



**ZHENG HE GLOBAL CAPITAL LIMITED**  
**(ASX CODE: ZHE)**  
**(ABN 51 128 246 042)**

**CONSOLIDATED FINANCIAL REPORT**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2011**

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2010 and any public announcements made by Zheng He Global Capital Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Key Information</b>	<b>Half-year Ended 30 June 2011</b>	<b>Half-year Ended 30 June 2010</b>	<b>% Change</b>
Revenue from ordinary activities	<b>896,657</b>	448,580	99.91
Profit/(Loss) after tax from ordinary activities attributable to members	<b>(391,834)</b>	203,712	292.35
Profit/(Loss) attributable to members	<b>(366,277)</b>	203,712	279.80

**NET TANGIBLE ASSETS PER SHARE**

<b>Key Information</b>	<b>Half-year Ended 30 June 2011</b>	<b>Half-year Ended 30 June 2010</b>
Net tangible assets per share (cents per share)	7.7205	70.4885

**Financial overview**

The revenue from ordinary activities has increased by \$448,077 due to commencement of business operations in Australia, and can be primarily attributed to Zheng He Securities Pty Ltd, a wholly-owned subsidiary of Zheng He Global Capital Limited.

The consolidated loss after taxation of \$391,834 shows an increase in loss of 292.35% which is mainly due to the expenses associated with the recruitment of staff and the cost of establishing business operations in Australia.

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**DIRECTORS' REPORT**

The Directors present their report together with the interim financial report of Zheng He Global Capital Limited (“**Zheng He**” or “**the Company**”), for the six months ended 30 June 2011, and the independent auditors review report. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

**Directors**

The names of directors who held office during or since the end of the half year and until the date of this report are as below:

<b>Name</b>	<b>Title</b>	<b>Period of directorship</b>
Kit Foo Chye	Managing Director	30/10/2007 to present
Andrew Smith	Chairman and Executive Director	02/06/2010 to present
Ooi Jin Woon	Non-Executive Director	07/12/2007 to present
Cheng Ngee Lee	Non-Executive Director	12/10/2010 to present
Dato' Dr. Tan Tiong Hong	Chairman and Executive Director	22/04/2009 to 30/03/2011
Rong Cheng Wei	Non-Executive Director	02/06/2010 to 31/05/2011
Caroline Tan	Executive Director	14/01/2011 to 21/06/2011
Vivian Mei Hsuan Tan	Alternate Director	08/03/2011 to 30/03/2011

On 30 March 2011, the company's Chairman, Dato' Tan Tiong Hong passed away. In Dato' Tan's absence, Andrew Smith assumed the role of Acting Chairman. Mr Smith's experience in financial services in the Asia Pacific, and his particular experience in advising unlisted and listed companies in his previous roles as Managing Director of Intersuisse and Chairman of Sedgwick Asia Pacific enabled him to quickly and seamlessly assume the role as Acting Chairman.

**Review of Operations**

**Principal Activities:**

Zheng He has operations in both China and Australia. In China, Zheng He operates through its wholly-owned subsidiary, Fujian Zhong Hong Financial Guarantee Co Ltd (“**FJZH**”), which is based in the Fujian province of China, and provides short term bridging loans to individuals and small and medium enterprises (“**SMEs**”) as well as guarantees to individuals and SMEs in order to enable them to obtain credit facilities from financial institutions.

In late 2010, Zheng He, through its wholly owned subsidiary Zheng He Australia Pty Ltd (“**ZHA**”), commenced the provision of a range of corporate advisory and corporate finance services to small to mid-cap companies in the Australia. ZHA ultimately aims to expand into the funds management and wealth management industries in Australia over time.

Other than as stated above, there have been no significant changes in principal activities.

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**Significant changes in state of affairs**

ZHA was incorporated on 8 November 2010 by the Company with the objective of utilising ZHA as a vehicle through which Zheng He's Australian business operations would be conducted. As a result of various licencing arrangements, the entities Zheng He Securities Pty Ltd ("ZHS") and Bamboo Capital Pty Ltd (**Bamboo Capital**) both operate independently of ZHA, under their own corporate structures. For this reason, ZHA is in effect a holding company for Zheng He's Australian interests.

In February 2011, the Company entered into a joint venture with GET Pacific Ltd (**GET Pacific**) to form the joint venture entity Z Trade Global Pty Ltd (**Z Trade**). This joint venture entity is responsible for marketing a global online trading platform in Asia. The platform enables investor access to 28 global exchanges, 150 currency crosses and reputable research, which is complemented by live news feeds.

