



FIRST QUARTERLY REPORT **2009/2010**



**問博控股有限公司**  
**APTUS HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)  
Stock code: 8212

## **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.**

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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**” or “**Aptus**”) announces that the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 September 2009, together with the comparative unaudited figures for the corresponding period in 2008, are as follows:

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Three months ended 30 September	
	Notes	2009 HK\$'000	2008 HK\$'000 (Restated)
<b>CONTINUING OPERATIONS</b>			
Revenue	2	3,073	18,292
Cost of sales		(3,065)	(18,246)
Gross profit		8	46
Other revenue		–	3
Administrative expenses		(5,992)	(1,040)
Finance costs		(8,898)	(9,291)
<b>LOSS BEFORE TAXATION</b>		<b>(14,882)</b>	<b>(10,282)</b>
Income tax expenses	3	–	–
<b>LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>(14,882)</b>	<b>(10,282)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) for the period from discontinued operations	7	180,875	(3,180)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>165,993</b>	<b>(13,462)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange difference on translation of financial statements of foreign operations			
Continuing operations		39	125
Discontinued operations		–	1,063
		<b>39</b>	<b>1,188</b>
Release of translation reserve due to disposal of jointly controlled entities			
Continuing operations		–	–
Discontinuing operations		(19,990)	–
		<b>(19,990)</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>146,042</b>	<b>(12,274)</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

	(Unaudited)	
	Three months ended	
	30 September	
Notes	2009	2008
	HK\$'000	HK\$'000
		(Restated)
Profit/(loss) for period attributable to:		
Equity holders of the Company		
Continuing operations	(14,803)	(10,226)
Discontinued operations	180,875	(3,180)
	<b>166,072</b>	(13,406)
Non-controlling interests		
Continuing operations	(79)	(56)
Discontinued operations	-	-
	<b>(79)</b>	(56)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>165,993</b>	(13,462)
Total comprehensive income for the period attributable to:		
Equity holders of the Company		
Continuing operations	(14,776)	(9,950)
Discontinued operations	160,885	(2,117)
	<b>146,109</b>	(12,067)
Non-controlling interests		
Continuing operations	(67)	(207)
Discontinued operations	-	-
	<b>(67)</b>	(207)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>146,042</b>	(12,274)
<b>EARNINGS/(LOSS) PER SHARE</b>	4	
From continuing and discontinued operations:		
Basic	HK9.40 cents	(HK0.76 cent)
Diluted	HK7.98 cents	N/A
From continuing operations:		
Basic	(HK0.84 cent)	(HK0.58 cent)

Notes:

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") 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 Enterprises Market of the Stock Exchange of Hong Kong (the "GEM Listing Rules").

The unaudited consolidated results 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 results are consistent with those applied in the annual financial statements for the year ended 30 June 2009, except in relation to the following new HKFRSs (which include all HKFRSs, HKASs and Interpretations) that affect the Group and are adopted by the Group for the first time for the current period's financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 3 (Revised)	Business combinations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners
HK(IFRIC) – INT 18	Transfers of assets from customers

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) affected the accounting treatment for charges in parent's ownership interest in a subsidiary that did not result in loss of control, which is accounted for as equity transactions.

## 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The application of HKAS1 (Revised) Presentation of Financial Statements Introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS1 (Revised) has had no impact on the reported results or financial position of the Group.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>1</sup>
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2010

The directors of the Company anticipate that the application of the other new revised standards and interpretations will have no material impact on the results and financial position of the Group.

## 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 recognized when goods are delivered and title has passed.

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

Sales of edible oil products and mineral materials are recognized 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. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong during the period (2008: 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.

