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

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



**眾彩科技股份有限公司\***  
**CHINA VANGUARD GROUP LTD.**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8156)**

**JOINT ANNOUNCEMENT**

**VERY SUBSTANTIAL ACQUISITION  
REGARDING ACQUISITION OF THE  
ENTIRE EQUITY INTERESTS OF  
CASDON MANAGEMENT LIMITED  
AND  
RESUMPTION OF TRADING**

**VERY SUBSTANTIAL ACQUISITION  
REGARDING ACQUISITION OF THE  
ENTIRE EQUITY INTERESTS OF  
CASDON MANAGEMENT LIMITED  
AND  
VERY SUBSTANTIAL DISPOSAL REGARDING  
DISPOSAL OF APTUS HOLDINGS LIMITED BY  
POTENTIAL DILUTION  
AND  
RESUMPTION OF TRADING**

Reference is made to the announcement of Aptus dated 30 October 2009 in relation to, among other things, the entering into of a non-legally binding memorandum of understanding between Aptus and the Vendor in respect of the possible acquisition of the Target.

On 20 November 2009, the Purchaser and the Vendor entered into the S&P Agreement to conditionally acquire from the Vendor the Sale Share for a total consideration of HK\$1,775,000,000.

The Consideration shall be settled in the following manner: (i) the Deposit of HK\$85,000,000 shall be paid by the Purchaser at any time and in any amount after signing of the S&P Agreement but prior to Completion; (ii) as to HK\$1,500,000,000 by the Purchaser procuring Aptus to issue the Convertible Bonds; (iii) as to

\* For identification purposes only

HK\$20,000,000 by the Purchaser procuring Aptus to issue the Secured Promissory Note; (iv) as to HK\$150,000,000 by the Purchaser procuring Aptus to issue the Unsecured Promissory Note; and (v) as to the balance of HK\$20,000,000 shall be paid by the Purchaser at Completion. The payments referred to in items (ii) to (v) above shall be made on Completion.

**As at the date of this joint announcement, the verification of the Target Group's title to the properties is still ongoing alongside with the other aspects of the due diligence exercise on the Target Group. As the Acquisition may or may not complete, holders of securities of Aptus or China Vanguard and potential investors are advised to exercise caution when dealing in the securities of Aptus or China Vanguard.**

The Conversion Shares represent approximately 336.79% of the existing issued share capital of Aptus, and approximately 75.55% of the issued share capital of Aptus as enlarged by the allotment and issue of the Conversion Shares and Placing, assuming full conversion of the Convertible Bonds and the Conversion Shares were to be issued at the Initial Conversion Price and the Placing was successful. However, under the terms of the Convertible Bonds, the aggregate shareholdings of the Vendor on any conversion of the Convertible Bonds must not exceed 29.90% or more of the issued share capital of Aptus on the date of the conversion and that any conversion will not trigger a mandatory offer under Rule 26 of the Code on the part of the Vendor.

The Acquisition constitutes a very substantial acquisition on the part of Aptus and China Vanguard, given the Purchaser is a wholly-owned subsidiary of Aptus and an indirect non wholly-owned subsidiary of China Vanguard, pursuant to Rule 19.06(5) of the GEM Listing Rules. Accordingly, the Acquisition is subject to the approval of the Aptus Shareholders and the China Vanguard Shareholders at the Aptus EGM and China Vanguard EGM respectively. Under the GEM Listing Rules, no Aptus Shareholders or China Vanguard Shareholders will be required to abstain from voting on the resolution to approve the Acquisition and the transactions contemplated thereunder. Any vote exercised by the Aptus Shareholders at the Aptus EGM and China Vanguard Shareholders at the China Vanguard EGM shall be taken by poll.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

A circular containing, among other things, further details of the S&P Agreement, the Acquisition and the transactions contemplated thereunder and a notice convening the Aptus EGM, will be despatched to the Aptus Shareholders as soon as practicable in accordance with the GEM Listing Rules.

The China Vanguard Board announces that as a result of the Placing and of the Purchaser, an indirect non wholly-owned subsidiary of China Vanguard, entering into the S&P Agreement with the Vendor and assuming there will not be any further issue and repurchase of Aptus Shares, China Vanguard's indirect interests in Aptus would be diluted by, up to 42.31 percentage points from holding approximately 54.55% as at the date of this joint announcement to approximately 12.24% assuming full conversion of the Convertible Bonds into Conversion Shares at the Initial Conversion Price and the Placing was successful, while China Vanguard will continue to hold, indirectly, 971,746,428 Aptus Shares. Upon the allotment and issue of the Conversion Shares in full, Aptus will cease to be an indirect non wholly-owned subsidiary of China Vanguard and the accounts of Aptus will not be consolidated with that of China Vanguard and will then be treated as an available-for-sale financial asset.