On 24 March 2011, ZHS, a wholly-owned subsidiary of the Company, was granted an Australian Financial Services Licence (No. 392360) (the **AFSL**) pursuant to an application to the Australian Securities Investments Commission. The AFSL authorises ZHS to:

- a) provide general financial product advice to retail and wholesale clients in relation to deposit and payment products, managed investment schemes and securities;
- b) provide personal financial product advice to wholesale clients for deposit and payment products, managed investment schemes and securities;
- c) deal in financial products and underwrite interests in managed investment schemes and issues of securities; and
- d) provide custodial and depository services.

This places Zheng He and its controlled entities (the **Consolidated Group** or the **Group**) in the unique position of holding financial services licences concurrently in both China and Australia. The AFSL enables ZHS to operate its corporate finance activities in Australia with particular focus on cross border opportunities between Asia and Australia. The Company anticipates that this will generate significant growth in the Group's business.

The AFSL has additionally facilitated the Company, **through ZHS**, in its endeavours to develop the funds management and wealth management arms of its business operations, in support of its existing corporate finance activities.

On 30 December 2010, ZH Global Investments Corporation was incorporated in the British Virgin Islands to hold the Company's offshore private equity investments. At the present time, the Company only has one such private equity investment, being Vitoshot Investments Corporation. (**VIC**)

VIC was incorporated on 30 December 2010. This subsidiary is charged with the responsibility of leveraging existing distribution and retail relationships in China and building a successful business selling "over the counter" vitamins and health supplements in this significant market. Negotiations with manufacturers and distributors are currently ongoing.

Fujian Qian Yi Investment Co Ltd was incorporated in China on 30 June 2011 as a vehicle through which the Company could develop the Fuzhou International Financial Centre. The Company subsequently decided that this objective could be achieved through a joint venture with Shanghai Baoran, which would become the prime developer of the land. As a result, Fujian Qian Yi Investment Co Ltd was dissolved.

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**Business Overview**

Zheng He has had an eventful six months developing its business strategies in both Australia and China.

The successful listing of Zheng He on the ASX created the opportunity for the Company to build a financial services business in Australia which is complementary to its credit guarantee business in China.

The Board evaluated a number of alternatives and ultimately saw the merits and advantages in building corporate finance, funds management and wealth management business operations in Australia. Once developed, the company will be able to utilise its presence in Australia and China to build a financial bridge between Australia and Asia, thereby facilitating the flow of debt and equity capital from financial institutions and investors to companies and retail clients.

Given the importance of licencing in financial services, the Company was pleased to receive news that its wholly owned subsidiary ZHS was granted the AFSL on 24 March 2011. The AFSL enables the Company, through ZHS, to advise and deal in financial products, and underwrite security placements.

Upon being granted the AFSL, the Company has successfully recruited staff experienced in corporate finance, which has in turn increased expenses associated with employees' wages and cross border transactions.

Whilst progress has been gradual, the Company's Australian business has now commenced processing revenue of \$398,000 (of which \$322,000 were from ZHS in this half year) for fund raising projects and has a steady pipeline of future opportunities. Attendance at conferences including the Hong Kong Mines and Money conference in March 2011 has assisted to elevate the Company's name and repute.

Z Trade is a joint venture between the Company and GET Pacific in collaboration with Saxo Bank, in which the Company has a 51% interest. Z Trade is focussed on the roll out of an online securities and derivative trading platform in Asia. The platform provides online access to research, prices and execution services for forex, contracts for difference, stocks, options, futures and fixed income on 28 exchanges around the world. The Company plans to roll this platform out to institutions and individual traders in Malaysia, Singapore, Indonesia, Hong Kong, Taiwan and ultimately China.

Bamboo Capital is a joint venture in which Zheng He holds a 50% interest. The Company is seeking investment funds for a High Yield Bond Fund which is AA- S&P rated Credit Wrapped backed by Inter Hanover. Efforts to raise funds continue in Asia, Europe and USA, although the Company notes that global economic uncertainty is making fund raising relatively difficult.

Zheng He Energy (HK) Ltd is a non-operating company in Hong Kong (**ZH Energy**).

In China, where the credit guarantee business has operated since early 2008, the Company through its wholly owned Chinese subsidiary FJZH has been steadily developing the business and identifying new sectors for expansion. FJZH has additionally been successful in expanding its existing Chinese licence from one that allows it to provide credit guarantee services to a licence that allows it to offer both financial services as well as credit guarantee services. This expansion has enabled FJZH to offer financial advisory services and other intermediary services, as well as to lend its own funds directly to borrowing customers. These new services are in addition to its core business of providing credit guarantees to partner banks.

