



問博控股有限公司
APTUS HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)
Stock Code : 8212



Interim Report 2008/2009

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the board of directors of Aptus Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of directors (the “**Board**”) of Aptus Holdings Limited (the “**Company**”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively referred as the “**Group**”) for the three months and six months ended 31 December 2008, together with the comparative unaudited figures for the corresponding period in 2007, are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and six months ended 31 December 2008

	Notes	(Unaudited) Three months ended 31 December		(Unaudited) Six months ended 31 December	
		2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
REVENUE	2	24,976	25,283	64,878	56,200
Cost of sales		(17,425)	(20,600)	(53,080)	(46,726)
Gross profit		7,551	4,683	11,798	9,474
Other revenue	2	228	736	665	806
Selling and distribution costs		(4,497)	(4,372)	(8,871)	(7,333)
Administrative expenses		(2,904)	(3,673)	(6,013)	(16,413)
Finance costs		(11,050)	(9,863)	(21,830)	(17,654)
Loss on disposal of an associate	4	(7)	–	(7)	–
Loss on deemed disposal of a subsidiary	4	–	–	–	(7)
Share of profit of an associate	4	7	6	124	17
LOSS BEFORE TAXATION	5	(10,672)	(12,483)	(24,134)	(31,110)
Tax	6	–	816	–	641
LOSS FOR THE PERIOD		(10,672)	(11,667)	(24,134)	(30,469)
NET LOSS ATTRIBUTABLE TO:					
Equity holders of the Company		(10,640)	(11,602)	(24,046)	(30,314)
Minority interests		(32)	(65)	(88)	(155)
		(10,672)	(11,667)	(24,134)	(30,469)
LOSS PER SHARE	7				
Basic (HK Cents)		(0.605)	(0.683)	(1.368)	(1.785)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Notes	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		241,849	218,006
Interest in an associate		–	1,889
Goodwill		81,215	81,215
Construction in progress		617	6,912
Prepaid lease payments		15,599	15,502
		339,280	323,524
CURRENT ASSETS			
Inventories		3,168	4,306
Accounts receivables	9	588	610
Prepaid lease payments		425	452
Prepayment, deposits and other receivables		39,119	38,385
Tax recoverable		–	680
Bank balances and cash		37,346	40,629
		80,646	85,062
CURRENT LIABILITIES			
Accounts payables	10	19,599	6,823
Accrued liabilities and other payables		21,150	19,555
Tax payable		1,072	–
Bank and other borrowings	11	37,582	11,344
		79,403	37,722
NET CURRENT ASSETS		1,243	47,340
TOTAL ASSETS LESS CURRENT LIABILITIES		340,523	370,864
CAPITAL AND RESERVES			
Share capital	12	17,594	17,444
Reserves		(73,305)	(50,433)
Equity attributable to equity holders of the Company		(55,711)	(32,989)
Minority interests		15,152	15,278
		(40,559)	(17,711)
NON-CURRENT LIABILITIES			
Bank and other borrowings	11	94,435	114,251
Convertible bonds	13	286,647	274,324
		381,082	388,575
		340,523	370,864

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2008

	(Unaudited)	
	Six months ended	
	31 December	
	2008	2007
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	23,812	(41,821)
Net cash outflow from investing activities	(25,296)	(15,903)
Net cash (outflow)/inflow from financing activities	(1,576)	7,979
Net decrease in cash and cash equivalents	(3,060)	(49,745)
Cash and cash equivalents at beginning of period	40,629	49,110
Effect of foreign exchange rates changes	(223)	7,761
Cash and cash equivalents at end of period	37,346	7,126

