偉俊礦業集團有限公司*
WAI CHUN MINING INDUSTRY GROUP COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 0660)

2011 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Wai Chun Mining Industry Group Company Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	**2011 Unaudited *HK$'000***	2010 Unaudited *HK$'000*
Turnover	*2*	**145,365**	133,281
Cost of sales		**(129,796)**	(116,158)
Gross profit		**15,569**	17,123
Other revenue		**655**	2,303
Selling expenses		**(8,462)**	(6,159)
Administrative expenses		**(11,005)**	(14,469)
Realised loss on disposal of held for trading investments		**–**	(2,054)
Gain on disposal of subsidiaries		**–**	40,809
Finance costs		**(2,314)**	(1,047)
(Loss) profit before taxation		**(5,557)**	36,506
Taxation	*3*	**(393)**	(676)
(Loss) profit for the period	*4*	**(5,950)**	35,830
(Loss) profit attributable to:			
– Shareholders of the Company		**(6,537)**	31,906
– Non-controlling interests		**587**	3,924
		(5,950)	35,830
Interim dividend	*5*	**–**	–
(Loss) earnings per share	*6*	***HK cents***	*HK cents*
– Basic		**(0.04)**	0.21
– Diluted		**(0.04)**	0.21

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2011

	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
(Loss) profit for the period	**(5,950)**	35,830
Other comprehensive income:		
Exchange differences on translation	**758**	291
Total comprehensive (expense) income for the period	**(5,192)**	36,121
Total comprehensive (expense) income attributable to:		
– Shareholders of the Company	**(6,202)**	32,054
– Non-controlling interests	**1,010**	4,067
	(5,192)	36,121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	30.6.2011 Unaudited HK$'000	31.12.2010 Audited HK$'000
Non-current assets			
Property, plant and equipment		**16,365**	15,091
Prepaid leasehold land payments		**7,908**	7,768
		24,273	22,859
Current assets			
Inventories		**57,575**	46,334
Prepaid leasehold land payments		**161**	159
Trade and bills receivables	*7*	**44,011**	48,915
Deposits, prepayments and other receivables		**74,996**	102,532
Bank balances and cash		**102,567**	93,479
		279,310	291,419
Current liabilities			
Trade payables	*8*	**39,083**	68,655
Accruals and other payables		**80,980**	68,341
Tax payable		**249**	2,012
Amounts due to an ultimate holding company		**4,400**	–
Secured bank loans – due within one year		**138,371**	124,004
Obligations under finance lease		**65**	60
Bank overdrafts		**147**	5,694
		263,295	268,766
Net current assets		**16,015**	22,653
Total assets less current liabilities		**40,288**	45,512
Non-current liability			
Obligations under finance lease		**54**	86
Total non-current liability		**54**	86
Total assets less liabilities		**40,234**	45,426
Capital and reserves			
Share capital		**38,637**	38,637
Reserves		**(17,537)**	(11,335)
Equity attributable to:			
– Shareholders of the Company		**21,100**	27,302
– Non-controlling interests		**19,134**	18,124
Total equity		**40,234**	45,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies and method of computation used in preparing the unaudited condensed consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2010 except as described below.

For the current interim period, the Group has applied the following new standards, amendments and interpretations (the "new HKFRSs") issued by HKICPA, which are or have become effective. The adoption of the new HKFRSs has no material effect on how the results and financial position for the current or prior accounting periods are prepared and presented.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK (IFRIC) – Int 13 (Amendments)	Customer Loyalty Programmes – Improvements to HKFRSs (2010)
HK (IFRIC) – Int 14 (Amendments)	Prepayments of Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

HKAS 32 Classification of Rights Issues

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK (IFRIC) – Int 14 Prepayments of Minimum Funding Requirement

The amendments to HK (IFRIC) – Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK (IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments

HK (IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transaction in the future, HK (IFRIC) – Int 19 will affect the required accounting. In particular, under HK (IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of fixed dates for first-time adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 9 (Revised)	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in December 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as a fair value through profit and loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability's credit risk in the comprehensive income to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10 there is only one basis for consolidation that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might result in changes in the classification of the Group's joint arrangements and their accounting treatments.

The directors of the Group anticipate the application for the other new and revised standards, amendments and interpretations will have no material impact on the financial performance and financial position of the Group.

2. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. In addition, for 'footwear' and 'modified starch and other biochemical products' operation, the information reported to the Board is further analysed based on the different classes of customers.