Guarantee Cooperation Agreements were signed with China Construction Bank, and productive discussions have taken place with China Citic Bank.

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The underlying capital in FJZH, coupled with the leverage provided by banks with which FJZH has executed agreements in place, is sufficient to enable considerable growth with existing banking relationships without any need for further capital.

Recent focus on the Association of Foreign Investment Enterprises and enterprises in IT and Wood Products represent three future target areas.

During the period, a payment in the sum of \$16,476,000 was made by Zheng He's subsidiary FJZH under credit guarantee obligations as a result of the non-performance by a group of borrower clients. The payment was required to be made as a result of borrower clients of FJZH defaulting on repayment of their loans to their respective lending banks at the time repayment was due.

Subsequent to 30 June 2011, FJZH reached an agreement with a related party to the Company to assign the obligations for repayment of these loans. Directors have received bank documents indicating that payments have received in full settlement of these debts.

The Company and FJZH have since taken measures to review, and accordingly have further reinforced and strengthened, the Group's risk management policies, protocols and procedures.

#### **After Balance Date Events**

As previously advised to the market, Zheng He has entered into business collaboration with Shanghai Baoran Steel Co. Ltd (**Shanghai Baoran**) with the objectives of developing an international financial centre in Fuzhou. Subsequent to Balance Date, Mr Lin Liang, an executive director of Shanghai Baoran, was appointed as the new Chairman of FJZH.

On 7 July 2011, 1,500,000 shares were released from escrow.

#### **Likely Development**

The last six months has enabled the Company to lay strong foundations its future objectives. Careful recruitment of staff in Australia and targeted marketing efforts has positioned the Company well for the future.

Capital markets remain difficult, due to the continuing uncertainty created by sovereign debt levels in Europe and the USA, as well as recent natural disasters in a number of countries, particularly Japan. Capital markets in Asia remain in a relatively stronger position than Europe and the USA, which plays to Zheng He's strength and advantage.

Demand for capital in the expansion sectors in Australia, including the resources and biotechnology industries, has created opportunity for Zheng He. The Company continues to actively pursue relationships with institutions and investors in both Australia and Asia, and the Company is in turn confident that these relationships will assist Zheng He in successfully executing fund raising mandates.

Zheng He, through its wholly owned Chinese subsidiary FJZH, will continue to build on its credit guarantee business in China, where there is little evidence of economic slowdown, particularly in the Fujian Province.

Whilst the recent default on repayment of loans owed to respective lending banks by a group of FJZH's borrower clients has served to underscore gaps in FJZH's risk management procedures, the Company and FJZH have since taken measures to review, and accordingly have further reinforced and strengthened, the Group's risk management policies, protocols and procedures.

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**Auditor's Independence Declaration**

The lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the half year ended 30 June 2011.

Signed in accordance with a resolution of directors:



Andrew Smith  
Chairman  
31 August 2011



Mr. Kit Foo Chye  
Managing Director  
31 August 2011

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## Auditor's Independence Declaration Under S 307C of the Corporations Act 2001 to the Directors of Zheng He Global Capital Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the half year ended 30 June 2011, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

### **CROWE HORWATH MELBOURNE**



**Peter Sexton**  
**Partner**  
Melbourne Victoria

Dated this 31<sup>st</sup> day of August 2011

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 30 JUNE 2011**

	30/06/2011	unaudited 30/06/2010
	\$	\$
<b>Continuing Operations</b>		
Revenue	857,975	448,502
Other Income	38,682	78
	<u>896,657</u>	448,580
Administrative and Operating Expenses	(282,240)	(84,919)
Employee Benefits Expenses	(619,766)	(109,777)
Travelling, Marketing & Distribution Expenses	(150,326)	(29,657)
Professional Fees	(91,086)	(9,666)
Depreciation expense	(29,466)	-
Occupancy Expenses	(49,077)	(10,801)
Finance Costs	(45,366)	(48)
Write off of Financial Assets	-	-
<b>Profit / (Loss) before income tax</b>	<u>(370,670)</u>	203,712
Income Tax Expense	(21,164)	-
<b>Profit / (Loss) for the year</b>	<u>(391,834)</u>	203,712
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	(401,788)	(213,115)
<b>Total comprehensive income for the year</b>	<u>(793,622)</u>	(9,403)
<b>Profit / (Loss) from continuing operations attributable to:</b>		
Members of the Company	(366,277)	203,712
Non-controlling Interest	(25,557)	-
<b>Profit / (Loss) from continuing operations</b>	<u>(391,834)</u>	203,712
<b>Profit / (Loss) attributable to :</b>		
Members of the Company	(366,277)	203,712
Non-controlling Interest	(25,557)	-
<b>Profit / (Loss) for the period after tax</b>	<u>(391,834)</u>	203,712

The accompanying notes form part of these financial statements.