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders of the Company								
	Share capital	Share option reserve	Convertible bonds reserve	Translation reserve	Share premium account	Capital reserve	Accumulated losses	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2008	17,444	-	10,712	24,516	95,051	15,826	(196,538)	15,278	(17,711)
Shares issued on exercise of options	150	-	-	-	1,359	-	-	-	1,509
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	(185)	-	-	-	(38)	(223)
Net loss for the period	-	-	-	-	-	-	(24,046)	(88)	(24,134)
At 31 December 2008	17,594	-	10,712	24,331	96,410	15,826	(220,584)	15,152	(40,559)
At 1 July 2007	16,979	78,120	10,712	5,384	90,960	15,826	(225,489)	15,312	7,804
Shares issued on exercise of options	9	-	-	-	96	-	-	-	105
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	7,355	-	-	-	442	7,797
Deemed disposal of a subsidiary	-	-	-	-	-	-	-	(749)	(749)
Recognition of equity-settled share based payments	-	7,674	-	-	-	-	-	-	7,674
Net loss for the period	-	-	-	-	-	-	(30,314)	(155)	(30,469)
At 31 December 2007	16,988	85,794	10,712	12,739	91,056	15,826	(255,803)	14,850	(7,838)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong (the "GEM Listing Rules").

The unaudited consolidated interim financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value.

The accounting policies and methods of computation used in the preparation of these unaudited consolidated interim financial statements are consistent with those applied in the annual financial statements for the year ended 30 June 2008.

2. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of gas and gas appliances are recognised when goods are delivered and title has been passed.

Gas transportation revenue and gas connection fee income are recognised when the corresponding services are performed.

Sales of edible oil products are recognised when goods are delivered and title has been passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. SEGMENT INFORMATION

Business segments

The Group is engaged in the businesses of holding a profit sharing right of an oil field, distribution of edible oil, sales of gas and gas appliances, provision of gas transportation services and installation services.

Summary details of the business segments are as follows:

	(Unaudited)							
	Six months ended 31 December							
	Gas related		Profit sharing on oil field		Distribution of edible oil		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:								
Sales to external customers	46,586	31,522	-	-	18,292	24,678	64,878	56,200
Segment results	353	1,843	(225)	(513)	21	(1)	149	1,329
Unallocated income							1	9
Unallocated expenses							(2,571)	(14,804)
Finance costs							(21,830)	(17,654)
Loss on disposal of an associate							(7)	-
Loss on deemed disposal of a subsidiary							-	(7)
Share of profit of an associate							124	17
Loss before taxation							(24,134)	(31,110)
Tax							-	641
Loss for the period							(24,134)	(30,469)

	Gas related		Profit sharing on oil field		Distribution of edible oil		Total	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2008	2008	2008	2008	2008	2008	2008	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	304,591	290,486	48,463	33,126	1,359	1,754	354,413	325,366
Unallocated assets							65,513	83,220
Total assets							419,926	408,586
Segment liabilities	119,553	117,157	4,783	1,233	414	457	124,750	119,286
Unallocated liabilities							49,088	32,687
Convertible bonds							286,647	274,324
Total liabilities							460,485	426,297

	(Unaudited)							
	Six months ended 31 December							
	Gas related		Profit sharing on oil field		Distribution of edible oil		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Depreciation of property, plant and equipment	9,588	9,060	17	16	-	-	9,605	9,076
Unallocated							7	7
							9,612	9,083
Amortisation of prepaid lease payments	72	132	-	-	-	-	72	132
Capital expenditure	27,302	15,425	-	-	-	-	27,302	15,425

Geographical segments

Summary details of the geographical segments are as follows:

	Revenue (Unaudited)		Segment results (Unaudited)		Segment assets (Unaudited) (Audited)		Capital expenditure (Unaudited)	
	Six months ended 31 December 2008 HK\$'000	Six months ended 31 December 2007 HK\$'000	Six months ended 31 December 2008 HK\$'000	Six months ended 31 December 2007 HK\$'000	31 December 2008 HK\$'000	30 June 2008 HK\$'000	Six months ended 31 December 2008 HK\$'000	Six months ended 31 December 2007 HK\$'000
PRC	46,586	31,522	128	1,330	353,054	323,612	27,302	15,425
Hong Kong	-	-	-	-	65,513	83,220	-	-
South East Asia	18,292	24,678	21	(1)	1,359	1,754	-	-
	64,878	56,200	149	1,329	419,926	408,586	27,302	15,425
Unallocated income			1	9				
Unallocated expenses			(2,571)	(14,804)				
Finance costs			(21,830)	(17,654)				
Loss on disposal of an associate			(7)	-				
Loss on deemed disposal of a subsidiary			-	(7)				
Share of profit of an associate			124	17				
Loss before taxation			(24,134)	(31,110)				
Tax			-	641				
Loss for the period			(24,134)	(30,469)				

