



INTERIM 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.

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 2009, together with the comparative unaudited figures for the corresponding period in 2008, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31 December 2009

	Notes	(Unaudited)			
		Three months ended		Six months ended	
		31 December		31 December	
		2009	2008	2009	2008
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Restated)		(Restated)
CONTINUING OPERATIONS					
Revenue	2	–	–	3,073	18,292
Cost of sales		–	–	(3,065)	(18,246)
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Gross profit		–	–	8	46
Other revenue	2	16	3	16	6
Administrative expenses		(4,564)	(1,558)	(10,556)	(2,598)
Other operating expenses		(5,108)	–	(5,108)	–
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Loss from operations		(9,656)	(1,555)	(15,640)	(2,546)
Finance costs		(8,893)	(9,889)	(17,791)	(19,180)
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LOSS BEFORE TAXATION	4	(18,549)	(11,444)	(33,431)	(21,726)
Income tax expenses	5	–	–	–	–
<hr/>					
LOSS FOR THE PERIOD					
FROM CONTINUING OPERATIONS		(18,549)	(11,444)	(33,431)	(21,726)
<hr/>					
DISCONTINUED OPERATIONS	6				
Profit/(loss) for the period from discontinued operations		8,273	772	189,148	(2,408)
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PROFIT/(LOSS) FOR THE PERIOD		(10,276)	(10,672)	155,717	(24,134)
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the three months and six months ended 31 December 2009

	(Unaudited)			
	Three months ended		Six months ended	
	31 December		31 December	
	2009	2008	2009	2008
Notes	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
OTHER COMPREHENSIVE INCOME				
Exchange difference on translation of financial statements of foreign operations				
Continuing operations	264	(227)	303	(102)
Discontinued operations	-	(1,184)	-	(121)
	264	(1,411)	303	(223)
Release of translation reserve due to disposal of jointly controlled entities				
Continuing operations	-	-	-	-
Discontinued operations	-	-	(19,990)	-
	-	-	(19,990)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(10,012)	(12,083)	136,030	(24,357)
Profit/(Loss) for the period attributable to:				
Equity holders of the Company				
Continuing operations	(18,578)	(11,412)	(33,381)	(21,638)
Discontinued operations	8,273	772	189,148	(2,408)
	(10,305)	(10,640)	155,767	(24,046)
Non-controlling interests				
Continuing operations	29	(32)	(50)	(88)
Discontinued operations	-	-	-	-
	29	(32)	(50)	(88)
PROFIT/(LOSS) FOR THE PERIOD	(10,276)	(10,672)	155,717	(24,134)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the three months and six months ended 31 December 2009

	(Unaudited)			
	Three months ended		Six months ended	
	31 December		31 December	
	2009	2008	2009	2008
Notes	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Total comprehensive income for the period attributable to:				
Equity holders of the Company				
Continuing operations	(18,392)	(11,752)	(33,168)	(21,702)
Discontinued operations	8,273	(412)	169,158	(2,529)
	(10,119)	(12,164)	135,990	(24,231)
Non-controlling interests				
Continuing operations	107	81	40	(126)
Discontinued operations	-	-	-	-
	107	81	40	(126)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(10,012)	(12,083)	136,030	(24,357)
EARNINGS/(LOSS) PER SHARE	7			
From continuing and discontinued operations:				
Basic	(HK 0.56 cent)	(HK 0.60 cent)	HK 8.63 cents	(HK 1.37 cents)
Diluted	N/A	N/A	HK 7.63 cents	N/A
From continuing operations:				
Basic	(HK 1.01 cents)	(HK 0.65 cent)	(HK 1.85 cents)	(HK 1.23 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	(Unaudited) 31 December 2009 HK\$'000	(Audited) 30 June 2009 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26	45
Deposit and prepayment for an investment		20,550	–
		20,576	45
CURRENT ASSETS			
Prepayment, deposits and other receivables		305	34,995
Tax recoverable		9	1
Bank balances and cash		434,923	1,990
		435,237	36,986
Assets classified as held for sale		–	350,193
		435,237	387,179
CURRENT LIABILITIES			
Accounts payables	9	29	105
Accrued liabilities and other payables		9,747	10,634
Tax payable		2,759	–
Borrowings	10	333	16,500
Convertible bonds	12	314,050	–
		326,918	27,239
Liabilities associated with assets classified as held for sale		–	123,825
		326,918	151,064
NET CURRENT ASSETS		108,319	236,115
TOTAL ASSETS LESS CURRENT LIABILITIES		128,895	236,160
CAPITAL AND RESERVES			
Share capital	11	20,637	17,628
Reserves		93,162	(119,412)
		113,799	(101,784)
Equity attributable to equity holders of the Company		15,096	15,055
Non-controlling interests		–	–
		128,895	(86,729)
NON-CURRENT LIABILITIES			
Borrowings	10	–	19,645
Convertible bonds	12	–	303,244
		–	322,889
		128,895	236,160