The Disposal is regarded as a deemed disposal on the part of China Vanguard under Rule 19.29 of the GEM Listing Rules and constitutes a very substantial disposal under Rule 19.06 of the GEM Listing Rules which is subject to China Vanguard Shareholders' approval at the China Vanguard EGM. A circular, containing, among other matters, further details of the Acquisition and the Disposal and a notice of China Vanguard EGM, will be despatched to the China Vanguard Shareholders as soon as practicable in accordance with the GEM Listing Rules.

At the respective requests of China Vanguard and Aptus, trading in the China Vanguard Shares and the Aptus Shares were suspended with effect from 2:30 p.m. on 20 November 2009 pending publication of this joint announcement. An application has been made to the Stock Exchange for the resumption of trading in the China Vanguard Shares and the Aptus Shares with effect from 9:30 am on 2 December 2009.

Reference is made to the announcement of Aptus dated 30 October 2009 in relation to, among other things, the entering into of a non-legally binding memorandum of understanding between Aptus and the Vendor in respect of the possible acquisition of the Target.

#### **THE S&P AGREEMENT**

**Date:** 20 November 2009

**Parties:**

**Purchaser:** Sea Marvel Limited

**Vendor:** Red Rabbit Capital Limited

**Guarantor:** Kong Lung Cheung

To the best of the Aptus Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor, whom being the ultimate beneficial owner of the Vendor, are Independent Third Parties to Aptus. To the best of the China Vanguard Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and the Guarantor, being the ultimate beneficial owner of the Vendor, are Independent Third Parties to China Vanguard. Save for the entering into of a non-legally binding memorandum of understanding between Aptus and the Vendor in relation to the Acquisition as disclosed in the announcement of Aptus dated 30 October 2009, there are no other prior and/or continuing businesses/transactions entered into between each of the Vendor, and the Guarantor on the one part and Aptus, China Vanguard, their respective connected persons and associates on the other part.

### **Assets to be acquired**

Pursuant to the S&P Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, representing the entire issued share capital of the Target as at the date of this joint announcement.

### **Consideration**

The total consideration for the Sale Share is HK\$1,775,000,000 and shall be settled in the following manner:

- (i) the Deposit of HK\$85,000,000 shall be paid by the Purchaser at any time and in any amount after signing of the S&P Agreement but prior to Completion;
- (ii) as to HK\$1,500,000,000 by the Purchaser procuring Aptus to issue the Convertible Bonds;
- (iii) as to HK\$20,000,000 by the Purchaser procuring Aptus to issue the Secured Promissory Note;
- (iv) as to HK\$150,000,000 by the Purchaser procuring Aptus to issue the Unsecured Promissory Note; and
- (v) as to the remaining balance of HK\$20,000,000 shall be paid by the Purchaser at Completion (the "**Remaining Balance**").

The payments referred to in items (ii) to (v) above shall be made on Completion.

### **Conditions precedent**

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of Target Group;

- (b) all approvals, consents, authorisations and licenses (so far as necessary) required to be obtained on the part of the Vendor or the Guarantor in relation to the transactions contemplated under the S&P Agreement having been obtained;
- (c) all approvals, consents, authorisations and licenses (so far as necessary) required to be obtained on the part of the Purchaser in relation to the transactions contemplated under the S&P Agreement having been obtained;
- (d) if applicable, all approvals, waiver of rights or consents being obtained from the existing convertible bonds holders of Aptus and, if and to the extent required, China Vanguard to enable the transactions contemplated under the S&P Agreement to proceed without resulting in any breach or termination or acceleration of obligations under such convertible bonds;
- (e) the warranties given by the Vendor under the S&P Agreement remaining true and accurate in all respects;
- (f) the passing by the Aptus Shareholders at the Aptus EGM to be convened and held of an ordinary resolution approving the S&P Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds and allotment and issue of the Conversion Shares and the issue of the Promissory Notes;
- (g) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (h) the obtaining of a legal opinion (in form and substance satisfactory to the Purchaser) from a counsel in Hong Kong appointed by the Purchaser in relation to the legality and validity of the business of the Target Group;
- (i) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) from a firm of independent professional valuers appointed by the Purchaser showing the Valuation to be not less than HK\$2,100,000,000;
- (j) the passing by the China Vanguard Shareholders at the China Vanguard EGM to be convened and held of an ordinary resolution approving the Acquisition and the Disposal; and
- (k) the Share Charge having been released.

Conditions (a) and (e) above are waivable by the Purchaser under the S&P Agreement. The Purchaser has no current intention to waive such conditions. Conditions (b), (c), (d), (f), (g), (h), (i), (j) and (k), are incapable of being waived.