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	<b>30/06/2011</b>	<b>Unaudited 30/06/2010</b>
	\$	\$
<b>Total comprehensive income attributable to :</b>		
Members of the Company	(768,065)	(9,403)
Non-controlling Interest	(25,557)	-
<b>Total comprehensive income for the period</b>	(793,622)	(9,403)
<b>Earnings per share</b>		
<b>From continuing and discontinued operations</b>		
-Basic earnings per share (cents per share)	(0.1098)	0.6053
-Diluted earnings per share (cents per share)	(0.1098)	0.6053
<b>From continuing operations</b>		
-Basic earnings per share (cents per share)	(0.1098)	0.6053
-Diluted earnings per share (cents per share)	(0.1098)	0.6053

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	30/06/2011	31/12/2010
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	7,053,896	19,465,797
Loan receivables	19,925,890	3,993,642
Trade and other receivables	320,454	140,520
<b>Total Current Assets</b>	<u>27,300,240</u>	<u>23,599,959</u>
<b>Non-Current Assets</b>		
Trade and other receivables	8,834	-
Plant and equipment	232,511	172,443
Intangibles	299,328	299,328
<b>Total Non-Current Assets</b>	<u>540,673</u>	<u>471,771</u>
<b>Total Assets</b>	<u>27,840,913</u>	<u>24,071,730</u>
<b>Current Liabilities</b>		
Trade and other payables	3,787,482	252,058
Provisions	42,060	18,412
Current tax liability	158,908	140,706
<b>Total Current Liabilities</b>	<u>3,988,450</u>	<u>411,176</u>
<b>Total Liabilities</b>	<u>3,988,450</u>	<u>411,176</u>
<b>Net Assets</b>	<u>23,852,463</u>	<u>23,660,554</u>
<b>Equity</b>		
Issued capital	27,139,238	27,139,238
Reserves	(2,746,920)	(2,538,341)
Retained Earnings	(1,499,829)	(940,343)
Parent interest	22,892,489	23,660,554
Non-controlling interest	959,974	-
<b>Total Equity</b>	<u>23,852,463</u>	<u>23,660,554</u>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 30 JUNE 2011**

	Issued Share Capital	Retained Earnings	Foreign Currency Translation Reserve	Statutory Reserve	Sub Total	Non- controlling Interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1.1.2010</b>	<b>3,618,693</b>	<b>82,040</b>	<b>(81,161)</b>	-	<b>3,619,572</b>	-	<b>3,619,572</b>
Profit attributable to members of the company	-	203,712	-	-	203,712	-	203,712
Total other comprehensive income for the period	-	-	(213,115)	-	(213,115)	-	(213,115)
Shares issued during the period	19,844,877	-	-	-	19,844,877	-	19,844,877
Shares issued on reverse acquisition	565,767	-	-	-	565,767	-	565,767
Transfers	-	-	-	-	-	-	-
<b>Balance at 30.6.2010 (unaudited)</b>	<b>24,029,337</b>	<b>285,752</b>	<b>(294,276)</b>	-	<b>24,020,813</b>	-	<b>24,020,813</b>
<b>Balance at 1.1.2011</b>	<b>27,139,238</b>	<b>(940,343)</b>	<b>(3,020,087)</b>	<b>481,746</b>	<b>23,660,554</b>	-	<b>23,660,554</b>
Profit attributable to members of the company	-	(366,277)	-	-	(366,277)	(25,557)	(391,834)
Total other comprehensive income for the period	-	-	(401,788)	-	(401,788)	-	(401,788)
Recognition of non-controlling interests	-	-	-	-	-	985,531	985,531
Transfers	-	(193,209)	-	193,209	-	-	-
<b>Balance at 30.6.2011</b>	<b>27,139,238</b>	<b>(1,499,829)</b>	<b>(3,421,875)</b>	<b>674,955</b>	<b>22,892,489</b>	<b>959,974</b>	<b>23,842,463</b>

The accompanying notes form part of these financial statements.