CONSOLIDATED STATEMENT OF CASH FLOW*For the six months ended 31 December 2009*

	(Unaudited)	
	Six months ended	
	31 December	
	2009	2008
	HK\$'000	HK\$'000
Net cash inflow/(outflow) from operating activities	(25,870)	23,812
Net cash inflow/(outflow) from investing activities	388,628	(25,296)
Net cash inflow/(outflow) from financing activities	30,567	(1,576)
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Net increase/(decrease) in cash and cash equivalents	393,325	(3,060)
Cash and cash equivalents at beginning of period	40,850	40,629
Effect of foreign exchange rates changes	748	(223)
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Cash and cash equivalents at end of period	434,923	37,346
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders of the Company								
	Share capital	Share premium account	Convertible bonds reserve	Translation reserve	Capital reserve	Accumulated losses	Discontinued operations	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2009	17,628	96,722	10,712	4,090	15,826	(266,752)	19,990	15,055	(86,729)
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	213	-	-	-	90	303
Profit for the period	-	-	-	-	-	155,767	-	(50)	155,717
Release of convertible bonds reserve	-	-	(10,712)	-	-	10,712	-	-	-
Release due to disposal of jointly controlled entities	-	-	-	-	-	-	(19,990)	-	(19,990)
Total comprehensive income for the period	-	-	(10,712)	213	-	166,479	(19,990)	40	136,030
Placing of new shares	1,600	37,400	-	-	-	-	-	-	39,000
Loan capitalization	1,222	37,428	-	-	-	-	-	-	38,650
Shares issued on exercise of options	187	1,757	-	-	-	-	-	-	1,944
At 31 December 2009	20,637	173,307	-	4,303	15,826	(100,273)	-	15,095	128,895
At 1 July 2008	17,444	95,051	10,712	24,516	15,826	(196,538)	-	15,278	(17,711)
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	(185)	-	-	-	(38)	(223)
Net loss for the period	-	-	-	-	-	(24,046)	-	(88)	(24,134)
Total comprehensive income for the period	-	-	-	(185)	-	(24,046)	-	(126)	(24,357)
Shares issued on exercise of options	150	1,359	-	-	-	-	-	-	1,509
At 31 December 2008	17,594	96,410	10,712	24,331	15,826	(220,584)	-	15,152	(40,559)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Chapter 18 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. They have been prepared on the historical cost basis except for certain financial investments, which are measured at fair values.

The principal accounting policies used in the unaudited consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2009. The financial statements are unaudited but have been reviewed by the Audit Committee.

In the current period, the Group has newly adopted, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year commencing on 1 July 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
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 & 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	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

¹ Improvements to HKFRSs 2009 in relation to the amendments to HKFRS 2, HKAS 18, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the interim financial statements, and has resulted in a number of changes in presentation and disclosure.

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

HKFRS 7 (Amendment) does not contain any additional disclosure requirements specifically applicable to the interim financial statements.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The adoption of other new HKFRSs has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

For those HKFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

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.

Sales of edible oil products and mineral materials 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

The following is an analysis of the Group's revenue and results by operating segment for the six months ended 31 December 2009:

	Distribution of edible oil (Unaudited) HK\$'000	All other segments (Unaudited) HK\$'000	Total continuing operations (Unaudited) HK\$'000	Gas related (Unaudited) HK\$'000	Profit sharing of oilfield (Unaudited) HK\$'000	Total discontinued operations (Unaudited) HK\$'000	Total group (Unaudited) HK\$'000
Revenue (from external customers)	3,073	-	3,073	18,323	-	18,323	21,396
Operating profit/(loss)	(4)	(15,636)	(15,640)	1,001	-	1,001	(14,639)
Finance costs	-	(17,791)	(17,791)	(1,015)	-	(1,015)	(18,806)
Gain on disposal of jointly controlled entities	-	-	-	197,707	-	197,707	197,707
Gain on termination of profit sharing arrangement	-	-	-	-	11,031	11,031	11,031
Profit/(loss) before taxation	(4)	(33,427)	(33,431)	197,693	11,031	208,724	175,293
Income tax expenses	-	-	-	(16,818)	(2,758)	(19,576)	(19,576)
Profit/(loss) for the period	(4)	(33,427)	(33,431)	180,875	8,273	189,148	155,717
Capital expenditure	-	-	-	-	-	-	-
Depreciation	-	19	19	2,041	-	2,041	2,060
Amortization	-	-	-	64	-	64	64
Other non-cash expenses	-	16,656	16,656	-	-	-	16,656

3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by operating segment for the six months ended 31 December 2008 (as restated):

	Distribution of edible oil (Unaudited) HK\$'000	All other segments (Unaudited) HK\$'000	Total continuing operations (Unaudited) HK\$'000	Gas related (Unaudited) HK\$'000	Profit sharing of oilfield (Unaudited) HK\$'000	Total discontinued operations (Unaudited) HK\$'000	Total group (Unaudited) HK\$'000
Revenue (from external customers)	18,292	-	18,292	46,586	-	46,586	64,878
Operating profit/(loss)	21	(2,567)	(2,546)	350	(225)	125	(2,421)
Finance costs	(2)	(19,178)	(19,180)	(2,650)	-	(2,650)	(21,830)
Loss on disposal of an associate	-	-	-	(7)	-	(7)	(7)
Share of profit of an associate	-	-	-	124	-	124	124
Profit/(loss) before taxation	19	(21,745)	(21,726)	(2,183)	(225)	(2,408)	(24,134)
Income tax expenses	-	-	-	-	-	-	-
Profit/(loss) for the period	19	(21,745)	(21,726)	(2,183)	(225)	(2,408)	(24,134)
Capital expenditure	-	-	-	27,302	-	-	27,302
Depreciation	-	7	7	9,588	17	9,605	9,612
Amortization	-	-	-	72	-	72	72
Other non-cash expenses	-	18,173	18,173	-	-	-	18,173

3. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by operating segment:

As at 31 December 2009:

	Distribution of edible oil (Unaudited) HK\$'000	All other segments (Unaudited) HK\$'000	Total continuing operations (Unaudited) HK\$'000	Gas related (Unaudited) HK\$'000	Profit sharing of oilfield (Unaudited) HK\$'000	Total discontinued operations (Unaudited) HK\$'000	Total group (Unaudited) HK\$'000
Segment assets	1,320	454,493	455,813	-	-	-	455,813
Goodwill	-	-	-	-	-	-	-
Consolidated assets	1,320	454,493	455,813	-	-	-	455,813
Segment liabilities	47	12,821	12,868	-	-	-	12,868
Convertible bonds	-	314,050	314,050	-	-	-	314,050
Consolidated liabilities	47	326,871	326,918	-	-	-	326,918

As at 30 June 2009:

	Distribution of edible oil (Audited) HK\$'000	All other segments (Audited) HK\$'000	Total continuing operations (Audited) HK\$'000	Gas related (Audited) HK\$'000	Profit sharing of oilfield (Audited) HK\$'000	Total discontinued operations (Audited) HK\$'000	Total group (Audited) HK\$'000
Segment assets	1,341	1,763	3,104	300,740	33,927	334,667	337,771
Goodwill	-	-	-	49,453	-	49,453	49,453
Consolidated assets	1,341	1,763	3,104	350,193	33,927	384,120	387,224
Segment liabilities	122	46,762	46,884	123,825	-	123,825	170,709
Convertible bonds	-	303,244	303,244	-	-	-	303,244
Consolidated liabilities	122	350,006	350,128	123,825	-	123,825	473,953

4. LOSS BEFORE TAXATION

Loss from operations has been arrived at after charging/(crediting):

	(Unaudited)					
	Six months ended 31 December					
	Continuing operations		Discontinued operations		Total group	
	2009	2008	2009	2008	2009	2008
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Restated)		(Restated)	(Restated)	(Restated)	
(a) Finance costs						
Interest on borrowings	1,135	1,005	1,015	2,650	2,150	3,655
Interest on convertible bonds	16,656	18,173	-	-	16,656	18,173
Other finance costs	-	2	-	-	-	2
Total finance costs	17,791	19,180	1,015	2,650	18,806	21,830
(b) Other items						
Cost of inventories sold	3,065	18,246	15,585	34,834	18,650	53,080
Depreciation of property, plant and equipment	19	7	2,041	9,605	2,060	9,612