**Long stop date**

If any of the conditions precedent has not been satisfied (or, as the case may be, waived by the Purchaser) on or before 4:00 p.m. on 31 March 2010 or such later date as the Vendor and the Purchaser may agree, the S&P Agreement shall cease and determine.

**Completion and refund of Deposit**

Completion shall take place at 4:00 p.m. within three Business Days after all the conditions of the S&P Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

In the event that Completion does not take place as stipulated as a result of the sole default of the Purchaser, the Vendor may forthwith determine the S&P Agreement by giving notice of termination in writing to the Purchaser to such effect, in which event the Vendor shall be entitled to forfeit the Deposit paid by the Purchaser absolutely and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

In the event that Completion does not take place otherwise than as a result of the sole default of the Purchaser, the Purchaser may forthwith determine the S&P Agreement by giving notice of termination in writing to the Vendor to such effect, in which event the Vendor shall forthwith refund the Deposit paid by the Purchaser, without interest, to the Purchaser and neither party shall have any obligations and liabilities thereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of Aptus and their accounts will be consolidated into the financial accounts of the Aptus.

**CONSIDERATION**

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations on normal commercial terms after considering with reference to the preliminary valuation of the business of the Target Group based on the discounted cash flow method by Castores Magi Asia Limited, an independent valuer, of HK\$2,100,000,000. With respect to the fairness and reasonableness of the Consideration, the Aptus Directors and the China Vanguard Directors have taken into account the following factors: (i) the preliminary valuation of the Target Group which amounted to HK\$2,100,000,000, the Consideration represents a discount of about 15.48% to this preliminary valuation; (ii) the loss position of Aptus during the two years ended 30 June 2009; (iii) the net liability position of Aptus as at 30 June 2008 and 2009; and (iv) the Aptus Shares were traded in very thin trading volume for the past few months. In view of the above, the Aptus Directors consider the Consideration to be fair and reasonable and that the S&P Agreement is on normal commercial terms and its terms are fair and

reasonable and the entering into of the S&P Agreement is in the interests of the Aptus Group and the Aptus Shareholders as a whole. In view of the above, the China Vanguard Directors also consider the Consideration to be fair and reasonable and that the S&P Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the S&P Agreement is in the interests of the China Vanguard Group and the China Vanguard Shareholders as a whole.

## **THE CONVERTIBLE BONDS**

To satisfy part of the Consideration, the Purchaser will procure Aptus to issue to the Vendor the Convertible Bonds in the principal amount of HK\$1,500,000,000.

The following is a summary of the principal terms of the Convertible Bonds:

Aggregate principal amount: HK\$1,500,000,000

Initial Conversion Price: HK\$0.25 per Conversion Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues. Such adjustments will be certified by an independent approved merchant bank or the auditors of Aptus for the then time being. Pursuant to the instrument constituting the Convertible Bonds, the Initial Conversion Price will not be adjusted upon the completion of the Placing.

The Initial Conversion Price of HK\$0.25 per Conversion Share represents:

- (i) a discount of approximately 36.71% to the closing price of HK\$0.395 per Aptus Share as quoted on the Stock Exchange on 19 November 2009, being the last full trading day immediately prior to the entering into of the S&P Agreement;
- (ii) a discount of approximately 31.13% to the average of the closing prices of HK\$0.363 per Aptus Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 19 November 2009, being the last full trading day immediately prior to the entering into of the S&P Agreement;

- (iii) a discount of approximately 27.85% to the average of the closing prices of HK\$0.3465 per Aptus Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 19 November 2009, being the last full trading day immediately prior to the entering into of the S&P Agreement; and
- (iv) a discount of approximately 14.68% to the average of the closing prices of HK\$0.293 per Aptus Share as quoted on the Stock Exchange for the last one hundred consecutive trading days up to and including 19 November 2009, being the last full trading day immediately prior to the entering into of the S&P Agreement.

The Initial Conversion Price was determined after arm's length negotiations among the Purchaser, the Vendor and Aptus with reference to prevailing market prices of the Aptus Shares for the past one hundred days and the thin trading volume during the same period.

Interest rate:	Zero coupon
Maturity Date:	The sixth anniversary from the date of issue of the Convertible Bonds
Redemption:	Unless previously redeemed or converted or purchased and cancelled, Aptus will redeem the Convertible Bonds on the maturity date.

Aptus may at any time before the maturity date by serving at least seven days' prior written notice to the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified therein, redeem the Convertible Bonds (in whole or in part) at par.

Any amount of the Convertible Bonds which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount.