#### 4. EARNINGS/(LOSS) PER SHARE

##### From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

##### Earnings/(loss)

	(Unaudited) Three months ended 30 September	
	2009	2008
	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to equity holders of the Company	166,072	(13,406)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	8,228	8,906
Profit/(loss) for the purposes of diluted earnings/(loss) per share	174,300	(4,500)

##### Number of shares

	(Unaudited) Three months ended 30 September	
	2009	2008
	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	1,767,585	1,757,152
Effect of dilutive potential ordinary shares:		
Share options	9,053	20,005
Convertible bonds	406,532	161,379
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	2,183,170	1,938,536

##### From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

#### 4. EARNINGS/(LOSS) PER SHARE *(Continued)*

##### From continuing operations *(Continued)*

Profit/(loss) figures are calculated as follows:

	<b>(Unaudited)</b>	
	<b>Three months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Profit/(loss) for the period attributable to equity holders of the Company	<b>166,072</b>	(13,406)
Less:		
(Profit)/loss for the period from discontinued operations	<b>(180,875)</b>	3,180
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Loss for the purposes of basic earnings/(loss) per share from continuing operations	<b>(14,803)</b>	(10,226)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	<b>8,228</b>	8,906
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Loss for the purposes of diluted earnings/(loss) per share from continuing operations	<b>(6,575)</b>	(1,320)
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The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

No diluted loss per share has been presented for continuing operations for both periods as outstanding share options of the Company is anti-dilutive since their exercise or concession would result in a decrease in loss per share.

##### From discontinued operations

Basic earnings per share for the discontinued operations is approximately HK10.23 cents per share (three months ended 30 September 2008: loss of approximately HK0.18 cent per share) based on the profit for the period from discontinued operations of approximately HK\$180,875,000 (three months ended 30 September 2008: loss of approximately HK\$3,180,000) and the denominators used are the same as those detailed above earnings/(loss) per share.

Diluted earning per share for the discontinued operations is approximately HK8.28 cents per share based on the profit for the period from discontinued operations of approximately HK\$180,875,000 and the denominators used are the same as those detailed above earnings/(loss) per share. No diluted loss per share has been presented for discontinued operations for the three months ended 30 September 2008, as outstanding share options and convertible bonds of the Company are anti-dilutive since their exercise or concession would result in decrease in loss per share.



## 5. DIVIDEND

The Board does not recommend the payment of any dividend for the three months ended 30 September 2009 (2008: NIL).

## 6. MOVEMENT OF RESERVES

	(Unaudited) Share premium HK\$'000	(Unaudited) Capital reserve HK\$'000	(Unaudited) Convertible bonds reserve HK\$'000	(Unaudited) Translation reserve HK\$'000	(Unaudited) Accumulated losses HK\$'000	(Unaudited) Discontinued operations HK\$'000	(Unaudited) Total HK\$'000
At 1 July 2009	96,722	15,826	10,712	4,090	(266,753)	19,990	(119,413)
Exchange differences arising from translation of financial statements of foreign operations	-	-	-	27	-	-	27
Profit for the period	-	-	-	-	166,072	-	166,072
Release due to disposal of jointly controlled entities	-	-	-	-	-	(19,990)	(19,990)
Total comprehensive income for the period	-	-	-	27	166,072	(19,990)	146,109
Shares issued on exercise of options	1,610	-	-	-	-	-	1,610
<b>At 30 September 2009</b>	<b>98,332</b>	<b>15,826</b>	<b>10,712</b>	<b>4,117</b>	<b>(100,681)</b>	<b>-</b>	<b>28,306</b>
At 1 July 2008	95,051	15,826	10,712	24,516	(196,538)	-	(50,433)
Exchange differences arising from translation of financial statements of foreign operations	-	-	-	1,339	-	-	1,339
Loss for the period	-	-	-	-	(13,406)	-	(13,406)
Total comprehensive income for the period	-	-	-	1,339	(13,406)	-	(12,067)
Shares issued on exercise of options	1,359	-	-	-	-	-	1,359
At 30 September 2008	96,410	15,826	10,712	25,855	(209,944)	-	(61,141)

## 7. DISCONTINUED OPERATIONS

On 24 April 2009, the Group entered into agreements relating to the termination of the Profit Sharing Rights for return of monies provided to China Huayou Group Corporation and compensatory interest for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000) and the disposals by Aptus of the equity interest in Changde Huayou Gas Co. Limited ("Changde Joint Venture") and Hunan Huayou Natural Gas Transportation and Distribution Co., Limited ("Hunan Joint Venture") for the consideration of approximately RMB255,000,000 (approximately HK\$289,350,000) and approximately RMB100,144,000 (approximately HK\$113,634,000) respectively.

The disposal of 48.33% interest in Changde Joint Venture and 33% interest in Hunan Joint Venture had completed on 10 September 2009 and 11 September 2009 respectively ("Dates of Disposal").

