

# Coolpoint Energy Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code 8032)

First Quarterly Report **2010**



## **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 directors of Coolpoint Energy Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to Coolpoint Energy Limited. 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.*

## MANAGEMENT DISCUSSION AND ANALYSIS

Our Group is now focusing on the research and development, installation and manufacturing of its own brand energy saving air cooling and water heating equipments. Its patented technology and proprietary developed equipment enjoys strong and consistent recognition from within the energy saving industry, governmental and academic bodies and customers. To our delight, the Group entered into a memorandum of development on 8 February 2010 with Tsingdao Haier Air-conditioning Co., Limited, a subsidiary of Tsingdao Haier Co., Limited (“Haier”), the leading household appliances manufacturer in China, in which the Group will jointly develop with Tsingdao Haier Air-conditioning Co., Limited a five-in-one central air-conditioning system for the domestic market in China. A development committee has been established and prototype machines are now being assembled in our Zhongshan facility. Furthermore, one of the key prototype machines has been sent to the headquarters of Haier in Qingdao for formal testing in the beginning of May 2010 as according to our schedule. We believe the combination of our know-how in water heating and flexibility in product development and Haier’s quality assurance and marketing channels, this joint-development programme will finally strike success.

In addition, the Group is actively participating in tradeshows and seminars to raise our profile amongst our target customers. In March 2010, we participated in the Electroplating Exhibition in Dongguan. Participants within the industry show their great interests in energy saving area. They also concern about our products application in restaurants, hot water for usage in living area and as a replacement of traditional water heater, and how our products are applied for a large cooling area and rendered a dust free environment. Subsequently, we have received our first order from a company of this electroplating industry. Besides, we also participated in a seminar on energy saving, reduction of carbon and improvement on costs and efficiency in Hong Kong during the first quarter.

Apart from tradeshows and seminars, we are also negotiating with one of the famous golf club resort in China for the application of our energy saving equipments. We have installed one of our multi-features equipment for special testing purpose in the site and we believe that there is immense potential for much wider application of our products in near future.

As announced on 12 April 2010, the Company will further issue convertible preferred shares of HK\$400 million and convertible bonds of HK\$300 million to Lead Ahead Limited, subject to approval in an extraordinary general meeting to be held on 25 May 2010. Lead Ahead Limited is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. Mr. Li is the founder of the LI-NING brand and chairman and an executive director of Li Ning Company Limited. Mr. Li Ning is one of the most renowned and outstanding athletes in

the 20th century. Upon the conversion of the preferred shares and convertible bonds up to the minimum public float requirement by The Stock Exchange of Hong Kong Limited, Lead Ahead Limited will become the largest shareholder of the Company. After the completion, the financial position of the Company will be further strengthened and enable the Company to explore further business opportunities in order to enhance return to our shareholders.

## FINANCIAL REVIEW

### Segment Information

For the first quarter period ended 31 March 2010, the Group recorded a total revenue of HK\$334,000, of which HK\$19,000 was contributed from the business of sales of western generic medicine and nutraceutical Chinese herbal products, and HK\$315,000 was contributed from the business for manufacturing and trading of energy saving equipments and related services. Comparing to total revenue of HK\$1,931,000 in the same quarter of previous year, sales of western generic medicine and nutraceutical Chinese herbal products dropped by HK\$1.9 million because the high competitive environment and shrinkage of distribution channels in various markets. Such decrease was partially compensated by the HK\$315,000 increase in sales contribution from our new energy saving equipments and related services.

Our Gross profit decreased from HK\$0.5 million to gross loss of HK\$218,000 mainly because the decline in sales of medicine and healthcare products and relatively low volume of sales quantities.

During the first quarter period, our operating expenses were HK\$2.8 million in deriving a net loss of HK\$3.0 million for the period, in contrast with operating expenses and net loss for the same quarter last year of HK\$3.2 million and HK\$3.6 million respectively. For the first quarter of 2010, there was no significant one-time item such as the non-cash share based payment and our net operating expenses were controlled at our target of about HK\$1 million per month.

Loss for the period attributable to owners of the Company were HK\$2.9 million, representing a basic loss per share of HK cents 0.09, as comparing to a basic loss of HK cents 0.18 in previous financial year.

For the period ended 31 March 2010, net assets of the Company was approximately HK\$238.4 million, as comparing to HK\$62.5 million as at 31 March 2009. The increase was mainly attributable to the acquisition of Coolpoint Ventilation Equipment Limited and the goodwill of HK\$188.4 million arising upon the completion.

## **OTHER FINANCIAL INFORMATION**

### **Liquidity and financial resources**

During the first quarter, the Group financed its operations mainly by cash generated from operations and internal financial resources.