Included in the depreciation of approximately HK\$2,041,000 (2008: approximately HK\$9,605,000) under discontinued operations was an amount of approximately HK\$1,885,000 (2008: approximately HK\$5,808,000) capitalised in inventories and transferred to cost of inventories sold during the six months ended 31 December 2009. The amount of approximately HK\$1,885,000 (2008: approximately HK\$5,808,000) was also included in cost of inventories sold of approximately HK\$15,585,000 for the six months ended 31 December 2009 (2008: approximately HK\$34,834,000).

5. 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 for the three months and six months ended 31 December 2009 (three months and six months ended 31 December 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.

6. 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 the Company 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.

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

	(Unaudited)	
	Six months ended	
	31 December	
	2009	2008
	HK\$'000	HK\$'000
Profit/(loss) for the period from discontinued operations		
Revenue and other revenue	18,346	47,369
Expenses	(18,360)	(49,777)
Gain on disposal of jointly controlled entities	197,707	–
Gain on termination of profit sharing rights	11,031	–
	<hr/>	<hr/>
Profit/(loss) before taxation	208,724	(2,408)
Income tax	(19,576)	–
	<hr/>	<hr/>
Profit/(loss) for the period from discontinued operations	189,148	(2,408)
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Operating cashflows	4,265	12,955
Investing cashflows	44,261	(14,704)
Financing cashflows	(2,818)	(2,900)
	<hr/>	<hr/>
Net increase/(decrease) in cashflows	45,708	(4,649)
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7. 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		Six months ended	
	31 December		31 December	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to equity holders of the Company	(10,305)	(10,640)	155,767	(24,046)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	8,430	9,268	16,656	18,173
Profit/(loss) for the purposes of diluted earnings/(loss) per share	(1,875)	(1,372)	172,423	(5,873)

Number of shares

	(Unaudited)			
	Three months ended		Six months ended	
	31 December		31 December	
	2009	2008	2009	2008
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	1,840,507	1,759,391	1,804,406	1,758,272
Effect of dilutive potential ordinary shares:				
Share options	4,461	17,465	49,097	17,265
Convertible bonds	406,532	406,532	406,532	406,532
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	2,251,500	2,183,388	2,260,035	2,182,069

7. EARNINGS/(LOSS) PER SHARE *(Continued)*

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:

Profit/(loss) figures are calculated as follows:

	(Unaudited)			
	Three months ended		Six months ended	
	31 December		31 December	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Profit/(loss) for the period attributable to equity holders of the Company	(10,305)	(10,640)	155,767	(24,046)
Less:				
(Profit)/loss for the period from discontinued operations	(8,273)	(772)	(189,148)	2,408
Loss for the purposes of basic earnings/(loss) per share from continuing operations	(18,578)	(11,412)	(33,381)	(21,638)
Effect of dilutive potential ordinary shares:				
Interest on convertible bonds (net of tax)	8,430	9,268	16,656	18,173
Loss for the purposes of diluted earnings/(loss) per share from continuing operations	(10,148)	(2,144)	(16,725)	(3,465)

No diluted loss per share has been presented for continuing operations for the above 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.

7. EARNINGS/(LOSS) PER SHARE *(Continued)*

From discontinued operations

Basic earnings per share for the discontinued operations for the three months and six months ended 31 December 2009 are approximately HK0.45 cents and HK10.48 cents per share respectively (three months and six months ended 31 December 2008: profit/(loss) of approximately HK0.04 cents and (HK0.14 cents) per share respectively) based on the profit for the period from discontinued operations of approximately HK\$8,273,000 and HK\$189,148,000 respectively (three months and six months ended 31 December 2008: profit/(loss) of approximately HK\$772,000 and (HK\$2,408,000) respectively) and the denominators used are the same as those detailed above earnings/(loss) per share.

Diluted earning per share for the discontinued operations for the three months and six months ended 31 December 2009, and three months ended 31 December 2008 are approximately HK0.37 cents and HK8.37 cents and HK0.03 cent per share respectively based on the profit for the three months and six months ended 31 December 2009, and three months ended 31 December 2008 from discontinued operations of approximately HK\$8,273,000, HK\$189,148,000 and HK\$772,000 respectively 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 six months ended 31 December 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.