4. DISPOSAL OF AN ASSOCIATE OF A JOINTLY CONTROLLED ENTITY

In November 2008, Changde Huayou Gas Co., Ltd., a jointly controlled entity of the Group, disposed of its associate, Linli Huayou Gas Co., Limited ("Linli Huayou"), at a consideration of RMB3,650,000. Loss on disposal of an associate of approximately HK\$7,000 was shared by the Group. Up to the date of disposal of Linli Huayou, the Group shared Linli Huayou's profit of approximately HK\$124,000 during the six months ended 31 December 2008 (2007: approximately HK\$17,000).

In August 2007, Linli Huayou increased its registered capital, which led to the change of Linli Huayou from a subsidiary to an associate of Changde Huayou Gas Co., Ltd.. Loss on deemed disposal of a subsidiary of approximately HK\$7,000 was recorded by the Group.

5. LOSS BEFORE TAXATION

Loss before taxation has been arrived after charging:

	(Unaudited)	
	Six months ended	
	31 December	
	2008	2007
	HK\$'000	HK\$'000
Cost of inventories sold	53,080	46,726
Depreciation of property, plant and equipment	9,612	9,083

Included in the depreciation of approximately HK\$9,612,000 (2007: approximately HK\$9,083,000) was an amount of approximately HK\$5,808,000 (2007: approximately HK\$5,639,000) capitalised in inventories and transferred to cost of inventories sold during the six months ended 31 December 2008. The amount of approximately HK\$5,808,000 (2007: approximately HK\$5,639,000) was also included in cost of inventories sold of approximately HK\$53,080,000 for the six months ended 31 December 2008 (2007: approximately HK\$46,726,000).

6. TAX

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for the three months and six months ended 31 December 2008 (three months and six months ended 31 December 2007: NIL). Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The potential deferred tax asset has not been recognized in the financial statements as the probability that future taxable profit will be available against which the temporary differences can be utilized in the foreseeable future is uncertain.

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss attributable to the equity holders of the Company:

	(Unaudited)		(Unaudited)	
	Three months ended		Six months ended	
	31 December		31 December	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the purposes of basic loss				
per share	10,640	11,602	24,046	30,314

Number of shares

(Unaudited)		(Unaudited)	
Three months ended		Six months ended	
31 December		31 December	
2008	2007	2008	2007
'000	'000	'000	'000

Weighted average number of ordinary shares for the purposes of basic loss per share	1,759,391	1,698,414	1,758,272	1,698,148
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Outstanding share options and convertible bonds of the Company are anti-dilutive since their exercise or concession would result in a decrease in loss per share. As such, no diluted loss per share has been presented in both periods.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 31 December 2008 (six months ended 31 December 2007: NIL).

9. ACCOUNTS RECEIVABLES

Accounts receivables, which generally have credit terms of not more than 90 days, are recognised and carried at original invoiced amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

	(Unaudited)	(Audited)
	31 December	30 June
	2008	2008
	HK\$'000	HK\$'000
Trade receivables	952	1,466
Less: Provision for doubtful receivables	(364)	(856)
Net amount	588	610

An aged analysis of the Group's accounts receivables at the balance sheet dates, based on the date of goods delivered is as follows:

	(Unaudited) 31 December 2008 <i>HK\$'000</i>	(Audited) 30 June 2008 <i>HK\$'000</i>
Current to 90 days	511	489
90 – 180 days	–	–
Over 180 days	441	977
	952	1,466

The fair value of the Group's accounts receivables as at 31 December 2008 approximates to the corresponding carrying amount.

