



## APEX CAPITAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 905)

### 2007 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of Apex Capital Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2007 as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2007

		Unaudited	
		Six months ended 30th June,	
		2007	2006
	Notes	HK\$'000	HK\$'000
Revenue	3	–	11
Other income		–	50
Administrative expenses		(1,923)	(1,688)
Impairment loss recognised in respect of available-for-sale financial assets		–	(1,855)
<b>Loss from operations</b>	5	<b>(1,923)</b>	<b>(3,482)</b>
Finance costs		–	(67)
<b>Loss before income tax</b>		<b>(1,923)</b>	<b>(3,549)</b>
Income tax expense	6	–	–
<b>Loss for the period</b>		<b>(1,923)</b>	<b>(3,549)</b>
Attributable to:			
Equity holders of the Company		(1,923)	(3,549)
Minority interests		–	–
		<b>(1,923)</b>	<b>(3,549)</b>
<b>Loss per share</b>	7		
– Basic (HK cents)		<b>(0.80)</b>	<b>(2.22)</b>
– Diluted		N/A	N/A
<b>Dividends</b>		–	–

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th June, 2007

	Unaudited 30th June, 2007 HK\$'000	Audited 31st December, 2006 HK\$'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	—	64
<b>Current assets</b>		
Prepayment, deposits paid and other receivable	336	306
Cash at banks	3,212	6,305
Financial assets at fair value through profit or loss	—	—
	<u>3,548</u>	<u>6,611</u>
<b>Current liabilities</b>		
Other payables	25	1,186
Amounts due to directors	238	281
	<u>263</u>	<u>1,467</u>
<b>Net current assets</b>	<u>3,285</u>	<u>5,144</u>
<b>Net assets</b>	<u>3,285</u>	<u>5,208</u>
<b>EQUITY</b>		
Share capital	6,000	6,000
Reserves	<u>(2,715)</u>	<u>(792)</u>
<b>Total equity</b>	<u>3,285</u>	<u>5,208</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30th June, 2007*

### **1. General information and basis of preparation**

Apex Capital Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the Company’s registered office is Uglan House, PO Box 309, George Town, Grand Cayman, Cayman Islands. The principal place of business is 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

Principal activities of the Company and its subsidiaries (the “Group”) include the investments in listed and unlisted companies in Hong Kong and in other parts of the People’s Republic of China, excluding Hong Kong.

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company.

The unaudited condensed consolidated financial statements for the six months ended 30th June, 2007 were approved by the board of directors on 20th September, 2007.

### **2. Accounting policies**

The accounting policies adopted in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s audited financial statements for the year ended 31st December, 2006.

From 1st January, 2007, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards (“HKFRSs”) which are first effective on 1st January, 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant changes in the Group’s accounting policies.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s financial statements.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC)-INT 11	HKFRS 2 – Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC)-INT 12	Service Concession Arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st March, 2007.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2008.

### 3. Revenue

	<b>Unaudited</b>	
	<b>Six months ended 30th June,</b>	
	<b>2007</b>	<b>2006</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Interest income	–	1
Dividend income	–	10
	<hr/>	<hr/>
	–	11
	<hr/> <hr/>	<hr/> <hr/>

#### 4. Segment information

All of the Group's turnover and contribution to operating results are attributable to its investment activities.

The Group invests in listed and unlisted companies in Hong Kong and in other parts of the People's Republic of China (the "PRC"). These geographical markets are the basis on which the Group reports its primary segment information. Segment information about these geographical markets is presented below:

	<b>Unaudited</b>					
	<b>Six months ended 30th June,</b>					
	<b>Hong Kong</b>		<b>PRC</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<u>-</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
Segment results	<u>-</u>	<u>(342)</u>	<u>-</u>	<u>(1,855)</u>	<u>-</u>	<u>(2,197)</u>
Unallocated corporate expenses					<u>(1,923)</u>	<u>(1,352)</u>
Loss for the period					<u>(1,923)</u>	<u>(3,549)</u>

## 5. Loss from operations

	Unaudited	
	Six months ended 30th June,	
	2007	2006
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Depreciation	64	77
Investment management fees	300	300
Operating lease charges		
on office premises	–	92
Directors' remuneration	527	838
Staff costs	425	–
Fair value loss on financial assets at fair value through profit or loss	–	45
Gain on disposal of financial assets at fair value through profit or loss	–	(50)
	<u>–</u>	<u>–</u>

## 6. Income tax expense

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred losses for both periods.

## 7. Loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$1,923,000 (2006: loss of HK\$3,549,000) and on 240,000,000 (2006: 160,000,000) ordinary shares in issue during the period.

## **INTERIM DIVIDEND**

The Board has resolved not to declare an interim dividend for the period (2006: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review**

During the period, the Group recorded a loss attributable to shareholders was HK\$1,923,000, compared to a loss attributable to shareholders of HK\$3,549,000 for the last corresponding period.

### **Liquidity and Financial Resources**

At 30th June, 2007, there are no material borrowings and there are no charges on the Group's assets.

### **Pledge of assets**

As at 30th June, 2007, the Group has no property pledged to bank to secure mortgage loan granted to the Group (2006: HK\$3,860,000).

### **Capital commitment and contingent liabilities**

As at 30th June, 2007, the Group has no material capital commitment and contingent liabilities.

### **Foreign currency fluctuation**

Most of the business transactions of the Group are denominated in Hong Kong dollars. The Board believes the foreign exchange is minimal.

### **Staff costs**

The Group's total staff costs (including directors' emoluments) for the period amounted to approximately HK\$952,000 (2006: HK\$838,000).

## **Business review and outlook**

The economy of China has remained vibrant over the first half of this year despite signs of weakness in the US. We are seeing a lot of investment opportunities available in China and with our team we believe we can identify suitable investment opportunities. In the first half of the year we have made significant progress in the restructuring of the company with the appointment of Mr. MUNG Kin Keung as the Chairman and executive director of the Company. At the same time the Board has also appointed Mr. HA Wing Ho, Peter, Mr. LEONG Chi Wai and Mr. LEUNG King Yue, Alex as executive directors and Mr. CHEE Man Sang, Eric, Mr. LO Tak Kin and Ms. YU Tin Yan, Winnie as independent non-executive directors. With the recent appointments, we are confident that we have all the necessary expertise and experience from strategy to corporate finance and from legal to accounting to take the Company into its next stage of rapid development.

## **AUDIT COMMITTEE**

The Company has established an audit committee in accordance with rule 3.21 of the Listing Rules.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the interim report for the six months ended 30th June, 2007 with the directors.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has met with the code provisions of the Code on Corporate Governance Practices (the “CG Code”), as set out in Appendix 14 of the Listing Rules, during the accounting period covered by the interim report except for the following deviation:–

### **Code provision E.1.2**

The code provision E.1.2 of the CG Code provides that the Chairman of the Board shall attend the annual general meeting of the Company. Due to other business commitment, Mr. MUNG Kin Keung, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 21st June, 2007. This constitutes a deviation from the code provision E.1.2 of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as the Code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SHARES**

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

By Order of the Board of  
**Apex Capital Limited**  
**HA Wing Ho, Peter**  
*Executive Director*

Hong Kong, 20th September, 2007

*As at the date of this announcement, the board of directors comprises Mr. MUNG Kin Keung, Mr. HA Wing Ho, Peter, Mr. LEONG Chi Wai and Mr. LEUNG King Yue, Alex as executive directors; Mr. CHEE Man Sang, Eric, Mr. LO Tak Kin and Ms. YU Tin Yan, Winnie as independent non-executive directors.*