8. DIVIDEND

The Board does not recommend the payment of any dividend for the six months ended 31 December 2009 (six months ended 31 December 2008: NIL).

9. ACCOUNTS PAYABLES

	(Unaudited)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	HK\$'000
Trade payables	29	105

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)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	HK\$'000
Over 90 days	29	105

The fair value of the Group's accounts payables as at 31 December 2009 approximates to the corresponding carrying amount.

10. BORROWINGS (NON-BANK BORROWINGS)

	(Unaudited)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	HK\$'000
Secured loans	–	16,500
Unsecured loans (<i>note a</i>)	333	19,645
	333	36,145

- (a) Borrowing of approximately HK\$333,000 is unsecured, interest-bearing at prime rate and will be repayable on demand.

Borrowings are repayable as follows:

	(Unaudited)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	HK\$'000
On demand or within one year	333	16,500
In more than one year but not more than two years	–	19,645
	333	36,145
Less: Amount shown under non-current liabilities	–	(19,645)
	333	16,500

11. SHARE CAPITAL**Shares**

	(Unaudited)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	HK\$'000
<i>Authorised:</i>		
20,000,000,000 (30 June 2009: 20,000,000,000) ordinary shares of HK\$0.01 each	200,000	200,000
<i>Issued and fully paid:</i>		
2,063,671,428 (30 June 2009: 1,762,841,428) ordinary shares of HK\$0.01 each	20,637	17,628

12. 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 "Bond(s)").

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 Bond(s) including but not limited to, permitting the Company to dispose of the pledged assets for the purpose of redeeming the outstanding Bond(s) provided that sufficient funds to redeem the Bond(s) and pay related fees and expenses are held in escrow; limiting the Bondholder(s)' 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, 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, was held on 16 February 2009 and the approval was obtained in the meeting.

On 16 November 2009, the Third Amendment Deed was entered into, pursuant to which amendments were made to the terms of the Bond(s) relating to the timing of the right of the Bondholder(s) to require full or partial redemption of the Bond(s) to the effect that the Bondholder(s) now may require redemption of all or some only of the Bond(s) at their Early Redemption Amount together with interest accrued to the Put Option Date on (i) any date during the period from 21 November 2009 to 14 January 2010 (both dates inclusive) (the "Period"); (ii) 15 January 2010; and (iii) 21 November 2010, provided that in the case of a Put Option Date during the Period, the Redemption Amount (Please refer to the joint announcement of the Company and China Vanguard Group Limited dated 16 November 2009 for definition) shall have been converted from RMB into HK\$ and received by the Company in full in freely disposable cleared funds in Hong Kong and is available to redeem the Bond(s). Amendment has also been made to the requisite notice period for the Company to require full redemption of the Bond(s) on or at any time after 21 November 2008 and prior to 11 November 2011 so that "not less than five business days' notice" is required.

On the same day, the Company and Evolution Master Fund Ltd. SPC, Segregated Portfolio M ("Evolution") have entered into a deed of undertaking (the "November Deed"). Pursuant to the November Deed, (i) Evolution confirms and undertakes to the Company that it will not exercise its conversion right under the Bond(s); (ii) the Company confirms and undertakes to Evolution that after the Redemption Amount has been converted from RMB into HK\$ and received by the Company in full in freely disposable cleared funds in Hong Kong and is available for payment to redeem the Bond(s), it will notify Evolution as soon as possible and the Redemption Amount will be applied to redeem the Bond(s).

For details of the amendments of the Bonds, please refer to the joint announcements of the Company and China Vanguard Group Limited dated 23 October 2008, 7 January 2009 and 16 November 2009 and the Company's circular dated 21 January 2009.

12. CONVERTIBLE BONDS *(Continued)*

On 8 January 2010, Evolution issued a put notice requiring full redemption of the Bond(s). Please refer to note 17 – Subsequent Event for further details.

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)	(Audited)
	31 December	30 June
	2009	2009
	HK\$'000	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	102,462	85,806
Interest paid	(11,700)	(5,850)
Liability component as at the balance sheet date	314,050	303,244

* The convertible bonds reserve has been released and transferred back to accumulated losses due to the November Deed.