10. ACCOUNTS PAYABLES

	(Unaudited) 31 December 2008 <i>HK\$'000</i>	(Audited) 30 June 2008 <i>HK\$'000</i>
Trade payables	19,599	6,823

An aged analysis of the Group's accounts payables at the balance sheet dates, based on the date of goods and services received is as follows:

	(Unaudited) 31 December 2008 <i>HK\$'000</i>	(Audited) 30 June 2008 <i>HK\$'000</i>
Within 90 days	17,700	219
Over 90 days	1,899	6,604
	19,599	6,823

The fair value of the Group's accounts payables as at 31 December 2008 approximates to the corresponding carrying amount.

11. BANK AND OTHER BORROWINGS

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Bank loans	82,469	80,276
Other borrowings	49,548	45,319
	132,017	125,595

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Secured loans (note a)	76,477	93,994
Unsecured loans (note b)	55,540	31,601
	132,017	125,595

- (a) Borrowing of approximately HK\$16,500,000 is interest-bearing at 2% over prime rate, secured by corporate guarantee from China Vanguard Group Limited, the ultimate holding company of the Company and repayable within the year.

Bank loan of approximately HK\$59,977,000 is secured by the gas network of a jointly controlled entity, interest-bearing at 6.97-7.05% per annum and has fixed repayment terms.

- (b) Borrowing of approximately HK\$15,144,000 is unsecured, interest-bearing at prime rate and not repayable within the year.

Borrowing of approximately HK\$17,904,000 is unsecured, interest-bearing at 4.17% per annum and has fixed repayment terms.

Bank loan of approximately HK\$3,749,000 is unsecured, interest-bearing at 5.5% per annum and repayable within the year.

Bank loan of approximately HK\$18,743,000 is unsecured, interest-bearing at 4.8% per annum and has fixed repayment terms.

Borrowings are repayable as follows:

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 <i>HK\$'000</i>
On demand or within one year	37,582	11,344
In more than one year but not more than two years	28,336	63,704
In more than two years but not more than five years	58,919	40,054
Over five years	7,180	10,493
	132,017	125,595
Less: Amount shown under non-current liabilities	(94,435)	(114,251)
Amount shown under current liabilities	37,582	11,344

12. SHARE CAPITAL

Shares

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 <i>HK\$'000</i>
<i>Authorised:</i>		
20,000,000,000 (30 June 2008: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
<i>Issued and fully paid:</i>		
1,759,391,428 (30 June 2008: 1,744,391,428) ordinary shares of HK\$0.01 each	17,594	17,444

13. CONVERTIBLE BONDS

On 22 November 2006 the Company issued convertible bonds due on 21 November 2011 with a principal amount of HK\$234,000,000, which is interest-bearing at 5% per annum from and including 21 May 2008 (the "Bonds"). The Bonds were issued for the purpose of the acquisition of a 48.33% equity interest in Changde Huayou Gas Co. Ltd. and a 33% equity interest in the Hunan Huayou Natural Gas Transportation & Distribution Company Limited and general working capital purposes.

On 23 October 2008, the Company, The Bank of New York Mellon (formerly known as The Bank of New York) (the "Trustee") and BNY Corporate Trustee Services Limited (the "Security Trustee") entered into the Amendment Deed pursuant to which the parties agreed to amend the terms and conditions of the Bonds set out in Schedule 1 to the trust deed, which was entered into by the Company, Trustee and the Security Trustee dated 22 November 2006 ("Trust Deed"). The principal amendment of the Amendment Deed is to replace the first Put Option Date of 21 November 2008 with 21 February 2009.

On 30 December 2008, the Company, the Trustee and the Security Trustee entered into the Second Amendment Deed pursuant to which the parties agreed to further amend the terms of the Trust Deed and the conditions of the Bonds including but not limited to, permitting the Company to dispose of the pledged assets for the purpose of redeeming the outstanding Bonds provided that sufficient funds to redeem the Bonds and pay related fees and expenses are held in escrow; limiting the Bondholders' rights to convert the Bonds during the period ending 21 November 2009; revising the Conversion Price to HK\$0.5756 and the Minimum Reset Reference Price to HK\$0.4029. An extraordinary general meeting is to be held on 16 February 2009, seeking approval of the Company's shareholders of the Specific Mandate to authorise the Company's Directors to issue and allot up to a maximum of 580,789,278 new Company's shares upon conversion of the Amended Bonds.

