,336,783

No segment information is presented as all of the turnover and revenue, contribution to operating results, assets and liabilities of the Company are attributable to investment activities which are carried out or originated principally in Hong Kong and the People's Republic of China (the "PRC").

5. INCOME TAX (CREDIT)/EXPENSE

	(Unaudited)	
	Six months ended 30 June	
	2012	2011
	HK\$	HK\$
Deferred tax	(183,522)	1,324,869

No provision for Hong Kong Profits Tax is required because the Company has no assessable profit for the six months ended 30 June 2012. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2011 since the Company has sufficient tax losses brought forward to set off against that period's assessable profit.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

6. (LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Company's (loss)/profit for the period attributable to owners of the Company is stated after charging the following:

	(Unaudited)	
	Six months ended 30 June	
	2012	2011
	HK\$	HK\$
Investment management fee (<i>note 7</i>)	180,000	180,000
Total staff costs	172,800	172,800

7. CONNECTED PARTY TRANSACTIONS

During the period, the Company paid management fee of HK\$180,000 (2011: HK\$180,000) pursuant to an investment management agreement entered between the Company and Success Talent Investments Limited as investment manager for a term of three years from 26 July 2009 to 25 July 2012 with a management fee of HK\$30,000 per month payable monthly in arrears. The investment manager is deemed as a connected person of the Company under Rule 21.13 of the Listing Rules.

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$4,880,629 (2011: profit of HK\$6,890,479) and the number of ordinary shares of 81,000,000 (2011: 81,000,000) in issue during the period.

No diluted (loss)/earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2012 and 2011.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	(Unaudited)	(Audited)
	30 June	31 December
	2012	2011
	HK\$	HK\$
Unlisted securities, at cost		
Equity securities – Hong Kong	4,000,000	4,000,000
Less: Accumulated impairment	(3,350,000)	(3,350,000)
	650,000	650,000

The unlisted securities are stated at cost as they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

In the absence of quoted market price in an active market, the directors estimate the fair value of the Company's investments in unlisted securities by considering information from a variety of sources, including the latest management financial information and the performance of the investee companies.

Particulars of the Company's available-for-sale financial assets as at 30 June 2012 are as follows:

Name of investee company	Place of incorporation	Particulars of issued shares	Proportion of investee's capital owned	Principal activities	Cost	Impairment loss	Carrying amount	Dividend income received during the period		Net assets attributable to the Company
								Dividend cover	HK\$	
					HK\$	HK\$	HK\$	HK\$		HK\$
Ocean Pharmaceutical (HK) Limited	Hong Kong	1,000 ordinary shares of HK\$1 each	20%	Sourcing and trading of pharmaceutical products	4,000,000	(3,350,000)	650,000	-	N/A	1,072,760

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The Company's investment in Ocean Pharmaceutical (HK) Limited with 20% attributable equity interests held is classified as available-for-sale financial assets. This company is not treated as an associate because the Company is not in a position to exercise any significant influence over the financial and operating policies of this company or to participate in its operations.

The investment is held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean Pharmaceutical (HK) Limited. This intermediate holding company has no other activities.

Based on the latest management financial information of the intermediate holding company, the unaudited consolidated loss attributable to owners for the six months ended 30 June 2012 was HK\$174,816 (for the six months ended 30 June 2011: profit of HK\$770,370). As at 30 June 2012, the unaudited consolidated net asset value attributable to owners was HK\$5,363,799 (30 June 2011: HK\$6,749,440).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	(Unaudited) 30 June 2012 HK\$	(Audited) 31 December 2011 HK\$
Equity securities listed in Hong Kong, at cost	29,835,611	28,857,011
Net unrealised holding gains	7,769,309	11,687,549
Fair value as at period/year end	37,604,920	40,544,560

The fair values of the listed securities are based on quoted market prices.

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

Particulars of the Company's financial assets at fair value through profit or loss as at 30 June 2012 are as follows:

Name of investee company	Place of incorporation	Number of shares/warrants held	Proportion of investee's capital owned	Cost HK\$	Market value HK\$	Unrealised holding gains/(losses) HK\$	Dividend income received during the period HK\$	Dividend cover	Net assets attributable to the Company HK\$
(a) APAC Resources Limited ("APAC Resources")	Bermuda	220,000	Less than 1%	363,400	62,700	(300,700)	-	N/A	168,294
(b) Sinocop Resources (Holdings) Limited ("Sinocop Resources")	Bermuda	49,665,000	3.59%	5,693,431	34,765,500	29,072,069	-	N/A	5,475,422
(c) New Times Energy Corporation Limited ("New Times Energy")	Bermuda	650,000	Less than 1%	20,150,000	572,000	(19,578,000)	-	N/A	4,287,451
(d) Shougang Concord International Enterprises Company Limited ("Shougang International")	Hong Kong	24,000	Less than 1%	15,120	8,280	(6,840)	-	N/A	30,455
(e) Shougang Concord Century Holdings Limited ("Shougang Century")	Hong Kong	3,314,000	Less than 1%	2,387,560	1,027,340	(1,360,220)	-	N/A	4,032,003
(f) China National Building Material Company Limited ("CNBM")	The PRC	50,000	Less than 1%	435,500	414,500	(21,000)	-	N/A	552,388
(g) Haitong Securities Company Limited ("Haitong")	The PRC	70,000	Less than 1%	790,600	754,600	(36,000)	-	N/A	513,236
				29,835,611	37,604,920	7,769,309	-		