13. OPERATING LEASE ARRANGEMENTS

The Group as lessee

As at 31 December 2009, 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 2009 HK\$'000	(Audited) 30 June 2009 <i>HK\$'000</i>
Continuing operations		
Within one year	137	31
In the second to fifth years inclusive	503	–
	640	31
Discontinued operations		
Within one year	–	10
Two to five years	–	14
Over five years	–	3
	–	27

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

The Group as lessor

As at 31 December 2009, the Group had contracted with tenants for the following minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	(Unaudited) 31 December 2009 HK\$'000	(Audited) 30 June 2009 <i>HK\$'000</i>
Discontinued operations		
Within one year	–	520
Two to five years	–	1,631
Over five years	–	2,106
	–	4,257

Leases are negotiated for an average term of 2 to 10 years.

The Group did not have any lease arrangements from continuing operation.

14. CAPITAL COMMITMENTS

	(Unaudited) 31 December 2009 HK\$'000	(Audited) 30 June 2009 HK\$'000
Capital expenditure in respect of the investment in a subsidiary authorised but not contracted for	44,185	44,137

15. PLEDGED ASSETS

As at 31 December 2009 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.

As at 30 June 2009, borrowings of approximately HK\$59,907,000 had been secured by the gas network of Hunan Huayou Natural Gas Transportation & Distribution Company Limited ("Hunan Huayou"). The Company's interest in assets of Hunan Huayou and the Company's obligation in respect of the borrowings of Hunan Huayou were included in assets classified as held for sale and liabilities associated with assets classified as held for sale respectively, in the Company's consolidated statement of financial position as at 30 June 2009.

16. RELATED PARTY TRANSACTIONS**Compensation of directors and key management personnel**

The remuneration of directors and other members of key management during the period was as follows:

	(Unaudited) Three months ended 31 December 2009 HK\$'000		(Unaudited) Six months ended 31 December 2009 HK\$'000	
	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000
Short-term benefits	384	604	782	1,208
Post-employment benefits	6	6	12	12
	390	610	794	1,220

The remuneration of directors and key management personnel is determined by the remuneration committee having regard to the performance of individuals and market trends.

17. SUBSEQUENT EVENT

On 8 January 2010, Evolution issued a put exercise notice requiring full redemption of the Bond(s) in the outstanding principal amount of HK\$234,000,000 by 15 January 2010. All parties are proceeding on the basis that the outstanding amounts payable must be paid by 15 January 2010 or within a thirty days grace period and that no event of default will occur unless due payment is not made by 14 February 2010 and the Trustee serves notice of an event of default after that date. The Company believes that it has sufficient internal resources to retire all outstanding principal and accrued but unpaid interest and intends to redeem the Bond(s) on or before 14 February 2010.

18. SEASONALITY

The Group considers that the revenues from the sales of edible oil products and mineral materials and not subject to material seasonal fluctuation.

19. COMPARATIVE FIGURES

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

MANAGEMENT DISCUSSION AND ANALYSIS

Major developments

With regards to the convertible bonds issued by the Company ("Aptus Bonds"), during the period under review, the Company entered into (i) the third amendment deed dated 16 November 2009 and (ii) a deed of undertaking dated 16 November 2009. In effect, the amendment deed and the undertaking make certain that once the Company receives the considerations from the disposals of the natural gas joint ventures ("Natural Gas Joint Ventures") in cleared HK\$, it will use it to redeem the Aptus Bonds on the put option date and that the the Company's bondholders undertook not to exercise its conversion rights.

On 2 November 2009, the Company also entered into a placing agreement with a placing agent to place up to a maximum of 160,000,000 new shares of the Company at a price of HK\$0.25 each to raise gross proceeds of HK\$40,000,000. This placement was completed on 10 December 2009. Please refer to the announcements issued by the Company on 2 November 2009 and 10 December 2009 respectively for further details. In addition to the placement of new shares of the Company, the Company also entered into subscription agreements to capitalize 2 of its existing loans for an aggregate amount of HK\$38,750,000 for 122,160,000 new shares of the Company. The subscriptions of shares were completed on 16 December 2009, for further details please refer to the announcement issued by the Company on that date.