For details of the two amendments of the Bonds, please refer to the joint announcements of the Company and China Vanguard Group Limited dated 23 October 2008 and 7 January 2009 and the Company's circular dated 21 January 2009.

Unless previously redeemed, converted or purchased and cancelled, the convertible bonds will be redeemed at 150.15% of their principal amount on 21 November 2011.

The fair value of the liability component of the convertible bonds is estimated by computing the present value of all future cash flow discounted using prevailing market rate of interest for similar instrument with a similar credit rating and with consideration of the convertible bonds. The residual amount, representing the value of the equity component, is credited to the Company's reserve account.

The convertible bonds have been split between the liability and equity components as follows:

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Nominal value of convertible bonds issued	234,000	234,000
Equity component	(10,712)	(10,712)
Liability component at the issuance date	223,288	223,288
Imputed finance cost	69,209	51,036
Interest paid	(5,850)	–
Non-current liability component as at the balance sheet date	286,647	274,324

14. OPERATING LEASE ARRANGEMENTS

The Group as lessee

As at 31 December 2008, the Group had commitments for future minimum lease payments in respect of rented premises under non-cancelable operating leases which fall due as follows:

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Within one year	6	45
In the second to fifth years inclusive	–	7
	6	52

Operating lease payments represent rental payable by the Group for certain of its office properties.

The Group as lessor

As at 31 December 2008, the Group had contracted with tenants for the following minimum lease payments under non-cancelable operating leases in respect of rented premises which fall due as follows:

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Within one year	290	314
In the second to fifth years inclusive	167	263
	457	577

Leases are negotiated for an average term of 2 years.

15. CAPITAL COMMITMENTS

	(Unaudited) 31 December 2008 HK\$'000	(Audited) 30 June 2008 HK\$'000
Capital expenditure in respect of the investment in a subsidiary authorised but not contracted for	44,189	44,220

16. PLEDGED ASSETS

As at 31 December 2008 and up to the date of this interim report issued, the 100% of the issued share capital of Good United Management Limited (“GUM”), a wholly-owned subsidiary of the Company, was pledged in favour of the holder(s) of the convertible bonds issued by the Company on 22 November 2006. GUM held 70% equity interests in CNPC Huayou Cu Energy Investment Co., Limited, which owned profit sharing rights on Xin Jiang Oilfield.

In addition, borrowings of approximately HK\$59,977,000 (30 June 2008: approximately HK\$60,020,000) had been secured by the gas network of a jointly controlled entity, Hunan Huayou Natural Gas Transportation & Distribution Company Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

Aptus Holdings Limited is divided into 3 operating segments: (1) two downstream natural gas related operations in the province of Hunan, the PRC, i.e. the Changde Huayou Gas Co., Ltd (“Changde Joint Venture” in which the Group has a stake of 48.33%) and Hunan Huayou Natural Gas Transportation and Distribution Limited (“Hunan Joint Venture” in which the Group has a stake of 33%) (collectively known as “Natural Gas Joint Ventures”); (2) holding of a profit sharing right of the Xin Jiang Oilfield; and (3) an edible oil trading business via our non-listed Singapore subsidiary.

FINANCIAL REVIEW

For the six months ended 31 December 2008 (“Period 2008”), the Group recorded an unaudited consolidated turnover of approximately HK\$64.9 million, which represented an increase of approximately 15.4 % as compared to approximately HK\$56.2 million for the six months ended 31 December 2007 (“Period 2007”). The increase was due to the Natural Gas Joint Ventures recording a significant growth in revenue as compared to the previous corresponding period, despite a fall in revenue contribution from the edible oil segment. The Natural Gas Joint Ventures contributed approximately HK\$46.6 million in revenue as compared to approximately HK\$31.5 million for Period 2007, an increase of about 47.9%. As for the edible oil trading business, the Group recorded a decrease of about 25.9% in revenue from approximately HK\$24.7 million recorded in the Period 2007 as compared to approximately HK\$18.3 million for the Period 2008 which resulted from the continuous increase in the price of consumer goods thus reducing demand.