The combined results of the discontinued operations (i.e. holding of the oilfield sharing right and the gas related business) included in the consolidated statement of comprehensive income are set out below:

	(Unaudited)	
	From 1 July 2009 to Dates of Disposal 2009 HK\$'000	Three months ended 30 September 2008 HK\$'000
<b>Profit/(loss) for the period from discontinued operations</b>		
Revenue and other revenue	<b>18,346</b>	22,161
Expenses	<b>(18,360)</b>	(25,341)
Gain on disposal of jointly controlled entities	<b>197,707</b>	–
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Profit/(loss) before taxation	<b>197,693</b>	(3,180)
Income tax	<b>(16,818)</b>	–
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Profit/(loss) for the period from discontinued operations	<b>180,875</b>	(3,180)
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## 8. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Major Development in the First Quarter

In April 2009, Aptus entered into agreements relating to (i) the disposals of the equity interests in the Changde Joint Venture and the Hunan Joint Venture (together "Natural Gas Joint Ventures") for a total consideration of approximately RMB 355 million (approximately HK\$ 403 million) and; (ii) the termination of the profit sharing rights with respect to the Xin Jiang Oilfield for an amount of approximately RMB 39.9 million (approximately HK\$ 45.2 million). The proceeds from the transactions will be used to retire a large portion of the Aptus' debt as well as improving its working capital position. During the three months ended 30 September 2009, Aptus and China Vanguard Group Limited ("China Vanguard"), the ultimate holding company of Aptus, jointly announced the completion of the disposals of the Natural Gas Joint Ventures. For details, please refer to the joint announcements dated 28 August 2009, 11 September 2009 and 15 September 2009 respectively.

The Group's principal activity upon the completion of the disposal of Natural Gas Joint Venture, is the trading of edible oil and mineral materials via its non-listed Singapore subsidiary. While expanding the existing trading business, Aptus has been in various stages of due diligence with regards a number of attractive business opportunities, one of which has been advanced to the memorandum of understanding stage (see Future Outlook and Prospects section below).

### Financial Review

Financial information regarding the Natural Gas Joint Ventures and the profit sharing rights with respect to the Xin Jiang Oilfield for the three months ended 30 September 2009 ("Period 2009") have been classified as discontinued operations and the comparative figures for the three months ended 30 September 2008 ("Period 2008") have been restated accordingly.

For Period 2009, the Group recorded an unaudited consolidated turnover from continuing operations of HK\$ 3.1 million as compared to approximately HK\$18.3 million for Period 2008 due to continuing tough market conditions.

The gross profit generated by the continuing operations for the Period 2009 decreased by 82.6% to approximately HK\$ 8,000 (Period 2008: approximately HK\$ 46,000) with the gross profit ratio remaining stable at 0.26% for Period 2009 as compared to 0.25 % for Period 2008.

For the three months ended 30 September 2009, there was a significant turnaround in the bottom line with net profit after taxation of approximately HK\$166.0 million against a net loss of approximately HK\$13.5 million for the Period 2008. This turnaround is due predominantly to the gain from the disposals of the Natural Gas Joint Ventures of approximately HK\$ 197.7 million.

## Business Review

Business conditions continued to be tough for the edible oil trading business as cost of basic consumer goods continue to rise resulting in margin pressure throughout the supply chain. Consequently, our trading operations exploited a non-edible oil trading business opportunity (mineral materials) during Period 2009. However, the crude palm oil traded by this operating unit is recognized as healthier than animal fat, which is higher in cholesterol and less desirable in today's health conscious society. Therefore we believe that the longer term prospects of the industry remains positive.

Regarding the convertible bonds of Aptus (the "Bonds"), as of the date of this report, Aptus and the bondholder(s) entered into (i) a deed of undertaking dated 28 August 2009 and (ii) a deed of waiver dated 19 October 2009. Pursuant to the deed of undertaking, the bondholder(s) undertook, amongst other things, that it will not exercise its conversion rights under the Bonds and Aptus undertook it will redeem the Bonds when enough cash is available for redemption. Pursuant to the deed of wavier, Aptus agreed to shorten the notice period to five business days from the previous notice period of 30 business days with regards to the notice period for redemption of the Bonds. For further details, please refer to the joint announcements of the Aptus and China Vanguard dated 28 August 2009 and 19 October 2009 respectively.