Specifically, the Group's reportable segments under HKFRS 8 are as follow:

Footwear	Trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes
Modified starch and other biochemical products	Manufacture and sale of modified starch and other biochemical products

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs that are regularly reviewed by the executive directors of the Company being the CODM of the Group.

2. SEGMENT INFORMATION *(Continued)*

Segments profit represents profit earned or loss incurred by each segment without allocation of other revenue, central administration costs including directors' salaries and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Business segments

The CODM regularly review revenue and operating results derived from trading of athletic and athletic-style leisure footwear, working shoes, safety shoes, golf shoes and other functional shoes on an aggregated basis, and manufacture and sale of modified starch and other biochemical products and consider them as two reportable segments.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments:

	Six months ended 30 June					
	2011			2010		
	Modified starch and other biochemical products	**Footwear**	**Consolidated**	Modified starch and other biochemical products	Footwear	Consolidated
	Unaudited	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	**129,468**	**15,897**	**145,365**	119,991	13,290	133,281
Segment results	**3,154**	**(453)**	**2,701**	7,589	14	7,603
Other revenue			**655**			43,112
Unallocated expenses			**(6,599)**			(13,162)
Finance costs			**(2,314)**			(1,047)
			(5,557)			36,506
Taxation			**(393)**			(676)
(Loss) profit for the period			**(5,950)**			35,830

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the period (six months ended 30 June 2010: HK$Nil).

2. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

Segment assets and liabilities

	30.6.2011			31.12.2010		
	Modified starch and other biochemical products Unaudited *HK$'000*	**Footwear Unaudited** *HK$'000*	**Consolidated Unaudited** *HK$'000*	Modified starch and other biochemical products Audited *HK$'000*	Footwear Audited *HK$'000*	Consolidated Audited *HK$'000*
Assets						
Segment assets	**286,930**	**3,441**	**290,371**	296,561	6,589	303,150
Unallocated assets			**13,212**			11,128
Consolidated assets			**303,583**			314,278
Liabilities						
Segment liabilities	**252,712**	**1,827**	**254,539**	264,007	1,413	265,420
Unallocated liabilities			**8,810**			3,432
Consolidated liabilities			**263,349**			268,852
Geographical assets						
Hong Kong			**16,652**			17,775
PRC			**286,931**			296,503
			303,583			314,278

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than held for trading investments, and current and deferred tax assets. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

2. SEGMENT INFORMATION *(Continued)*

Other information

	30.6.2011			
	Modified starch and other biochemical products	**Footwear**	**Unallocated**	**Consolidated**
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to non-current assets	**1,680**	**–**	**–**	**1,680**
Depreciation and amortisation	**770**	**–**	**23**	**793**
Prepayments	**43,190**	**–**	**–**	**43,190**

	31.12.2010			
	Modified starch and other biochemical products	Footwear	Unallocated	Consolidated
	Audited	Audited	Audited	Audited
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Additions to non-current assets				
– acquisition of subsidiaries	11,833	–	–	11,833
– others	3,994	8	–	4,002
Depreciation and amortisation				
– acquisition of subsidiaries	311	–	–	311
– others	1,147	–	628	1,775
Additions to prepaid leasehold land payments				
– acquisition of subsidiaries	7,674	–	–	7,674
– others	235	–	–	235
Prepayments	79,682	–	–	79,682

2. **SEGMENT INFORMATION** *(Continued)*

Geographical information

For the period ended 30 June 2011 and 2010, the Group's operations were principally located in Hong Kong (country of domicile), The People's Republic of China (the "PRC") and The Republic of Korea (the "Korea") with revenue and profits from its operations.

The following is an analysis of the Group's revenue from external customers and non-current assets by geographical location:

	Revenue from external customers for the six months ended 30 June		Non-current assets	
	2011	2010	**30.6.2011**	31.12.2010
	Unaudited	Unaudited	**Unaudited**	Audited
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**15,897**	13,290	**72**	86
Korea	**81,192**	57,002	**–**	–
PRC	**35,372**	38,896	**24,201**	22,773
Others	**12,904**	24,093	**–**	–
	145,365	133,281	**24,273**	22,859

3. **TAXATION**

	For the six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
Tax expenses attributable to the Company and its subsidiaries:		
Current tax:		
Hong Kong	**–**	–
PRC	**226**	2,048
	226	2,048
Under (over) provision in prior periods:		
Hong Kong	**–**	(1,005)
PRC	**167**	(367)
	167	(1,372)
Total income tax recognised in profit or loss	**393**	676

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (six months ended 30 June 2010: 25%).

