

Earnest

Investments Holdings Limited

(Continued into Bermuda with limited liability)

(stock code:339)

2013

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 2013.

RESULTS

For the six months ended 30 June 2013, the Company’s unaudited loss attributable to owners was approximately HK\$12.3 million (2012:HK\$4.9 million) and basic loss per share was HK\$0.152 (2012:HK\$0.060). As compared to the last corresponding period, the loss was mainly due to the increase in unrealised holding losses of the Company’s investment in Hong Kong listed securities. Nevertheless, the Company endeavored and managed to keep 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 2013 (2012: HK\$ Nil).

BUSINESS REVIEW

During the period under review, the Company recorded net unrealised holding losses on trading securities amounting to approximately HK\$11 million. The carrying value of the Company’s share portfolio had dropped by 31% to approximately HK\$24.5 million as at 30 June 2013. Given the global stock market fluctuation during the period under review, the Company has been extremely cautious in making new investments and trading of 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, its performance will continuously be affected by the prevailing uncertainty in the global stock market.

Management Discussion and Analysis

The Company's portfolio of Hong Kong listed securities as at 30 June 2013 consists of Sinocop Resources (Holdings) Limited, New Times Energy Corporation Limited, Shougang Concord Century Holdings Limited, Shougang Concord International Enterprises Company Limited, APAC Resources Limited and China National Building Material Company Limited.

The Company's only investment in unlisted company is Ocean Pharmaceutical (HK) Limited ("Ocean"). Its principal activities are sourcing and trading of pharmaceutical products specializing in vascular health. The unaudited consolidated loss attributable to owners for the six months ended 30 June 2013 was approximately HK\$151,000 (30 June 2012: HK\$175,000). Given that there is a strong demand in vascular health products in the market, the Board considers that Ocean will have positive contribution to the Company in the future. More details about the available-for-sale financial assets are set out in Note 11 to the Condensed Financial Statements.

As at 30 June 2013, 83% (31 December 2012: 85%) of the Company's total investments consists of a portfolio of Hong Kong listed securities, 2% (31 December 2012: 2%) in the equity interests of an unlisted company, 1% (31 December 2012: 1%) in other assets, and 14% (31 December 2012: 12%) 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 2013, the net asset value of the Company was HK\$29,348,624 (31 December 2012: HK\$41,633,224) with net asset value per share of HK\$0.36 (31 December 2012: HK\$0.51).

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 0.004 as at 30 June 2013 (31 December 2012: 0.005).

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.

Management Discussion and Analysis

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\$173,760 (2012: 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 2013, no charges had been created on the Company's assets and the Company did not have any significant contingent liabilities.

PROSPECTS

Given the difficult investment environment due to the global economic fluctuation, the Company's management will adopt a conservative approach in managing the existing investments in accordance with the Company's investment objectives and policies. However, the Company will 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 2013.

DIRECTORS' INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2013, no share option has been granted to the directors of the Company under the Scheme.

As at 30 June 2013, 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 2013, 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 2013 |
|--|------------------------------|--|
| 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% |
| XIA Jun (<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 Mr. XIA Jun. By virtue of the SFO, Mr. XIA Jun 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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Company has adopted the code provisions set out in the Corporate Governance Code (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 2013.

CHANGE IN DIRECTOR'S INFORMATION UNDER RULES 13.51B(1) OF THE LISTING RULES

Mr. TAN Yee Boon is a Malaysian and an Independent Non-executive Director of the Company. Mr. TAN has adopted a Chinese name "陳于文" and was appointed as an Independent Non-executive Director of Protasco Berhad, a company listed on the Bursa Malaysia Berhad (formerly known as the Kuala Lumpur Stock Exchange) during the six months ended 30 June 2013.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

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 the 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 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 2013.

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 11 to 24 which comprises the condensed statement of financial position of the Company as at 30 June 2013 and the related condensed statement of profit or loss and other 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 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 Hong Kong Accounting Standard 34.