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

A brief description of the business and financial information of the listed investee companies, based on their published annual and interim reports, is as follows:

- (a) APAC Resources is principally engaged in (i) trading in base metals and mineral resources; and (ii) provision of management services and consultancy service in corporate management, metallurgy technology, investment and development in mineral resources. The unaudited consolidated profit attributable to owners of APAC Resources for the six months ended 31 December 2011 was approximately HK\$12,298,000 (for the six months ended 31 December 2010: HK\$961,065,000). As at 31 December 2011, the unaudited consolidated net asset value attributable to owners of APAC Resources was approximately HK\$5,259,197,000 (as at 30 June 2011 (audited): HK\$5,398,600,000).
- (b) Sinocop Resources is principally engaged in investment holding, trading of metals and minerals and processing of raw ores. The audited consolidated loss attributable to owners of Sinocop Resources for the year ended 31 March 2012 was approximately HK\$21,289,000 (2011: HK\$43,077,000). As at 31 March 2012, the audited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$152,625,000 (2011: HK\$173,356,000).
- (c) New Times Energy is principally engaged in (i) trading of oil products and non-ferrous metals; (ii) exploration of crude oil; and (iii) oil exploration and production. The audited consolidated loss attributable to owners of New Times Energy for the year ended 31 December 2011 was approximately HK\$87,410,000 (2010: HK\$66,057,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,757,626,000 (2010: HK\$3,688,031,000).
- (d) Shougang International is principally engaged in (i) manufacture and sale of steel products; (ii) chartering of vessel and leasing of floating cranes; (iii) trading of steel products and iron ore; (iv) mining, processing and sale of iron ore; and (v) management services business. The audited consolidated profit attributable to owners of Shougang International for the year ended 31 December 2011 was approximately HK\$152,252,000 (2010: HK\$499,576,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$10,148,381,000 (2010: HK\$9,567,094,000).

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

- (e) Shougang Century is principally engaged in processing and trading of copper and brass products and manufacturing of steel cords. The audited consolidated profit attributable to owners of Shougang Century for the year ended 31 December 2011 was approximately HK\$3,527,000 (2010: HK\$200,441,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,340,106,000 (2010: HK\$2,251,968,000).
- (f) CNBM is engaged in production and sales of lightweight building materials, cement, glass fiber and composite materials; provision of engineering services to glass and cement manufacturers and equipment procurement; merchandise trading business and others. The audited consolidated profit attributable to owners of CNBM for the year ended 31 December 2011 was approximately HK\$9,606,066,000 (2010: HK\$3,874,848,000). As at 31 December 2011, the audited consolidated net asset value attributable to owners of CNBM was approximately HK\$32,493,402,000 (2010: HK\$22,684,544,000).
- (g) Haitong is engaged in securities and futures contracts dealing and broking, proprietary trading, margin and other financing, underwriting, assets management and provision of investment advisory and consultancy services. The unaudited consolidated profit attributable to owners of Haitong for the six months ended 30 June 2012 was approximately HK\$2,486,726,000 (for the six months ended 31 December 2011 (audited): HK\$2,632,795,000). As at 30 June 2012, the unaudited consolidated net asset value attributable to owners of Haitong was approximately HK\$70,274,648,000 (as at 31 December 2011 (audited): HK\$54,042,374,000).

Notes to the Condensed Financial Statements

For the six months ended 30 June 2012

12. SHARE CAPITAL

	(Unaudited) 30 June 2012 HK\$	(Audited) 31 December 2011 HK\$
Authorised: 1,000,000,000 ordinary shares of HK\$0.02 each	20,000,000	20,000,000
Issued and fully paid: 81,000,000 ordinary shares of HK\$0.02 each	1,620,000	1,620,000

During the six months ended 30 June 2012 and 2011, no option was granted, exercised, cancelled or lapsed under the share option scheme of the Company. There were no outstanding share options as at 30 June 2012 and 31 December 2011.

13. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Company as at 30 June 2012 of HK\$44,013,242 (31 December 2011: HK\$48,893,871) and the number of ordinary shares of 81,000,000 (31 December 2011: 81,000,000) in issue as at that date.

14. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 30 August 2012.