**Transferability:** The Bondholder(s) may assign or transfer the Convertible Bonds to Independent Third Parties in whole or in part in integral multiples of HK\$1,000,000 or if the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole but not in part of the Convertible Bonds may be assigned or transferred.

**Conversion:** Under the terms of the Convertible Bonds, any conversion (a) shall not trigger a mandatory offer obligation under Rule 26 of the Code on the part of the Bondholder which exercised the conversion right and its party(ies) acting in concert as defined under the Code and (b) will not cause the public float of Aptus unable to meet the requirement under the GEM Listing Rules.

Subject to above, the Vendor will have the right to convert the whole or part of the principal amount of the Convertible Bonds into Aptus Shares at any time and from time to time, from the date of issue of the Convertible Bonds in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion.

**Conversion period:** Bondholder(s) shall have the right to convert, up to and including the maturity date, the whole or any part (in an amount or integral multiple of HK\$1,000,000) of the principal amount of the Convertible Bonds into Conversion Shares.

**Conversion Shares:** Upon full conversion of the Convertible Bonds at the Initial Conversion Price, an aggregate of 6,000,000,000 Conversion Shares will be issued by Aptus (representing approximately 336.79% of the existing issued share capital of Aptus, approximately 75.55% of the issued share capital of Aptus as enlarged by the allotment and issue of the Conversion Shares and Placing, assuming full conversion of the Convertible Bonds and the Conversion Shares were to be issued at the Initial Conversion Price and the Placing was successful. However, under the terms of the Convertible Bonds, the aggregate shareholdings of the Vendor on any

conversion of the Convertible Bonds must not exceed 29.90% or more of the issued share capital of Aptus on the date of the conversion and that any conversion will not trigger a mandatory offer under Rule 26 of the Code on the part of the Vendor.

Voting: A Bondholder will not be entitled to receive notice of, attend or vote, at any general meeting of Aptus by reason only of it being a Bondholder.

Listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Ranking: The Convertible Bonds will rank *pari passu* with all other present and future unsecured and un-subordinated obligations of Aptus.

The Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Bonds will rank *pari passu* in all respects with all other Aptus Shares in issue at the date on which the conversion rights attached to the Convertible Bonds are exercised. The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the Aptus EGM and will be allotted and issued upon exercise by the Vendor.

The Convertible Bonds will not be sold to any connected persons of Aptus.

No application will be made by Aptus for the listing of the Convertible Bond. Application will be made by Aptus to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

## **THE PROMISSORY NOTES**

The aggregate principal amount of the Promissory Notes is HK\$170,000,000. The Promissory Notes are repayable in one lump sum on the date falling three years from their dates of issue and bear no interest. Out of the total amount of HK\$170,000,000 of Promissory Notes, HK\$20,000,000 of the Promissory Notes is secured by a first fixed charge over the entire issued share capital of Good United Management Limited (“**Good United**”) and the remaining principal sum of HK\$150,000,000 is unsecured. Good United, a direct wholly-owned subsidiary of Aptus, is also an indirect non wholly-owned subsidiary of China Vanguard. The principal activity of Good United is investment holding. Good United holds 70% equity interests in CNPC Huayou Cu Energy Investment Co., Limited (“**CNPC CU Energy**”), which previously had the profit sharing rights on Nos 1, 32 and 43 Heavy oil blocks of Xin Jiang Fengcheng Oilfield (the “**Xin Jiang Oilfield**”). On 24 April 2009, CNPC CN Energy, entered into an agreement terminating the profit sharing rights with respect to the Xin Jiang Oilfield

(the “Termination Agreement”). On 17 November 2009, Aptus and China Vanguard jointly announced that all monies payable under the Termination Agreement, which is considered as the principal asset of Good United and its subsidiaries, have been received by the Aptus Group on 17 November 2009 and the termination of the profit sharing arrangement came into effect on 17 November 2009 accordingly upon the terms of the Termination Agreement.

Aptus has the right to redeem the Promissory Notes prior to its maturity in integral multiples of HK\$1,000,000. The Promissory Notes may, with prior notice of Aptus, be freely transferable and assignable to any Independent Third Parties in whole or in integral multiples of HK\$1,000,000 and in whole only if the outstanding principal sum of the Promissory Notes is less than HK\$1,000,000.