RSM Nelson Wheeler

Certified Public Accountants

Hong Kong

23 August 2013

Condensed Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 June 2013

(Unaudited)

Six months ended 30 June

| | Note | 2013 HK\$ | 2012 HK\$ |
|--|------|---------------------|--------------|
| Turnover | 5 | 4,595,137 | 698,523 |
| Revenue | 5 | 1,897 | 723 |
| Realised gains on disposals of financial assets at fair value through profit or loss | | 6,440 | 17,200 |
| Net unrealised holding losses from financial assets at fair value through profit or loss | | (11,089,325) | (3,920,640) |
| Administrative and other operating expenses | | (1,203,612) | (1,161,434) |
| Loss before tax | | (12,284,600) | (5,064,151) |
| Income tax credit | 6 | – | 183,522 |
| Loss for the period attributable to owners of the Company | 7 | (12,284,600) | (4,880,629) |
| Other comprehensive income for the period, net of tax | | – | – |
| Total comprehensive income for the period attributable to owners of the Company | | (12,284,600) | (4,880,629) |
| Loss per share | | | |
| Basic | 10 | (0.152) | (0.060) |

Condensed Statement of Financial Position

At 30 June 2013

| | | (Unaudited) 30 June 2013 HK\$ | (Audited) 31 December 2012 HK\$ |
|---|-------------|--|--|
| | <i>Note</i> | | |
| Non-current assets | | | |
| Available-for-sale financial assets | 11 | 650,000 | 650,000 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 12 | 24,490,225 | 35,579,550 |
| Prepayments, deposits and other receivables | | 253,007 | 206,820 |
| Bank and cash balances | | 4,069,489 | 5,411,654 |
| | | 28,812,721 | 41,198,024 |
| Current liabilities | | | |
| Accruals and other payables | | 114,097 | 214,800 |
| Net current assets | | 28,698,624 | 40,983,224 |
| Total assets less current liabilities | | 29,348,624 | 41,633,224 |
| NET ASSETS | | 29,348,624 | 41,633,224 |
| Capital and reserves attributable to owners of the Company | | | |
| Share capital | 13 | 1,620,000 | 1,620,000 |
| Reserves | | 27,728,624 | 40,013,224 |
| TOTAL EQUITY | | 29,348,624 | 41,633,224 |
| Net asset value per share | 14 | 0.36 | 0.51 |

Condensed Statement of Changes in Equity

For the six months ended 30 June 2013

(Unaudited)

| | Share capital HK\$ <i>(note 13)</i> | Share premium account HK\$ | Contributed surplus account HK\$ | Retained profits/ (accumulated losses) HK\$ | Total equity HK\$ |
|--|--|-------------------------------------|---|---|-------------------------|
| 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 |
| At 1 January 2013 | 1,620,000 | 5,760,000 | 28,040,011 | 6,213,213 | 41,633,224 |
| Total comprehensive income and changes in equity for the period | - | - | - | (12,284,600) | (12,284,600) |
| At 30 June 2013 | 1,620,000 | 5,760,000 | 28,040,011 | (6,071,387) | 29,348,624 |

Condensed Statement of Cash Flows

For the six months ended 30 June 2013

| | (Unaudited) | |
|--|---------------------------------|--------------------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| Net cash used in operating activities | (1,342,165) | (1,364,125) |
| Net decrease in cash and cash equivalents | (1,342,165) | (1,364,125) |
| Cash and cash equivalents at 1 January | 5,411,654 | 7,055,897 |
| Cash and cash equivalents at 30 June | | |
| Representing bank and cash balances | 4,069,489 | 5,691,772 |

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

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 2012 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 2012 except as stated below.

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 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS") 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 except as stated below.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

a. *Amendments to HKAS 1 "Presentation of Financial Statements"*

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. *HKFRS 13 "Fair Value Measurement"*

HKFRS 13 "Fair Value Measurement" establishes a single source of guidance for all fair value measurements required or permitted by HKFRSs. It clarifies the definition of fair value as an exit price, which is defined as a price at which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date under market conditions, and enhances disclosures about fair value measurements.

The adoption of HKFRS 13 only affects disclosures on fair value measurements in the financial statements. HKFRS 13 has been applied prospectively.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONT'D)

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.