## Future Outlook and Prospects and Events after the Reporting Period

Following the restructuring at Aptus, which will substantially improve its financial position, the operations for the meantime would consist of trading operations. The edible oil operations are expected to improve on the back of increasing health consciousness as well as the eventual recovery of global economy. Also, our Singapore operation will look for other trading opportunities in light of the tougher market conditions.

At the same time, the management of Aptus has identified a number of attractive business opportunities and has been in various stages of due diligence with regards these opportunities. On 30 October 2009, the Company entered into a memorandum of understanding in respect of the possible acquisition of the entire issued share capital of Casdon Management Limited ("Casdon"). Casdon, together with its subsidiaries, are principally engaged in the operation and management of certain properties in Hong Kong that provide storage of personal properties of ancestors in Hong Kong. For further details, please refer to the announcement issued by the Company on 30 October 2009.

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

As at 30 September 2009, the interests and short positions 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

	The Company/name of associated corporation	Number of ordinary shares held			Total interest	Percentage of interest shareholding
		Interest in controlled corporation	Beneficial owner	Family interest		
Madam Cheung Kwai Lan	The Company (Note 1)	971,746,428	-	-	971,746,428	54.60
	China Vanguard (Notes 4 & 5)	2,095,857,322 (Note 6)	2,070,000	-	2,097,927,322	65.25

*Notes:*

1. These 971,746,428 shares of the Company are held by Precise Result Profits Limited ("Precise Result").
2. Precise Result is a company incorporated in BVI and is a wholly-owned subsidiary of China Success Enterprises Limited ("China Success"). As at 30 September 2009, 48,750,000 shares of the Company out of such 971,746,428 shares of the Company owned by Precise Result have been lent to Evolution Master Fund, Ltd. SPC, Segregated Portfolio M.

3. China Success is a company incorporated in BVI and a wholly-owned subsidiary of China Vanguard.
4. These 2,095,857,322 shares of China Vanguard are held by Best Frontier Investments Limited ("Best Frontier").
5. The entire issued share capital of Best Frontier comprises 910 shares of US\$1.00 each, of which 909 shares are held by Madam Cheung Kwai Lan and 1 share is held by Mr. Chan Tung Mei. As Madam Cheung Kwai Lan is entitled to exercise or control the exercise of one-third or more of the voting power at the general meetings of Best Frontier, she is deemed to be interested in the entire issued share capital of Best Frontier by virtue of the SFO. Madam Cheung Kwai Lan, being a Director of the Company, is also a director of Best Frontier.
6. In addition to the interest in the aggregate of 2,097,927,322 shares of China Vanguard as set out in the table above, Madam Cheung Kwai Lan is interested in the following underlying shares of China Vanguard:
  - (i) 6,240,000 shares of China Vanguard, being the maximum number of shares of China Vanguard which may be allotted and issued to Madam Cheung Kwai Lan upon exercise of the options granted to Madam Cheung Kwai Lan under the share option scheme of China Vanguard which are outstanding as at 30 September 2009; and
  - (ii) 6,240,000 shares of China Vanguard, being the maximum number of shares of China Vanguard which may be allotted and issued to Mr. Chan Tung Mei upon exercise of the options granted to him under the share option scheme of China Vanguard which are outstanding as at 30 September 2009 and which Madam Cheung Kwai Lan is deemed to be interested by virtue of Mr. Chan Tung Mei being the spouse of Madam Cheung Kwai Lan pursuant to the SFO.