In 30 October 2009, the Company entered into a non-legally binding memorandum of understanding with Red Rabbit Capital Limited ("Red Rabbit") 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 that provide lawful storage 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. On 20 November 2009, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement to conditionally acquire from Red Rabbit the entire issued share capital of Casdon for a total consideration of HK\$1,775,000,000. For further details, please refer to the announcement issued by the Company on 30 October 2009, the joint announcements issued by China Vanguard Group Limited ("China Vanguard") and the Company on 1 December 2009, 21 December 2009 and 31 December 2009 respectively.

On 11 September 2009 and 18 November 2009 respectively, the Company and China Vanguard jointly announced the completion of the disposals of the Natural Gas Joint Ventures (for a total consideration of approximately RMB355,144,000 (approximately HK\$402,984,000)), as well as the termination of the profit sharing rights with respect to the Xin Jiang Oilfield (for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000)) coming into effect. For further details, please refer to the joint announcements issued by the Company and China Vanguard dated 11 September 2009 and 18 November 2009 respectively.

Financial Review

Financial information regarding the Natural Gas Joint Ventures and the profit sharing rights with respect to the Xin Jiang Oilfield for the six months ended 31 December 2009 ("Period 2009") have been classified as discontinued operations and the comparative figures for the six months ended 31 December 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 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 six months ended 31 December 2009, there was an increase in legal and professional fee to approximately HK\$8.4 million (Period 2008: HK\$0.2 million), mainly for the transactions of disposal of the Natural Gas Joint Ventures, which caused the rise in the Group's expense level. Even so, a significant turnaround in the net profit for the period was approximately HK\$155.8 million (Period 2008: approximately net loss of HK\$24.1 million was recorded). The bulk of the increase was due to the gain from the disposals of the Natural Gas Joint Ventures of approximately HK\$197.7 million and gain from termination of profit sharing right on Xin Jiang Oilfield of approximately HK\$11 million.

Financial resources and liquidity

As at 31 December 2009, the Group held assets of approximately HK\$455.8 million (30 June 2009: approximately HK\$387.2 million), including cash and bank balance of approximately HK\$434.9 million (30 June 2009: approximately HK\$2 million).

As at 31 December 2009, the Group had outstanding borrowings of approximately HK\$333,000 (30 June 2009: approximately HK\$36.1 million) and convertible bonds of approximately HK\$314.1 million (30 June 2009: approximately HK\$303.2 million).

The gearing ratio, defined as the ratio between total borrowings (including convertible bonds) and the Group's capital and reserves was approximately 244%. The Group's gearing ratio has been improved significantly over the current period. As at 30 June 2009, the Group was in a negative shareholders' equity position and no gearing ratio was available.

Capital structure

During the six months ended 31 December 2009, the Company issued 18,670,000 shares to eligible participants due to shares options exercised. Further, the Company issued 160,000,000 new shares from placement and 122,160,000 new shares from loan capitalisation during the six months ended 31 December 2009. As at 31 December 2009, the number of the Company's issued shares was enlarged to 2,063,671,428 shares.

Significant investments, acquisitions and disposals

As detailed in the heading of Major Developments above, the Group has entered into a sale and purchase agreement to acquire Casdon, which is principally engaged in the operation and management of certain properties that provide lawful storage 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 shareholders' meeting is yet to be held to approve the acquisition as of the date of this report.

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.

In addition to the above, the Group did not make any significant acquisitions, investments or disposals during the six months ended 31 December 2009.

Charges on the Group's assets

As at 31 December 2009 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.

As at 30 June 2009, borrowings of approximately HK\$59,907,000 had been secured by the gas network of Hunan Huayou Natural Gas Transportation & Distribution Company Limited ("Hunan Huayou"). The Company's equity in assets of Hunan Huayou and the Company's obligation in respect of the borrowings of Hunan Huayou were included in assets classified as held for sale and liabilities associated with assets classified as held for sale respectively, in the Company's consolidated statement of financial position as at 30 June 2009.

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 2009 (30 June 2009: NIL).

Employees and remuneration policies

The Group employed 12 full-time staff employed by the Company and its subsidiaries as at 31 December 2009. 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 Group's principal activities prior to the completion of the possible acquisition of Casdon and its subsidiaries, is the trading of edible oil and mineral materials via its non-listed Singapore subsidiary.

The Company continued focusing on its trading business and continue to explore for new trading business opportunities during the Period 2009. Meanwhile, a wholly-owned subsidiary of the Company has entered into agreement to conditionally acquire from the entire issued share capital of Casdon for a total consideration of HK\$1,775,000,000. For further details, please refer to the announcement issued by the Company on 30 October 2009, the joint announcements issued by the Company and China Vanguard on 1 December 2009, 21 December 2009 and 31 December 2009 respectively.