No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

4. (LOSS) PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2011	2010
	Unaudited	Unaudited
	HK$'000	*HK$'000*
(Loss) profit for the period has been arrived at after charging:		
Interest expenses	**2,314**	1,047
Depreciation on property, plant and equipment	**752**	918
Realised loss on disposal of held for trading investments	**–**	2,054
Staff costs (including directors' emoluments and retirement benefit costs)	**4,260**	3,245
And after crediting:		
Interest income	**280**	13
Gain on disposal of subsidiaries	**–**	40,809

5. INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2011 and 2010.

6. (LOSS) EARNINGS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2011 was based on the Group's loss attributable to shareholders of the Company of approximately HK$6,537,000 (six months ended 30 June 2010: profit attributable to shareholders of the Company of approximately HK$31,906,000) and the weighted average number of ordinary shares of 15,454,685,376 (six months ended 30 June 2010: 14,985,067,865) during the period.

The amounts of diluted loss per share are the same as basic loss per share as there were no potential dilutive shares during the six months ended 30 June 2011 and 2010.

7. TRADE AND BILLS RECEIVABLES

The Group allows credit period ranging from 30 to 180 days (31 December 2010: 30 to 180 days) to its trade customers. The aging analysis of trade and bills receivables is as follows:

	30.6.2011	31.12.2010
	Unaudited	Audited
	HK$'000	*HK$'000*
0-30 days	**28,328**	36,437
31-60 days	**10,601**	2,493
61-90 days	**1,785**	53
91-180 days	**577**	5,602
Past due	**–**	4,330
Trade receivables	**41,291**	48,915
Bills receivables	**2,720**	–
Total trade and bills receivables	**44,011**	48,915

Included in the Group's trade receivables as at 30 June 2011 were debtors with an aggregate carrying amount of approximately HK$Nil (31 December 2010: HK$4,330,000) which were past due at the end of the reporting period.

8. TRADE PAYABLES

The average credit period on purchases of goods ranges from 30 to 180 days (31 December 2010: 30 to 180 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The aging analysis of trade payables is as follows:

	30.6.2011	31.12.2010
	Unaudited	Audited
	HK$'000	HK$'000
0-30 days	8,021	57,909
31-60 days	6,870	2,847
61-90 days	21,521	733
91-180 days	2,193	3,516
Past due	478	3,650
	39,083	68,655

FINANCIAL REVIEW

Financial Performance

For the six months ended 30 June 2011, the Group recorded a turnover of approximately HK$145,365,000 (six months ended 30 June 2010: approximately HK$133,281,000), representing an increase of 9% as compared to the same period last year. The Group recorded a gross profit and gross profit margin of approximately HK$15,569,000 and 10.71% respectively, representing a slight decrease in gross profit and gross profit margin as compared to the gross profit and gross profit margin of approximately HK$17,123,000 and 12.85% respectively recorded in 2010. Operating expenses remained similar to that recorded in 2010.

Loss attributable to shareholders of the Company amounted to approximately HK$6,537,000 as compared to the profit of approximately HK$31,906,000 in the same corresponding period last year. The reasons for the loss were due to (1) the increase in selling expenses of the Group's modified starch and other biochemical business in China and (2) the absence of the gain on disposal of subsidiaries of the Group recorded in the last corresponding period.

Financial Resources and Position

During the six months ended 30 June 2011, the Group financed its operations mainly by internally generated resources and borrowings. As at 30 June 2011, the Group had net current assets of approximately HK$16,015,000 (31 December 2010: approximately HK$22,653,000) and cash and cash equivalents of approximately HK$102,567,000 (31 December 2010: approximately HK$93,479,000). The Group's cash and cash equivalents are mainly denominated in Hong Kong Dollars, Renminbi and United States Dollars. As the group's businesses are conducted in Hong Kong and the PRC, therefore the Group is not exposed to any material foreign exchange risk. As at 30 June 2011, the current ratio of the Group was approximately 1.06 (31 December 2010: approximately 1.08).

As at 30 June 2011, total borrowings of the Group amounted to approximately HK$143,037,000, representing an increase of 10.16% as compared to approximately HK$129,844,000 on 31 December 2010. The increase was mainly attributable to the increase in operating and selling expenses of the modified starch and other biochemical products business in PRC. All borrowings of the Group are short term in nature and are denominated in Hong Kong Dollars and Renminbi. Most of these borrowings are secured and interest bearing with prevailing market interest rates. The gearing ratio of the Group, which was calculated on the basis of net debt to total assets, increased from 11.6% as at 31 December 2010 to 13.3% as at 30 June 2011.

Bank deposits of approximately HK$78,249,000 (31 December 2010: approximately HK$36,772,000) have been pledged to secure banking facilities granted to the Group.