The gross profit for the Period 2008 increased by approximately 24.2% to approximately HK\$11.8 million (Period 2007: approximately HK\$9.5 million). Approximately HK\$11.8 million (Period 2007: approximately HK\$9.2 million) of gross profit was generated by our natural gas related operations and approximately HK\$46,000 (Period 2007: approximately HK\$0.3 million) of gross profit was generated by our edible oil trading business.

Overall, gross margin increased slightly to approximately 18.2% for the Period 2008 as compared to 16.9% in the Period 2007. Gross margin for the edible oil trading business for the Period 2008 was approximately 0.2% against 1.2% previously. The lower gross margin here was due to the low-price strategy adopted by the Group in reaction to tougher market conditions. This, however, was offset by the 25.3% gross margin being achieved by our natural gas related operations.

For the six months ended 31 December 2008, net loss of approximately HK\$24.1 million (Period 2007: approximately HK\$30.5 million) was recorded. A decrease of about 21% as compared to previous corresponding period was resulted. The decrease was mainly attributable to share option expenses charged against the Group's profit and loss account of approximately HK\$7.7 million in the Period 2007. No share option expense was recorded in Period 2008.

Financial resources and liquidity

As at 31 December 2008, the Group held assets of approximately HK\$419.9 million (30 June 2008: approximately HK\$408.6 million), including cash and bank balance of approximately HK\$37.3 million (30 June 2008: approximately HK\$40.6 million).

As at 31 December 2008, the Group had outstanding borrowings of approximately HK\$132 million (30 June 2008: approximately HK\$125.6 million) and convertible bonds of approximately HK\$286.6 million (30 June 2008: approximately HK\$274.3 million).

The Directors consider that it is not meaningful to publish a gearing ratio for the Group until such time as the Group is in a positive shareholders' equity position.

Capital structure

During the six months ended 31 December 2008, the Company issued 15,000,000 shares to eligible participants due to shares options exercised. As at 31 December 2008, the number of the Company's issued shares was enlarged to 1,759,391,428 shares.

Significant investments and acquisitions

The Group did not make any material acquisitions or significant investments during the six months ended 31 December 2008.

Charges on the Group's assets

As at 31 December 2008 and up to the date of this interim report issued, the 100% of the issued share capital of GUM, a wholly-owned subsidiary of the Company, was pledged in favour of the holder(s) of the convertible bonds issued by the Company on 22 November 2006. GUM held 70% equity interests in CNPC Huayou Cu Energy Investment Co., Limited, which owned profit sharing rights of Xin Jiang Oilfield.

In addition, borrowings of approximately HK\$59,977,000 (30 June 2008: approximately HK\$60,020,000) had been secured by the gas network of a jointly controlled entity, Hunan Joint Venture.

Exposure to fluctuations in exchange rates and any related hedges

No significant exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars, RMB or US dollars. The Group's major investment and financing strategies are to invest in domestic projects in the PRC by Hong Kong dollars borrowings. As significant RMB depreciation is not expected in the foreseeable future and the Group's operating income is substantially denominated in RMB, the Group did not perform any foreign currency hedging activities during the period. Nevertheless, the Group will from time to time review and adjust the Group's investment and financing strategies based on the RMB, US dollars and Hong Kong dollars exchange rate movement.

Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2008 (30 June 2008: NIL).

Employees and remuneration policies

The Group employed 17 full-time staff employed by the Company and its subsidiaries and the Group's jointly controlled entities employed 251 staff as at 31 December 2008. Employees' remuneration is in line with market conditions, working experience and performance. In addition to basic salaries and provident fund contributions, the Group also offers medical benefits and training programs.

BUSINESS REVIEW

The Changde Joint Venture has completed about 752 km of city-level pipelines connecting approximately 290 commercial and public welfare establishment users, 8 industrial users, and approximately 59,000 residential users to its network as of the date of this report with sales of about 27.2 million cubic meters of natural gas for the Period 2008, an increase of 47.8% as compared to sales of about 18.4 million cubic meters of natural gas for the Period 2007. The Hunan Joint Venture has completed the construction of its main pipelines (about 188 km in total) branching out to reach 7 city-level gas distribution stations in the province of Hunan. The Hunan Joint Venture transported about 31.7 million cubic meters of natural gas to the 7 city-level gas distribution stations, an increase of approximately 55.4% as compared to 20.4 million cubic meters in the Period 2007.