### EFFECT ON THE SHARE CAPITAL

The following table summarises the shareholding structure of Aptus as at the date of this joint announcement and as a result of exercise of the conversion rights attaching to the Convertible Bonds:

Name of Shareholder	As at date of this joint announcement		Immediately after full conversion of the Convertible Bonds at the Initial Conversion Price subject to the terms and conditions under the convertible bond instrument (for illustrative purposes only)		Immediately after completion of the Placing and full conversion of the Convertible Bonds at the Initial Conversion Price subject to the terms and conditions under the convertible bond instrument (for illustrative purposes only)		Immediately after completion of the Placing and conversion of the Convertible Bonds at the Initial Conversion Price immediately before triggering a mandatory general offer obligation under the present provisions of the Code	
	No. of Aptus Shares	Approximate % of issued share capital of Aptus	No. of Aptus Shares	Approximate % of enlarged issued share capital of Aptus	No. of Aptus Shares	Approximate % of enlarged issued share capital of Aptus	No. of Aptus Shares	Approximate % of enlarged issued share capital of Aptus
Precise Result Profits Limited (Note 1)	971,746,428	54.55%	971,746,428	12.49%	971,746,428	12.24%	971,746,428	35.09%
Bondholder(s)	-	-	6,000,000,000	77.11%	6,000,000,000	75.55%	828,000,000	29.90%
Public	809,765,000	45.45%	809,765,000	10.40%	969,765,000	12.21%	969,765,000	35.01%
					(Note 2)			
<b>Total</b>	<b>1,781,511,428</b>	<b>100.00%</b>	<b>7,781,511,428</b>	<b>100.00%</b>	<b>7,941,511,428</b>	<b>100.00%</b>	<b>2,769,511,428</b>	<b>100.00%</b>

Note:

- As at the date of this joint announcement, 48,750,000 Aptus Shares out of such 971,746,428 Aptus Shares owned by Precise Result Profits Limited has been lent to Evolution Master Fund, Ltd. SPC, Segregated Portfolio M.
- Assuming the completion of Placing, the total number of Aptus Shares held by public is expected to be increased to 969,765,000 Aptus Shares.

## **INFORMATION ON THE TARGET GROUP**

The Target is incorporated on 12 March 2009 in the British Virgin Islands and the Target Group plans to operate and manage certain properties that provide storage of personal properties of ancestors in Hong Kong. The Target Group currently holds various parcels of land and a number of old houses in Yuen Long, New Territories, Hong Kong and construction works have commenced to refurbish them as ancestral halls for providing the storage space of personal properties of ancestors and the related businesses and services. The Target Group will be engaged in provision of lawful spaces as ancestral halls for private worship of the deceased ancestors by their descendants or a common ancestor or the members of a private institute or corporation in Hong Kong. The old houses are planned to comprise 100,000 storage units of which 69,000 storage units and 31,000 storage units will be completed by the end of December 2010 and December 2011 respectively.

According to Castores Magi Asia Limited, an independent valuer, the preliminary valuation of the business of the Target Group, based on the discounted cashflow method, amounted to approximately HK\$2,100,000,000.

According to the unaudited consolidated management accounts of the Target Group prepared in accordance with the generally accepted accounting principles in Hong Kong, (i) an unaudited consolidated net loss before and after taxation and extraordinary items of HK\$12,880 was recognised for the period from 12 March 2009 (date of incorporation of the Target) to 30 November 2009; and (ii) unaudited consolidated negative net asset of HK\$12,512 as at 30 November 2009 was recorded.

## **REASONS FOR THE ACQUISITION**

After having strengthened Aptus' financial position via the disposal of its natural gas related assets, the Aptus Group is currently principally engaged in the trading and distribution of edible oil and mineral materials. As indicated in the circular dated 24 June 2009, the Aptus Group is currently looking for a number of new business opportunities in order to enhance business growth as well as Aptus Shareholders value.

As the population of Hong Kong has been increasing, there is a growing need for the storage space of personal properties of ancestors, businesses and services which are in line with that of the Target Group. As indicated in the Aptus announcement dated 30 October 2009, Aptus has noticed that in recent years, supply of storage space of personal properties of ancestors in Hong Kong remains limited. The Acquisition, if materialises, represents an opportunity for Aptus to tap into the business of providing spaces for ancestral property storage and private ancestral worship by a group of related persons. In view of the growing demand for such businesses in Hong Kong, the Aptus Directors believe that the Acquisition would significantly benefit Aptus in the diversification of its business, income and asset base.

The Aptus Directors have also taken into account of the following factors, including (i) the aforesaid prospect of the business of providing spaces for ancestral property storage and private ancestral worship by a group of related persons is positive given the growing demand and shortage of supply in Hong Kong; (ii) the loss position for Aptus during the two years ended 30 June 2009; (iii) the Acquisition represents an opportunity for Aptus to tap into the business of the Target Group; and (iv) the Acquisition will benefit Aptus in the diversification of its business, income and asset base. Based on the foregoing, the Aptus Directors (including the independent non-executive Aptus Directors) believe that the Acquisition would further enhance the growth of the Aptus Group in order to maximise returns to the Aptus Shareholders.

Taking into account the benefits of the Acquisition, the Aptus Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of Aptus and the Aptus Shareholders as a whole.