With regards to the Aptus Bonds, as mentioned above, the Company entered into (i) the third amendment deed dated 16 November 2009 and (ii) a deed of undertaking dated 16 November 2009. In effect, the amendment deed and the undertaking make certain that once the Company receives the considerations from the disposals of the Natural Gas Joint Ventures in cleared HK\$, it will use it to redeem the Aptus Bonds on the put option date and that the Company's bondholders undertook not to exercise its conversion rights. Further, on 8 January 2010 the Company received a put exercise notice from the bondholders requiring for full redemption of the Aptus Bonds in the outstanding principal amount of HK\$234,000,000 by 15 January 2010. The outstanding payable amounts must be paid by 15 January 2010, or within a thirty days grace period and that no event of default will occur unless due payment is not made by 14 February 2010 and the trustee of Aptus Bonds serves notice of an event of default after 14 February 2010. It is the Company's intention, using its internal resources, to retire all outstanding principal and accrued but unpaid interest.

Future Outlook and Prospects

The trading business via the Company's Singaporean subsidiary, management believes the acquisition of the entire issued share capital of Casdon will allow the Company to participate in a business with growing demand of which providing storage spaces for ancestral property storage and private ancestral worship by a group of related persons in Hong Kong and also benefit the Company in diverse its business, income and asset base.

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 2009, 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

	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)	851,746,428	-	-	851,746,428	41.27
	China Vanguard (Notes 4 & 5)	2,095,857,322 (Note 6)	2,070,000	-	2,097,927,322	65.32

Notes:

1. These 851,746,428 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 31 December 2009, 48,750,000 shares of the Company out of such 851,746,428 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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 the 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	851,746,428 (Note 1)	–	851,746,428	41.27
China Success (Notes 3 and 4)	Interest in controlled corporation	851,746,428 (Note 1)	–	851,746,428	41.27
China Vanguard (Notes 1 and 4)	Interest in controlled corporations	851,746,428 (Note 1)	–	851,746,428	41.27
Best Frontier (Notes 4 and 5)	Interest in controlled corporation	851,746,428 (Note 1)	–	851,746,428	41.27
Cheung Kwai Lan (Notes 5 and 6)	Interest in controlled corporations	851,746,428 (Note 1)	–	851,746,428	41.27
Chan Tung Mei (Notes 5 and 6)	Interest in controlled corporations	851,746,428 (Note 1)	–	851,746,428	41.27
Evolution Master Fund, Ltd. SPC, Segregated Portfolio M ("Evolution")	Beneficial owner	48,750,000	406,532,314	455,282,314	22.06

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
Evolution Capital Management, LLC ("Evo LLC")	Investment manager	48,750,000	406,532,314	455,282,314	22.06
Structured Investments Ltd.	Other	48,750,000	406,532,314	455,282,314	22.06
Evo Capital Management Asia Limited	Investment manager	48,750,000	406,532,314	455,282,314	22.06
Citigroup Inc.	Person having a security interest in shares	-	453,878,314	453,878,314	21.99

Short positions in underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of underlying shares	Percentage of shareholding
Evolution	Beneficial owner	48,750,000	2.36
Evo LLC	Investment manager	48,750,000	2.36

Notes:

1. Such 851,746,428 shares of the Company refer to the same parcel of shares.
2. Precise Result is a company incorporated in BVI and is a wholly-owned subsidiary of China Success. As at 31 December 2009, 48,750,000 shares of the Company out of such 851,746,428 shares owned by Precise Result have been lent to Evolution.
3. 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 31 December 2009.
4. By virtue of the SFO, each of China Success, China Vanguard and Best Frontier is deemed to be interested in these 851,746,428 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 851,746,428 shares of the Company.
7. The Company and Evolution entered into a deed of undertaking dated 16 November 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 the Company has converted its RMB into HK\$, which is available for payment to redeem the Bond(s).

Save as disclosed above, as at 31 December 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 six months ended 31 December 2009, 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 2009.

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 2009.

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 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 six months ended 31 December 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, 11 February 2010

As at the date of this report, the Executive Directors are Madam Cheung Kwai Lan, Mr. Chan Ting, Mr. Fung King Him Daniel and Mr. Lam Wai Pong; 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.