PART III

FINANCIAL INFORMATION

(b) Unaudited interim results for the Company for the six months ended 30 June 2009

Set out below are the unaudited interim results of China Private Equity Investment Holdings Limited (''the Company'') for the six months ended 30 June 2009.

CONDENSED STATEMENT OF FINANCIAL POSITION	*Notes*	***As at 31 December 2008 Audited US$'000***	***As at 30 June 2009 Unaudited US$'000***
Non-current assets			
Property, plant and equipment	*7*	2	2
Current assets			
Investment	*8*	19,122	19,122
Other receivables	*9*	1,351	1,470
Cash and cash equivalents		133	1
		20,606	20,593
Current liabilities			
Other payables and accruals		476	1,021
Shareholder's loan	*10*	265	1
		741	1,022
Net current assets		19,865	19,571
Net assets		19,867	19,573
Equity and reserves			
Share capital	*11*	20,347	20,347
Accumulated loss		(480)	(774)
Total equity and reserves		19,867	19,573

CONDENSED STATEMENT OF COMPREHENSIVE INCOME	*Notes*	***Six months ended 30 June 2008 Unaudited US$'000***	***Six months ended 30 June 2009 Unaudited US$'000***
Administrative expenses		(139)	(319)
Total operating loss	*5*	(139)	(319)
Finance income	*4*	—	25
Loss before taxation		(139)	(294)
Taxation	*6*	—	—
Loss and total comprehensive income for the period		(139)	(294)
Loss per share – from continuing operations (cents)			
Basic and diluted	*12*	(139)	(3)

CONDENSED STATEMENT OF CASH FLOWS

	Six months ended 30 June 2008 Unaudited US$'000	30 June 2009 Unaudited US$'000
Cash generated from operating activities		
Loss before taxation	(139)	(294)
Adjustments for:		
Finance income	—	(25)
Increase in other receivables	(297)	(119)
Increase in other payables and accruals	166	545
Net cash used from operating activities	(270)	107
Cash flow from investing activities		
Finance income	—	25
Purchase of property, plant and equipment	(3)	—
Net cash flows from investing activities	(3)	25
Cash flows from financing activities		
Increase/(decrease) in loans from a shareholder	273	(264)
Net cash flows from financing activities	273	(264)
Net increase in cash & cash equivalents during the period	—	(132)
Cash & cash equivalents at the beginning of the period	—	133
Cash & cash equivalents at the end of period	—	1

CONDENSED STATEMENT OF CHANGES IN EQUITY	Share capital US$'000	Accumulated loss US$'000	Total US$'000
Issue of shares	—*	—	—
Loss for the period	—	(139)	(139)
Balance at 30 June 2008	—	(139)	(139)
Balance at 1 January 2009	20,347	(480)	19,867
Loss for the period	—	(294)	(294)
Balance at 30 June 2009	20,347	(774)	(19,573)

* On incorporation, 100 Ordinary Shares of US$1 each were issued.

Accumulated loss represents the cumulative net gains and losses recognised in the income statement.

No dividends were paid during the period ended 30 June 2009.

Notes to the financial information

1. CORPORATE INFORMATION

The Company is a limited company incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004 on 18 January 2008. The address of the registered office is Room 803, 8/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The Company was set up with an intention to position itself to be a Chinese and Asian focused AIM listed private equity investment holding group. The Company will be trying to identify suitable private equity investment opportunities in China.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting.

The condensed financial statements have been prepared under the historical cost convention, as modified by revaluation of financial assets and financial liabilities at fair value through the income statement.

The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the Company's financial statements for the period ended 31 December 2008, except for the impact of the adoption of the Standards and Interpretations described below.

Revised IFRS 8 Operating Segments – effective for annual periods beginning or after 1 January 2009. IFRS 8 is a disclosure standard that has resulted in a re-designation of the Company's reportable segments, but has no impact on the reported results or financial position of the Group.

IAS 1 (revised 2007) Presentation of Financial Statements – effective for annual periods beginning on or after 1 January 2009. IAS 1 (revised 2007) presents transactions with owners in detail and non-owner changes in equity as a single line in the statement of changes in equity. The standard introduces a Condensed Statement of Comprehensive Income which presents all items of unrecognised income and expense and is linked to the Consolidated Income Statement. In addition, the Balance Sheet has been renamed to Condensed Statement of Financial Position and the Cash Flow Statement has been renamed to Condensed Statement of Cash Flows.