## **(2) Share option scheme**

As at 30 September 2009, 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 30 September 2009, 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 30 September 2009, 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 shares of the Company

Name of Shareholder	Capacity/ Nature of Interest	Number of ordinary shares held	Number of share options and underlying shares held	Aggregate long position	Percentage of shareholding
Precise Result (Note 2)	Beneficial Owner	971,746,428 (Note 1)	–	971,746,428	54.60
China Success (Notes 3 and 4)	Interest in controlled corporation	971,746,428 (Note 1)	–	971,746,428	54.60
China Vanguard (Notes 1 and 4)	Interest in controlled corporations	971,746,428 (Note 1)	–	971,746,428	54.60

<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Number of share options and underlying shares held</b>	<b>Aggregate long position</b>	<b>Percentage of shareholding</b>
Best Frontier (Notes 4 and 5)	Interest in controlled corporation	971,746,428 (Note 1)	–	971,746,428	54.60
Cheung Kwai Lan (Notes 5 and 6)	Interest in controlled corporations	971,746,428 (Note 1)	–	971,746,428	54.60
Chan Tung Mei (Notes 5 and 6)	Interest in controlled corporations	971,746,428 (Note 1)	–	971,746,428	54.60
Evolution Master Fund, Ltd. SPC, Segregated Portfolio M ("Evolution")	Beneficial owner	48,750,000	406,532,314	455,282,314	25.58
Evolution Capital Management, LLC ("Evo LLC")	Investment manager	48,750,000	406,532,314	455,282,314	25.58
Structured Investments Ltd.	Other	48,750,000	406,532,314	455,282,314	25.58
Evo Capital Management Asia Limited	Investment manager	48,750,000	406,532,314	455,282,314	25.58
Citigroup Global Markets Ltd.	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58
Citigroup Global Markets Europe Ltd.	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58
Citigroup Global Markets LLC	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58



<b>Name of Shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Number of share options and underlying shares held</b>	<b>Aggregate long position</b>	<b>Percentage of shareholding</b>
Citigroup Global Markets (International) Finance AG	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58
Citigroup Financial Products Inc.	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58
Citigroup Global Markets Holdings Inc.	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58
Citigroup Inc.	Person having a security interest in shares	48,750,000	406,532,314	455,282,314	25.58

### Short Positions in Underlying Share of the Company

<b>Name of shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of underlying shares</b>	<b>Percentage of shareholding</b>
Evolution	Beneficial owner	48,750,000	2.74
Evo LLC	Investment manager	48,750,000	2.74

#### Notes:

- Such 971,746,428 shares of the Company refer to the same parcel of shares.
- Precise Result is a company incorporated in BVI and is a wholly-owned subsidiary of China Success. As at 30 September 2009, 48,750,000 shares of the Company out of such 971,746,428 shares owned by Precise Result have been lent to Evolution.
- China Success is a company incorporated in BVI and a wholly-owned subsidiary of China Vanguard. Best Frontier is the holding company of China Vanguard holding 2,095,857,322 shares of China Vanguard representing approximately 65.25% of the issued share capital of China Vanguard as at 30 September 2009.

4. By virtue of the SFO, each of China Success, China Vanguard and Best Frontier is deemed to be interested in these 971,746,428 shares of the Company directly held by Precise Result.
5. The entire issued share capital of Best Frontier comprises 910 shares of US\$1.00 each, of which 909 shares are held by Madam Cheung Kwai Lan and 1 share is held by Mr. Chan Tung Mei. As Madam Cheung Kwai Lan is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of Best Frontier, she is deemed to be interested in the entire issued share capital of Best Frontier by virtue of the SFO. As Mr. Chan Tung Mei is the spouse of Madam Cheung Kwai Lan, he is deemed to be interested in the entire issued share capital of Best Frontier by virtue of the SFO.
6. Since each of Madam Cheung Kwai Lan and Mr. Chan Tung Mei is deemed to be interested in the entire issued share capital of Best Frontier as explained in note 5 above, each of them is deemed to be interested in these 971,746,428 shares of the Company.
7. The Company and Evolution entered into a deed of undertaking dated 28 August 2009. Pursuant to the deed of undertaking, Evolution undertook, amongst other things, that it will not exercise its conversion rights under the convertible bonds and the Company undertook to will redeem the convertible bonds when enough cash is available for redemption.

Save as disclosed above, as at 30 September 2009, so far as is known to the Directors and the chief executives of the Company, no other person has interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation which were required to be 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, or, were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

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

During the period ended 30 September 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **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.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, semi-annual report and quarterly reports and to provide advices 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 four independent non-executive Directors, namely Mr. Tian He Nian, Mr. Zhang Xiu Fu, 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 three months ended 30 September 2009 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 November 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. Zou Qi Jun and Mr. To Yan Ming Edmond.*