With respect to the fairness and reasonableness of the Acquisition, the China Vanguard Directors have taken into account of the following factors, including (i) the aforesaid prospect of the business of providing spaces for ancestral property storage and private ancestral worship by a group of related persons is positive given the growing demand and shortage of supply in Hong Kong; (ii) the loss position for China Vanguard during the two years ended 30 June 2009; (iii) the Acquisition represents an opportunity for China Vanguard to tap into the business of the Target Group; and (iv) the Acquisition will benefit China Vanguard in the diversification of its business, income and asset base. Based on the foregoing, the China Vanguard Directors (including the independent non-executive China Vanguard Directors) believe that the Acquisition would further enhance the growth of the China Vanguard Group and will maximise returns to the China Vanguard Shareholders. Taking into account the benefits of the Acquisition, the China Vanguard Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of China Vanguard and the China Vanguard Shareholders as a whole.

**As at the date of this joint announcement, the verification of the Target Group's title to the properties is still ongoing alongside with the other aspects of the due diligence exercise on the Target Group. As the Acquisition may or may not complete, holders of securities of Aptus or China Vanguard and potential investors are advised to exercise caution when dealing in the securities of Aptus or China Vanguard.**

#### **DISPOSAL BY CHINA VANGUARD**

The China Vanguard Board announces that as a result of the Placing and the Purchaser, an indirect non wholly-owned subsidiary of China Vanguard, entering into the S&P Agreement with the Vendor and assuming there will not be any further issue and repurchase of Aptus Shares, China Vanguard's indirect interests in Aptus would be diluted by, up to 42.31 percentage points from holding approximately 54.55% as at the date of this joint announcement to approximately 12.24% assuming full conversion

of the Convertible Bonds into Conversion Shares at the Initial Conversion Price and the Placing was successful, while China Vanguard will continue to hold, indirectly, 971,746,428 Aptus Shares. Upon the allotment and issue of the Conversion Shares in full, Aptus will cease to be an indirect non wholly-owned subsidiary of China Vanguard and the accounts of Aptus will not be consolidated with that of China Vanguard and will then be treated as an available-for-sale financial asset.

Aptus will cease to be a subsidiary of China Vanguard upon conversion of the Convertible Bonds by the Vendor, to the extent the Vendor and its concert party would be interested in 29.9% of the issued share capital of the Company immediately before triggering the general offer obligation under the Code and Aptus will become an associate of China Vanguard.

The Disposal is regarded as a deemed disposal on the part of China Vanguard under Rule 19.29 of the GEM Listing Rules. Details of the S&P Agreement, the terms of the Convertible Bonds and their dilution effect, are set out under the headings “The S&P Agreement”, “The Convertible Bonds” and “Effect on the Share Capital” above.

Although Aptus may cease to be an indirect non wholly-owned subsidiary of China Vanguard upon the completion of the conversion of the Convertible Bonds by the Vendor, the China Vanguard Directors have also considered that Aptus has been recording a loss during the two years ended 30 June 2009, and the Disposal represents an opportunity for China Vanguard to tap into the business of providing spaces for ancestral property storage and private ancestral worship by a group of related persons with good potential through trading off a certain extent of the shareholding of Aptus. Based on the foregoing, the China Vanguard Directors consider that the Disposal is also fair and reasonable to and in the interests of the China Vanguard Shareholders and China Vanguard as a whole.

Based on Aptus’s annual report for the year ended 30 June 2009, the net loss before and after taxation from continuing operation of Aptus for the year ended 30 June 2008 were HK\$53,048,000 and HK\$53,051,000 respectively and the net loss before and after taxation from continuing operation of Aptus for the year ended 30 June 2009 were approximately HK\$41,835,000. Aptus recorded a negative net asset of approximately HK\$17,711,000 and approximately HK\$86,729,000 as at 30 June 2008 and 30 June 2009 respectively.

Upon full conversion of the Convertible Bonds and before completion of the Placing, the net asset value of Aptus will then be increased by approximately HK\$2,178,000,000. Although the equity interest of China Vanguard Group in Aptus will be diluted by 42.06 percentage points, from 54.55% to 12.49%, the increase in the consolidated net asset value of Aptus of approximately HK\$2,178,000,000 will make China Vanguard Group to report a gain of approximately HK\$308,463,000 based on the negative equity of Aptus of approximately HK\$86,729,000 as at 30 June 2009.