Business conditions for the edible oil trading business were even tougher than before with the impact of a deteriorating global economic climate making itself felt.

With regards to the convertible bonds, during the period under review Aptus has signed 2 amendment deeds with the bondholder(s) amending the terms and conditions of the bonds. For further details, please refer to the circular dated 21 January 2009 issued by the Company. An extraordinary general meeting has been scheduled for 16 February 2009 to vote on the matters outlined in the circular.

FUTURE OUTLOOK AND PROSPECTS

The Group will continue to concentrate on scaling up the operation of the Natural Gas Joint Ventures to further enhance the contribution of revenue from this operating unit.

Regarding the Xin Jiang Oilfield, we will continue to focus on bringing commercial production to the shareholders which would enable the Group to enjoy strong cashflow and capitalise on the strong demand for crude oil.

Management will continue utilising the existing resources and synergies of the Group to further explore in other opportunities that will bring positive results for the shareholders.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2008, the interests of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the ordinary shares of the Company or any of its associated corporations

	Number of ordinary shares held			Total interest	Percentage of the Company's issued share capital
	Personal interest	Corporate interest	Under share option scheme		
Madam Cheung Kwai Lan	-	971,746,428	-	971,746,428	55.23

Note: These shares are owned by Precise Result Profits Limited, which is an indirect wholly-owned subsidiary of China Vanguard Group Limited. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the shares of the Company under SFO for her controlling interests in Best Frontier Investments Limited, which owns approximately 65.21% of the issued share capital of China Vanguard Group Limited.

(2) Share option scheme

As at 31 December 2008, no share option had been granted or agreed to be granted to the Directors and chief executives under the share option scheme.

Save as disclosed above, as at 31 December 2008, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2008, so far as is known to the Directors and the chief executives of the Company, the interests and short positions of the persons or corporations in the shares or underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares

Name of Shareholders	Capacity	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Precise Result Profits Limited ("Precise") (Note 1)	Beneficial owner, directly held	971,746,428	–	971,746,428	55.23
China Success Enterprises Limited ("China Success") (Notes 1 and 2)	Beneficial owner, held by a controlled corporation	971,746,428	–	971,746,428	55.23
China Vanguard Group Limited ("China Vanguard") (Notes 1 and 3)	Beneficial owner, held by controlled corporations	971,746,428	–	971,746,428	55.23
Best Frontier Investments Limited ("Best Frontier") (Notes 1 and 4)	Beneficial owner, held by controlled corporations	971,746,428	–	971,746,428	55.23
Cheung Kwai Lan (Notes 1 and 5)	Beneficial owner, held by controlled corporations	971,746,428	–	971,746,428	55.23
Chan Tung Mei (Notes 1 and 6)	Beneficial owner, held by controlled corporations	971,746,428	–	971,746,428	55.23

Name of Shareholders	Capacity	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Evolution Master Fund Ltd. SPC, Segregated Portfolio M ("Evolution") (Note 7)	Beneficial owner	–	455,282,314	455,282,314	25.88
Evolution Capital Management LLC ("Evo LLC") (Note 7)	Investment manager	–	455,282,314	455,282,314	25.88
Structured Investments Ltd. (Note 7)	Other*	–	455,282,314	455,282,314	25.88
Evo Capital Management Asia Limited ("Evo Capital") (Note 7)	Investment manager	–	455,282,314	455,282,314	25.88

* Referred to the Disclosure of Interests System of the Stock Exchange of Hong Kong Limited.

Short Positions in Underlying Share of the Company

Name of shareholders	Capacity	Number of underlying shares	Percentage of shareholding
Evolution (Note 7)	Beneficial owner	48,750,000	2.77
Evo LLC (Note 7)	Investment manager	48,750,000	2.77

Notes:

- As further detailed in note 7 below, 48,750,000 share of the Company, which were included in 971,746,428 shares as at 31 December 2008, were lent to Evolution.
- Precise is a wholly owned subsidiary of China Success. The shares referred to herein related to the same parcel of shares held by Precise.
- China Success is a wholly owned subsidiary of China Vanguard. The shares referred to herein related to the same parcel of shares held by Precise.