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 JUNE 2011**

	<b>30/06/2011</b>	<b>Unaudited 30/06/2010</b>
	\$	\$
<b>Cash Flows From Operating Activities</b>		
Receipts of interests income and service fees	496,931	448,580
Payments to suppliers and employees (inclusive of goods and services tax)	(1,203,929)	(548,880)
Loans disbursed to borrowers, net of repayment	(12,458,058)	(58,148)
<b>Net cash (used in) operating activities</b>	<b>(13,165,056)</b>	<b>(158,448)</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(92,760)	(504)
Cash on Acquisition of Zheng He	-	-
<b>Net cash (used in) / provided by investing activities</b>	<b>(92,760)</b>	<b>(504)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issue of shares	-	18,981,734
Proceeds from issuance of share to non controlling interest	999,098	-
Loan from otherparty	18,260	-
<b>Net Cash provided by/ (used in) financing activities</b>	<b>1,017,358</b>	<b>18,981,734</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12,240,458)</b>	<b>18,822,782</b>
Cash and cash equivalents at beginning of the Financial Year	19,465,797	403,270
Effect of exchange rates on cash holding in foreign currencies	(171,443)	1,372,443
<b>Cash and cash equivalents at the end of the Financial Year</b>	<b>7,053,896</b>	<b>20,598,495</b>

The accompanying notes form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 1: Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 30 June 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Zheng He and its controlled entities (the **Consolidated Group** or the **Group**). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2010, together with any public announcements made during the following half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

**a. Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Zheng He at the end of the reporting period. A controlled entity is any entity over which Zheng He has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

In June 2010, Zheng He acquired Zheng He Global Capital Corporation (British Virgin Islands) (**ZH BVI**), the sole shareholder of FJZH. The acquisition value was satisfied by the issue of shares in the Company to shareholders of ZH BVI. This issue of shares resulted in shareholders of ZH BVI obtaining a majority shareholding in Zheng He. This transaction has thus been accounted for as a reverse acquisition in accordance with AASB 3: Business Combinations and the consolidated accounts represent a continuation of the accounts of ZH BVI rather than that of Zheng He.

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It is important to note that these accounts represent a continuation of the accounts of ZH BVI, the consolidated comparative numbers are also related to ZH BVI's operations and not of the Company's operations.

**b. New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

For the half-year reporting period to 30 June 2011, a number of new and revised accounting standard requirements became mandatory for the first time. Application of these amendments was considered and it was concluded that they did not have a material impact on the financial statements of the Group.

**Note 2: Business Combinations**

**(a) Controlled Entities Consolidated**

	Country of Incorporation	Percentage Owned (%)*	
		30/06/2011	31/12/2010
<b>Parent Entity:</b>			
Zheng He Global Capital Limited	Australia	-	-
<b>Subsidiaries of Zheng He Global Capital Corporation:</b>			
Zheng He Global Capital Corporation	British Virgin Islands	100	100
Fujian Zhong Hong Financial Guarantee Company Ltd	China	100	100
Zheng He Australia Pty Ltd	Australia	100	100
Zheng He Securities Pty Ltd	Australia	100	100
Z Trade Pty Ltd	Australia	51	-
Zheng He Energy (HK) Ltd	Hong Kong	50	-
Bamboo Capital Pty Ltd	Australia	50	-

\*Percentage of voting power is in proportion to ownership.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 30 JUNE 2011**

**Note 3: Segment information**

**Segment Performance for the half year**

	30/06/2011			30/06/2010		
	China	Australia	Total	China	Australia	Total
	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
External sales	121,377	336,622	457,999	448,502	-	448,502
Interest Income	377,367	22,609	399,976	-	-	-
Others	561	38,121	38,682	78	-	78
<b>Total Segment Revenue</b>	<b>499,305</b>	<b>397,352</b>	<b>896,657</b>	<b>448,580</b>	<b>-</b>	<b>448,580</b>
<b>Total Group Revenue</b>			<b>896,657</b>			<b>448,580</b>
<b>Segment Net Profit/(Loss) before Tax</b>	<b>204,589</b>	<b>(500,427)</b>	<b>(295,838)</b>	<b>203,712</b>	<b>-</b>	<b>203,712</b>
<i>Reconciliation of segment result to group net loss before tax</i>						
Amount not included in segment result but reviewed by Board:						
-Depreciation & Amortisation	(13,614)	(15,852)	(29,466)	-	-	-
-Write down of Financial Assets			-	-	-	-
- Finance costs	(44,022)	(1,344)	(45,366)			
<b>Net Profit/(Loss) before tax from continuing operations</b>	<b>146,953</b>	<b>(517,623)</b>	<b>(370,670)</b>	<b>203,712</b>	<b>-</b>	<b>203,712</b>