## **GEM LISTING RULES IMPLICATIONS**

The Acquisition constitutes a very substantial acquisition on the part of Aptus and China Vanguard pursuant to Rule 19.06(5) of the GEM Listing Rules. Accordingly, the Acquisition is subject to the approval of the Aptus Shareholders at the Aptus EGM and China Vanguard Shareholders at the China Vanguard EGM respectively. Under the GEM Listing Rules, no Aptus Shareholders or China Vanguard Shareholders will be required to abstain from voting on the resolution to approve the Acquisition at the Aptus EGM and China Vanguard EGM to be convened as no Aptus Shareholders or China Vanguard Shareholders have any material interest in the Acquisition.

A circular containing, among other things, details of the S&P Agreement, the Acquisition and the transactions contemplated thereunder and a notice convening the Aptus EGM, will be despatched to the Aptus Shareholders as soon as practicable in accordance with the GEM Listing Rules.

The Disposal constitutes a very substantial disposal under Rule 19.06 of the GEM Listing Rules which is subject to China Vanguard Shareholders' approval at China Vanguard EGM to be convened. A circular, containing, among other matters, further details of the Acquisition and the Disposal and a notice of China Vanguard EGM, will be despatched to the China Vanguard Shareholders as soon as practicable in accordance with the GEM Listing Rules.

## **GENERAL**

China Vanguard Group is principally engaged in (1) development and operation of technology platforms for intellectual property (“IP”) protection, collection of copyright (royalty/license) fees on behalf of IP owners and the provision of value-added services in the entertainment sector in the PRC; (2) lottery-related businesses in the PRC; (3) distribution of natural supplementary products, and (4) trading business via Aptus.

With regard to Aptus, after having strengthened its financial position via the disposal of its natural gas related assets, the Aptus Group is currently principally engaged in the trading and distribution of edible oil and mineral materials. The Aptus Board intends to continue with the existing business of the Aptus Group upon issue of the Convertible Bonds. The existing operations of Aptus constitute the trading of edible oil and mineral materials via its non-listed Singaporean subsidiary. Going forward, the Aptus Group intends to, in the short term, taking into account caution when dealing with the current volatile market conditions for palm oil, targets to re-achieve pre-crisis levels of revenue and gross profit. Longer term, the Aptus Group continues to remain optimistic regarding the outlook for the edible oil trading operations which are expected to improve on the back of increasing health consciousness, as palm oil is generally recognised as being healthier than animal fat, as well as the eventual recovery of the global economy. A return of stability and recovery of the global economy and commodity markets would provide increasing opportunities for the expanding focus of the trading operations which now includes mineral materials trading.

Except for the Placing, Aptus has not undertaken any fund raising on any issue of equity securities in the past 12 months. The Conversion Shares to be issued upon conversion of the Convertible Bonds will be issued pursuant to the specific mandate to be sought at the Aptus EGM.

Each of Aptus and China Vanguard has no intention to substantially change their respective boards composition in Aptus and China Vanguard upon completion of the Acquisition and Disposal, save for possible engagement of additional director(s), if appropriate candidates are identified to assist in supervising the business of the Target Group, and to strengthen overall expertise of their respective boards. Mr. Kong Lung Cheung, his associates or their respective representatives will not be appointed as a director or the chief executive of either Aptus or China Vanguard upon the Completion.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the respective requests of China Vanguard and Aptus, trading in the China Vanguard Shares, and the Aptus Shares were suspended with effect from 2:30 p.m. on 20 November 2009 pending publication of this joint announcement. An application has been made to the Stock Exchange for the resumption of trading in the China Vanguard Shares and the Aptus Shares with effect from 9:30 a.m. on 2 December 2009.

### **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Acquisition”	the proposed acquisition of the Sale Share by the Purchaser from the Vendor as contemplated under the S&P Agreement
“Aptus”	Aptus Holdings Limited (stock code: 8212), an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the GEM Board
“Aptus Board”	the board of Aptus Directors
“Aptus Directors”	the directors of Aptus
“Aptus EGM”	the extraordinary general meeting of Aptus to be convened and held to consider and, if thought fit, approve, among other matters, the Acquisition
“Aptus Group”	Aptus and its subsidiaries



“Aptus Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of Aptus
“Aptus Shareholder(s)”	holder(s) of the issued Aptus Shares
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Bondholder(s)”	holder or holder(s) of the Convertible Bond(s)
“Business Days”	a day (other than a Saturday, Sunday or public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“China Vanguard”	China Vanguard Group Limited (stock code: 8156), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM Board; the ultimate shareholder of Aptus, holding approximately 54.55% equity interests of Aptus as at the date of this joint announcement
“China Vanguard Board”	the board of China Vanguard Directors
“China Vanguard Directors”	the directors of China Vanguard
“China Vanguard EGM”	the extraordinary general meeting of China Vanguard to be convened and held to consider and, if thought fit, approve, among other matters, the Acquisition and the Disposal
“China Vanguard Group”	China Vanguard and its subsidiaries, including Aptus
“China Vanguard Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of China Vanguard
“China Vanguard Shareholder(s)”	holder(s) of the issued China Vanguard Share(s)
“Code”	The Hong Kong Code on Takeovers and Mergers
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the S&P Agreement, as the case may be