4. As at 31 December 2008, Best Frontier is interested in approximately 65.21% of the issued share capital of China Vanguard. The shares referred to herein related to the same parcel of shares held by Precise.
5. Madam Cheung Kwai Lan and Mr. Chan Tung Mei have equity interests of 99.89% and 0.11%, respectively of the issued share capital of Best Frontier. Madam Cheung Kwai Lan is the spouse of Mr. Chan Tung Mei. Accordingly, Madam Cheung Kwai Lan is deemed to be 100% interested in the shares of Best Frontier under SFO. The shares referred to herein relate to the same parcel of shares held by Precise.
6. Madam Cheung Kwai Lan and Mr. Chan Tung Mei have equity interests of 99.89% and 0.11%, respectively of the issued share capital of Best Frontier. Mr. Chan Tung Mei is the spouse of Madam Cheung Kwai Lan. Accordingly, Mr. Chan Tung Mei is deemed to be 100% interested in the shares of Best Frontier under SFO. The shares referred to herein relate to the same parcel of shares held by Precise.
7. Evolution is an Asia-focused fund organised and existing under the laws of the Cayman Islands.

The investment managers of Evolution are Evo Capital, a Hong Kong-based asset management company, and Evo LLC, a U.S.-based investment adviser. Evo Capital is licensed under the SFO to carry on Type 9 (asset management) activities.

As at 31 December 2008, Evolution has borrowed 48,750,000 Shares ("Borrowed Shares") from Precise pursuant to the stock lending agreement dated 22 November 2006 entered into between China Vanguard and Evolution.

Each of Evo Capital and Evo LLC is interested in the Borrowed Shares in its capacity as investment manager. Structured Investments Ltd. (a wholly-owned subsidiary of Evolution) is interested in the Borrowed Shares by virtue of Evolution having written a participation right to it.

Upon full conversion of the convertible bonds, a maximum of 406,532,314 shares of the Company will be allotted and issued to Evolution and Evolution will be holding 455,282,314 shares (including the Borrowed Shares).

Save as disclosed above, as at 31 December 2008, the Directors or chief executives of the Company were not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interest in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 31 December 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM" Listing Rules) as the code for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the code of conduct regarding securities transactions by the directors throughout the six months ended 31 December 2008.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

CORPORATE GOVERNANCE CODE COMPLIANCE

Except for the deviation from the provision A.4.1 of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules, the Company has complied all remaining provisions of the Code during the six months ended 31 December 2008.

The Code provision A.4.1 provides that Non-executive Directors should be appointed for specific terms, subject to re-election. The Company has deviated from this provision in that all Independent Non-executive Directors are not appointed for specific terms. They are, however, subject to retirement and re-election every three years. The reason for the deviation is that the Company does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long term interests of the Company's shareholders and the retirement and re-election requirements of Independent Non-executive Directors have given the Company's shareholders the right to approve continuation of Independent Non-executive Directors' offices.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based upon the guidelines published by the Hong Kong Institute of Certified Public Accountants. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of five Independent Non-executive Directors, namely Mr. Tian He Nian, Mr. Zhang Xiu Fu, Mr. Zhao Zhi Ming, Mr. Zou Qi Jun and Mr. To Yan Ming, Edmond. Mr. To Yan Ming, Edmond is the chairman of the audit committee. The Group's unaudited results for the six months ended 31 December 2008 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made.

By order of the Board,

CHAN Ting

Director

Hong Kong, 12 February 2009

As at the date of this report, the Executive Directors are Madam Cheung Kwai Lan, Mr. Chan Ting and Mr. Fung King Him, Daniel; and the Independent Non-executive Directors are Mr. Tian He Nian, Mr. Zhang Xiu Fu, Mr. Zhao Zhi Ming, Mr. Zou Qi Jun and Mr. To Yan Ming, Edmond.