3. REVENUE

No revenue has been generated during the period.

4. FINANCE INCOME

This relates to bank interest and interest received from a loan due from Orbrich (China) International Factors Limited ("Orbrich").

5. OPERATING LOSS

	Six months ended	
	30 June 2008	***30 June 2009***
	Unaudited	***Unaudited***
	US$'000	***US$'000***
Operating loss is stated after charging		
Loss on foreign exchange	—	14

6. TAXATION

Due to tax losses there was no corporation tax for the period.

7. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the carrying amount of plant, property and equipment is shown below:

	Fixtures, fittings and equipment US$'000
Cost:	
At 1 July 2008, 31 December 2008 and 30 June 2009	3
Depreciation:	
At 1 July 2008	—
Charge for period	1
At 31 December 2008	1
Charge for the period	—
Depreciation at 30 June 2009	1
Net book value at 31 December 2008	2
Net book value at 30 June 2009	2

8. INVESTMENT

	As at 31 December 2008 Unaudited US$'000	***As at 30 June 2009 Unaudited US$'000***
Investments at fair value through profit and loss account	19,122	19,122

On 8 September 2008, the Company acquired 38% of the issued share capital of Fortel Technology Holdings Limited ('Fortel'). This has been accounted for as an investment as it is to be held as part of an investment portfolio and the Directors do not deem the shareholding to constitute significant and financial influence over the operating policies of that company. The Company will dispose of the shareholding upon approval by the Investment Committee who monitors the investment/divestment decision on an ongoing basis.

On acquisition, the fair value of Fortel was estimated using a valuation technique. The valuers used the Discounted Cash Flow Method. As Fortel does not have a quoted price in an active market the investment was measured at cost at the period end. The carrying amount is US$ 19,122,000.

A number of assumptions were used to value the investment, of which the most significant are as set out below. Also shown is the percentage decrease in the valuation which would occur under the valuation model if these targets were not reached:

- Annual revenue generated by each site to be US$ 350,000 in 2008, and increasing by 25% per year for the next five years. Additionally, the number of websites will duplicate each year. Should the revenue generated for each site in 2008 be +/- US$ 250,000 but the increase in the number of websites and revenue growth remain as expected, the valuation of the investment should have been 19% higher/ lower.
- Revenue generated via technical services provided each year to be US$ 380,000 for the next five years. Should this revenue stream be +/- US$ 280,000, the valuation of the investment should have been 5% higher/lower.
- Capital expenditure per location to be US$ 250,000 for each of the next five years. Should the capital expenditure be +/- US$ 350,000, the valuation of the investment should have been 1% higher/lower.

9. OTHER RECEIVABLES

Other receivables at the balance sheet date consist of the following:

	As at 31 December 2008 Unaudited US$'000	*As at 30 June 2009 Unaudited US$'000*
Other debtors (Orbrich)	845	433
Prepayments and accrued income	506	1,037
	1,351	1,470

10. SHAREHOLDER'S LOAN

	December 31, 2008 Unaudited US$'000	*June 30, 2009 Unaudited US$'000*
Shareholder's loan	264	1

The loan is provided by Duncan Chui unsecured, interest free and payable on demand.

11. SHARE CAPITAL

	December 31, 2008 Unaudited US$'000	*June 30, 2009 Unaudited US$'000*
Alloted, called-up and fully paid:		
9,906,209 Ordinary Shares of US$1 each	20,347	20,347

The Company is authorised to issue up to a maximum of 100,000,000 Ordinary Shares of a single class par value.

12. LOSS PER SHARE – CONTINUING OPERATIONS

	Six months ended	
	June 30, 2008 Unaudited US$'000	*June 30, 2009 Unaudited US$'000*
Earnings		
Net loss for the period	(139)	(294)
Number of shares		
Weighted average number of Ordinary Shares (fully paid up)	100	9,685,034

13. NATURE OF FINANCIAL INFORMATION

The financial information presented above does not constitute statutory accounts for the period ended 30 June 2008.