“connected persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consideration”	the total consideration of HK\$1,775,000,000 to be satisfied by the Purchaser pursuant to the S&P Agreement
“Conversion Shares”	the new Aptus Shares to be issued to the Bondholder(s) upon conversion of the Convertible Bonds
“Convertible Bonds”	the convertible bond(s) in the principal amount of HK\$1,500,000,000 to be issued by Aptus in favour of the Vendor at Completion to satisfy in part of the Consideration
“Deposit”	the aggregate payment of HK\$85,000,000 paid by Aptus to the Vendor at any time and in any amount after signing of the S&P Agreement but prior to Completion
“Disposal”	the deemed disposal of the equity interest in Aptus by dilution under Rule 19.29 of the GEM Listing Rules on the part of China Vanguard
“Encumbrance”	a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person
“GEM Board”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Aptus Directors’ or China Vanguard Directors’ (as the case may be) knowledge, information and belief, having made all reasonable enquiries, are third parties independent of Aptus or China Vanguard (as the case may be) and connected persons of Aptus or China Vanguard (as the case may be)

“Initial Conversion Prices”	HK\$0.25 per Conversion Share, subject to usual anti-dilution adjustments, being the initial price at which the Convertible Bonds may be converted into the Conversion Shares
“Placing”	the proposed placing of up to a total of 160,000,000 new Aptus Shares by Convoy Investment Services Limited for and on behalf of Aptus pursuant to a placing agreement dated 2 November 2009 and made between Aptus and Convoy Investment Services Limited
“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Promissory Notes”	together, the Secured Promissory Note and the Unsecured Promissory Note
“Purchaser”	Sea Marvel Limited, a company incorporated in British Virgin Islands, with limited liability, an wholly-owned subsidiary of Aptus
“Sales Share”	issued and fully paid up share of the Target owned by the Vendor
“S&P Agreement”	the conditional legally binding sale and purchase agreement dated 20 November 2009 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Share
“Secured Promissory Note”	the promissory note (in the agreed form) to be executed by Aptus in favour of the Vendor on Completion in the principal amount of HK\$20,000,000 and secured by a first fixed charge over the entire issued share capital of Good United Management Limited in order to satisfy in part of the Consideration
“Share Charge”	the share charge dated 22 November 2006 issued by Aptus in favour of BNY Corporate Trustee Services Limited over the entire issued share capital in Good United Management Limited, a direct wholly-owned subsidiary of Aptus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Casdon Management Limited, a company incorporated in the British Virgin Islands and is wholly-owned by the Vendor, an Independent Third Party
“Target Group”	the Target and the its subsidiaries
“Unsecured Promissory Note”	the promissory note (in the agreed form) to be executed by Aptus in favour of the Vendor on Completion in the principal amount of HK\$150,000,000 in order to satisfy in part of the Consideration
“Vendor”	Red Rabbit Capital Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Kong Lung Cheung, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of  
**Aptus Holdings Limited**  
 問博控股有限公司  
**Fung King Him, Daniel**  
*Director*

By Order of the Board of  
**China Vanguard Group Limited**  
 眾彩科技股份有限公司\*  
**Chan Siu Sarah**  
*Director*

Hong Kong, 1 December 2009

*As at the date of this joint announcement, the Aptus Board comprises three executive directors, being Madam Cheung Kwai Lan, Mr. Chan Ting and Mr. Fung King Him Daniel and four independent non-executive directors, being Mr. Tian He Nian, Mr. Zhang Xiu Fu, Mr. Zou Qi Jun and Mr. To Yan Ming Edmond, and the China Vanguard Board comprises five executive directors being Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Chan Ting, Ms. Chan Siu Sarah and Mr. Lau Hin Kun; and three independent non-executive directors being Mr. Tian He Nian, Mr. Zhang Xiu Fu and Mr. To Yan Ming Edmond.*

*This joint announcement, for which the Aptus Directors and China Vanguard Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information which regard to Aptus and China Vanguard. The Aptus Directors and China Vanguard Directors, having made all reasonable enquiries, confirm that, to be best of their knowledge and belief: (i) the information contained in this joint announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this joint announcement misleading; and (iii) all opinions expressed in this joint announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This joint announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the day of its posting and on the websites of Aptus and China Vanguard at [www.aplus.com.hk](http://www.aplus.com.hk) and [www.cvg.com.hk](http://www.cvg.com.hk), respectively.*