The Group did not have any material contingent liabilities as at 30 June 2011.

The directors believe that the Group has sufficient financial resources for its operations. The directors will remain cautious in the Group's liquidity management.

The Board has resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2011.

BUSINESS REVIEW

During the period under review, the Group continued to engage in the trading of athletic and athlete-style footwear, working shoes, safety shoes, golf shoes and other functional shoes and the manufacture and sale of modified starch and other biochemical products.

Although the Footwear business recorded a slight increase in turnover during the period under review, it incurred a loss of approximately HK$453,000 during the first half of the year as a result of increase in administrative expenses.

The Group recorded a lower than expected earnings for its newly acquired modified starch and other biochemical products business during the period under review. This was attributable to the longer than expected production schedule during the starting up phase of the new factory and the delay in receiving the sales orders.

Future Prospect

The Group will continue to keep focus on its existing business by strengthening the business relationship with existing customers and look for opportunity to expand its customer base. At the same time, the Group will continue to seek new investment opportunities so as to maximise its profitability and return to the shareholders of the Company in the long run.

The Group believes that the factors affecting the startup operation of the modified starch and other biochemical products business mentioned above are only temporary. The operations of this business segment have regained its momentum in the last few months. The Group has confident that the performance of this business segment would improve in the years to come. In this respect, the Company announced on 4 August 2011 that a conditional supplemental agreement (the "Supplemental Agreement") was entered into on 4 August 2011 between Wai Chun Industrial (Hong Kong) Limited, the wholly owned subsidiary of the Company, and Mr. Gong Weifeng (the "Vendor"), the original vendor of the companies comprising the Group's business in the modified starch and other biochemical products ("Biochemical Companies"), to amend some of the terms of the sale and purchase agreement signed on 8 December 2009 in relation to the purchase by the group of the 51% equity interest of the Biochemical Companies (the "S&P Agreement"). Under the Supplemental Agreement, the Group and the Vendor mutually agreed to release and discharge the obligation of each other under the clause of the S&P Agreement as a result of the Vendor not being able to achieve the guaranteed aggregate net profit after tax of RMB8 million for the year ended 31 December 2010. In addition, the Vendor further agreed to the Group to buy back the 51% equity interest from the Group for cash consideration of RMB10,300,000 if the aggregate net profit after tax of the Biochemical Companies for the two years ending 31 December 2011 is less than RMB20 million. The Supplemental Agreement constitutes a connected transaction of the Company under the Listing Rules, it is subject to the approval of the independent shareholders at the shareholder meeting to be fixed by the Board. Details of the Supplemental Agreement will be set out in the circular of the Company to be despatched to shareholders as soon as possible. For date of despatch of the circular, please refer to the announcement of the Company dated 25 August 2011.

OTHER INFORMATION

Employees

As at 30 June 2011, the Group had a total of 110 employees, the majority of whom are situated in Hong Kong and PRC. In addition to offering competitive remuneration packages to employee discretionary bonuses and share options may also be granted to eligible employees based on individual performance.

The Group also encourages its employees to pursue a balanced life and provides a good working environment for its employees to maximise their potential and contribution to the Group.

The remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics, decides the emoluments of the Directors. No Director, or any of his associates, and executive, is involved in dealing his own remuneration.

Purchase, Sale or Redemption of Listed Securities

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

Corporate Governance

During the six months ended 30 June 2011, the Company had complied with the code provisions as set out in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") except that the Chairman of the Board did not attend and chair the 2011 annual general meeting of the Company as stipulated under code E1.2. The Chairman was away on a business trip on that day.

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. All directors have confirmed, following specific enquiries by the Company, that they have compiled with the required standards set out in the Model Code throughout the six months ended 30 June 2011.

Audit Committee

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls.

An Audit Committee meeting was held on 29 August 2011 to review the unaudited interim financial report for six months ended 30 June 2011. HLM & Co., the Group's external auditor, has carried out a review of the unaudited interim financial report for the six months ended 30 June 2011 in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my gratitude to all the staff and management team for their contribution during the period. I would also like to express my appreciation to the continuous support of our shareholders and investors.

By Order of the Board
LAM Ching Kui
Chairman

Hong Kong, 29 August 2011

As at the date of this announcement, the Board comprises:

Executive Directors:
LAM Ching Kui *(Chairman)*
LU Jun Wu *(Chief Executive Officer)*

Independent Non-executive Directors:
CHAN Chun Wai, Tony
SHAW Lut, Leonardo
WONG Wai Man, Raymond