4. FAIR VALUE MEASUREMENTS

Except as disclosed in Note 11 to the condensed interim financial statements, the carrying amounts of the Company's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Company's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

The recurring fair value measurements of the Company's financial assets at fair value through profit and loss are using the Level 1 of the fair value hierarchy.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

5. REVENUE AND TURNOVER

| | (Unaudited) | |
|---|---------------------------------|---------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| Dividend income from listed investments | 1,398 | – |
| Bank interest income | 499 | 723 |
| Revenue | 1,897 | 723 |
| Proceeds from disposals of financial assets at fair value through profit or loss | 4,593,240 | 697,800 |
| Turnover | 4,595,137 | 698,523 |

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").

6. INCOME TAX CREDIT

| | (Unaudited) | |
|--------------|---------------------------------|-----------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| Deferred tax | – | (183,522) |

No provision for Hong Kong Profits Tax is required because the Company has no assessable profit for the six months ended 30 June 2013 and 2012.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

7. LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

| | (Unaudited) | |
|--|--------------------------|---------|
| | Six months ended 30 June | |
| | 2013 | 2012 |
| | HK\$ | HK\$ |
| Investment management fee (<i>Note 8</i>) | 180,000 | 180,000 |
| Directors' remuneration | 173,760 | 172,800 |
| Operating lease charges – land and buildings | 78,000 | – |

8. CONNECTED PARTY TRANSACTIONS

During the period, the Company paid management fee of HK\$180,000 (2012: 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 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.

9. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: Nil).

10. LOSS PER SHARE

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the period attributable to owners of the Company of HK\$12,284,600 (2012: HK\$4,880,629) and the number of ordinary shares of 81,000,000 (2012: 81,000,000) in issue during the period.

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2013 and 2012.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | (Unaudited) 30 June 2013 HK\$ | (Audited) 31 December 2012 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 less impairment because they do not have a quoted market price in an active market and their fair values cannot be reliably measured.

Particulars of the Company's available-for-sale financial assets as at 30 June 2013 are as follows:

| Name of investee company | Place of incorporation | Particulars of issued shares | Proportion of investee's capital owned | Principal activities | Cost HK\$ | Impairment loss HK\$ | Carrying amount HK\$ | Dividend income received during the period | Dividend cover | Net assets attributable to the Company |
|---|------------------------|-------------------------------------|--|---|--------------|-------------------------|-------------------------|--|----------------|--|
| | | | | | | | | HK\$ | HK\$ | HK\$ |
| Ocean Pharmaceutical (HK) Limited ("Ocean") | 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 | 1,006,120 |

The Company's investment in Ocean 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.

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

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

The investment is held through an intermediate holding company which acts as an investment vehicle for the sole purpose of investing in Ocean. 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 2013 was HK\$150,846 (for the six months ended 30 June 2012: HK\$174,816). As at 30 June 2013, the unaudited consolidated net asset value attributable to owners was HK\$5,030,600 (as at 30 June 2012: HK\$5,363,799).

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | (Unaudited) 30 June 2013 HK\$ | (Audited) 31 December 2012 HK\$ |
|--|--|--|
| Equity securities listed in Hong Kong, at cost | 28,679,191 | 28,679,191 |
| Net unrealised holding (losses)/gains | (4,188,966) | 6,900,359 |
| Fair value as at period/year end | 24,490,225 | 35,579,550 |

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

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

12. 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 2013 are as follows:

| Name of investee company | Place of Incorporation | Number of shares held | Proportion of investee's capital owned | Cost | Market value | Unrealised holding gains/(losses) | Dividend income received during the period | Dividend cover | Net assets attributable to the Company |
|---|------------------------|-----------------------|--|------------|--------------|-----------------------------------|--|----------------|--|
| | | | | HK\$ | HK\$ | HK\$ | HK\$ | | HK\$ |
| (a) APAC Resources Limited ("APAC Resources") | Bermuda | 220,000 | Less than 1% | 363,400 | 27,720 | (335,680) | - | N/A | 152,333 |
| (b) Sinocop Resources (Holdings) Limited ("Sinocop Resources") | Bermuda | 49,665,000 | 3.59% | 5,693,431 | 23,094,225 | 17,400,794 | - | N/A | 4,863,574 |
| (c) New Times Energy Corporation Limited ("New Times Energy") | Bermuda | 650,000 | Less than 1% | 20,150,000 | 409,500 | (19,740,500) | - | N/A | 2,756,651 |
| (d) Shougang Concord International Enterprises Company Limited ("Shougang International") | Hong Kong | 24,000 | Less than 1% | 15,120 | 8,400 | (6,720) | - | N/A | 24,280 |
| (e) Shougang Concord Century Holdings Limited ("Shougang Century") | Hong Kong | 3,314,000 | Less than 1% | 2,387,560 | 894,780 | (1,492,780) | - | N/A | 3,557,220 |
| (f) China National Building Material Company Limited ("CNBM") | The PRC | 8,000 | Less than 1% | 69,680 | 55,600 | (14,080) | 1,398 | 6.65 | 113,775 |
| | | | | 28,679,191 | 24,490,225 | (4,188,966) | 1,398 | | |

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 2012 was approximately HK\$81,567,000 (for the six months ended 31 December 2011 (restated): HK\$29,959,000). As at 31 December 2012, the unaudited consolidated net asset value attributable to owners of APAC Resources was approximately HK\$4,760,391,000 (as at 30 June 2012 (audited) (restated): HK\$4,641,815,000).

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

12. 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: (cont'd)

- (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 2013 was approximately HK\$23,209,000 (2012: HK\$21,289,000). As at 31 March 2013, the audited consolidated net asset value attributable to owners of Sinocop Resources was approximately HK\$135,570,000 (2012: HK\$152,625,000).
- (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 productions. The audited consolidated loss attributable to owners of New Times Energy for the year ended 31 December 2012 was approximately HK\$39,917,000 (2011: HK\$87,410,000). As at 31 December 2012, the audited consolidated net asset value attributable to owners of New Times Energy was approximately HK\$3,839,347,000 (2011: HK\$3,757,626,000).
- (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, iron ore, coal and coke; (iv) mining, processing and sale of iron ore; and (v) management services business. The audited consolidated loss attributable to owners of Shougang International for the year ended 31 December 2012 was approximately HK\$1,947,206,000 (2011: profit of HK\$152,252,000). As at 31 December 2012, the audited consolidated net asset value attributable to owners of Shougang International was approximately HK\$8,093,220,000 (2011: HK\$10,148,381,000).
- (e) Shougang Century is principally engaged in processing and trading of copper and brass products and manufacturing of steel cords. The audited consolidated loss attributable to owners of Shougang Century for the year ended 31 December 2012 was approximately HK\$299,686,000 (2011 (restated): profit of HK\$3,757,000). As at 31 December 2012, the audited consolidated net asset value attributable to owners of Shougang Century was approximately HK\$2,064,550,000 (2011 (restated): HK\$2,341,561,000).

Notes to the Condensed Interim Financial Statements

For the six months ended 30 June 2013

12. 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: (cont'd)

- (f) CNBM is principally engaged in (i) production and sales of cement, lightweight building materials, glass fiber and composite materials; and (ii) provision of engineering services. The audited consolidated profit attributable to owners of CNBM for the year ended 31 December 2012 was approximately HK\$6,836,127,000 (2011: HK\$9,606,066,000). As at 31 December 2012, the audited consolidated net asset value attributable to owners of CNBM was approximately HK\$37,924,947,000 (2011: HK\$32,245,883,000).

13. SHARE CAPITAL

| | (Unaudited) 30 June 2013 HK\$ | (Audited) 31 December 2012 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 2013 and 2012, 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 2013 and 31 December 2012.

14. 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 2013 of HK\$29,348,624 (31 December 2012: HK\$41,633,224) and the number of ordinary shares of 81,000,000 (31 December 2012: 81,000,000) in issue as at that date.

15. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the Board of Directors on 23 August 2013.