**Zheng He Global Capital Limited**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2011**

**Note 3: Segment information (continued)**

**Segment Assets**

	30/06/2011			31/12/2010		
	China	Australia	Total	China	Australia	Total
	\$	\$	\$	\$	\$	\$
<b>Segment Assets</b>	25,623,353	70,037,642	95,660,995	21,228,067	70,560,858	91,788,925
<i>Reconciliation of segment assets to group assets</i>						
Inter-segment eliminations		(67,820,082)	(67,820,082)	-	(67,717,195)	(67,717,195)
<b>Segment Assets after inter-segment eliminations</b>	<b>25,623,353</b>	<b>2,217,560</b>	<b>27,840,913</b>	<b>21,228,067</b>	<b>2,843,663</b>	<b>24,071,730</b>
<b>Total Group Assets</b>			<b>27,840,913</b>			<b>24,071,730</b>

**Segment Liabilities**

<b>Segment Liabilities</b>	3,869,523	171,912	4,041,435	183,671	228,895	412,566
<i>Reconciliation of segment liabilities to group liabilities</i>						
Inter-segment eliminations	-	(52,985)	(52,985)	-	(1,390)	(1,390)
<b>Segment Liabilities after inter-segment eliminations</b>	<b>3,869,523</b>	<b>118,927</b>	<b>3,988,450</b>	<b>183,671</b>	<b>227,505</b>	<b>411,176</b>
<b>Total Group Liabilities</b>			<b>3,988,450</b>			<b>411,176</b>

**Note 4: Share Capital**

	30/06/2011	31/12/2010
	\$	\$
Issued and fully paid ordinary shares (30 Jun 2011:356,731,223; 31 Dec 2010: 356,731,223)	27,139,328	27,139,238

**Zheng He Global Capital Limited**  
**Financial Report for the half-year ended 30 June 2011**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2011**

**Note 5: Contingent Assets and Liabilities**

As of the balance sheet date, the Group has potential exposure to guarantees that it has issued to third parties with respect to the banking facilities. The outstanding guarantees issued are as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Corporate loan guarantees	<b>5,416,229</b>	16,771,831
Housing loan guarantee	<b>547,317</b>	-
Car loan guarantees	<b>1,985,902</b>	1,250,819
Total	<b>7,949,447</b>	18,022,650

**Note 6: Events after the End of the Interim Period**

Zheng He has entered into business collaboration with Shanghai Baoran with the objectives of developing an international financial centre in Fuzhou. Subsequent to Balance Date, Mr Lin Liang, an executive director of Shanghai Baoran, was appointed as the new Chairman of FJZH.

On 7 July 2011, 1,500,000 shares were released from escrow.

During the period, a payment in the sum of \$16,476,000 was made by Zheng He's subsidiary FJZH under credit guarantee obligations as a result of the non-performance by a group of borrower clients. The payment was required to be made as a result of borrower clients of FJZH defaulting on repayment of their loans to their respective lending banks at the time repayment was due.

Subsequent to 30 June 2011, FJZH reached an agreement with a related party to the Company to assign the obligations for repayment of these loans. Directors have received bank documents indicating that payments have since been received in full settlement of these debts.

The Company and FJZH have since taken measures to review, and accordingly have further reinforced and strengthened, the Group's risk management policies, protocols and procedures.

Zheng He Global Capital Limited

Financial Report for the half-year ended 30 June 2011

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew Smith  
Chairman  
31 August 2011



Mr. Kit Foo Chye  
Managing Director  
31 August 2011

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# Independent Auditor's Review Report to the members of Zheng He Global Capital Limited and Controlled Entities

## Report on the financial report

We have reviewed the accompanying half year financial report of Zheng He Global Capital Limited and Controlled entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income and the statement of cash flows for the half year then ended, the accounting policies and other selected explanatory notes and the directors' declaration.

## The director's responsibility for the half year financial report

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Zheng He Global Capital Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards 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.

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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## Auditor's opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Zheng He Global Capital Limited and controlled entities is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **CROWE HORWATH MELBOURNE**



**Peter Sexton**  
**Partner**  
Melbourne Victoria

Dated this 31<sup>st</sup> day of August 2011