Subsequently on 12 April 2010, the Company announced that it would issue convertible preferred shares and convertible bonds for a total consideration of HK\$400 million and HK\$300 million respectively to new investor. The net proceeds from the issue of preferred shares would be applied for the development of the existing green energy business of the group as well as other businesses including, but not limited to, sports related business (apart from sports apparel, footwear and equipment businesses). The proceeds from issuing of convertible bonds would be applied for business development and future expansion purposes of the Group.

As at 31 March 2010, the Group had cash and cash equivalents of approximately HK\$32.9 million (As at 31 March 2009: HK\$0.3 million).

The current ratio of the Group was 7.2 as at 31 March 2010 compared to 0.3 as at 31 March 2009. The gearing ratio, defined as the ratio of total borrowings to total assets, was nil as at 31 March 2010 as compared to 18.2% as at 31 March 2009.

Overall, the net assets of the Group were approximately HK\$238.4 million equivalent to approximately HK\$0.07 per share.

### **Exposure to foreign currency risk**

Major currencies used for the Group's transactions were Hong Kong dollars and Renminbi. As the fiscal policy of the PRC government in relation to Renminbi is stable throughout the years, there was no significant currency exposure.

## **Pledge of the Group's Assets**

As at 31 March 2010, no assets had been pledged.

## **Commitments**

As at the period end, the Group has an operating lease commitment for office of the Group amounting to approximately HK\$0.6 million. Other than the aforementioned, there were no other material capital commitments as at the period end.

## **Employees and remuneration policies**

Remuneration of the staff comprised of monthly salary, provident fund contributions, medical claims, education allowances and discretionary options issued based on their contribution to the Group. Staff costs including Directors' remuneration for the financial period under review amounted to HK\$1.7 million (period ended 31 March 2009: HK\$282,000). The Group also engages professional consultants to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 31 March 2010, The Group employed about 63 full time employees and their remuneration is determined with reference to market rates.

## UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the “Board”) of Coolpoint Energy Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the period from 1 January 2010 to 31 March 2010 (the “Quarterly Period”) together with the comparative unaudited consolidated results for the corresponding period in 2009 as follows:

### Consolidated Statement of Comprehensive Income

		(Unaudited) 1.1.2010 to 31.3.2010 HK\$'000	(Unaudited) 1.1.2009 to 31.3.2009 HK\$'000
Revenue	3	334	1,931
Cost of sales		(552)	(1,410)
Gross (loss)/profit		(218)	521
Other income	3	28	99
Other losses		–	(314)
Selling, administrative and other operating expenses		(2,850)	(3,203)
Loss from operation	4	(3,040)	(2,897)
Finance costs		(1)	(738)
Loss before income tax		(3,041)	(3,635)
Income tax expense	5	–	–
Loss for the period		(3,041)	(3,635)
Other comprehensive income			
Exchange (loss)/gain on translation of financial statements of foreign operations		–	82
Total comprehensive income for the period		(3,041)	(3,553)

## Consolidated Statement of Comprehensive Income

	(Unaudited) 1.1.2010 to 31.3.2010 <i>Notes</i> <b>HK\$'000</b>	(Unaudited) 1.1.2009 to 31.3.2009 <i>HK\$'000</i>
<b>Loss for the period attributable to:</b>		
Owners of the Company	(2,863)	(3,635)
Minority interest	(178)	–
	<u>(3,041)</u>	<u>(3,635)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(2,863)	(3,553)
Minority interest	(178)	–
	<u>(3,041)</u>	<u>(3,553)</u>
<b>Loss per share for loss attributable to the owners of the Company during the period</b>		
– Basic (HK cents)	6 <u>(0.09)</u>	<u>(0.18)</u>
– Diluted (HK cents)	<u>N/A</u>	<u>N/A</u>



Notes:

## 1. GENERAL INFORMATION

Coolpoint Energy Limited (the "Company") is a limited liability company incorporated in the Caymans Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business is 5th Floor, Goldsland Building, 22-26 Minden Avenue, Tsim Sha Tsui, Kowloon, Hong Kong. The Company's shares are listed on The Growth Enterprises Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are principally engaged in the research and development, manufacturing, marketing and installation of proprietary energy saving environmental control and water heating equipments. Besides, it also engaged in manufacturing, marketing and distribution of western medicine and herbal supplements based on Traditional Chinese Medicine. The Company and its subsidiaries are together defined to as the "Group" hereinafter.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclose requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of this unaudited financial statements are consistent with those adopted in preparing the annual audited financial statements for the period ended 31 December 2009.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE

	<b>(Unaudited)</b> <b>1.1.2010</b> <b>to</b> <b>31.3.2010</b> <b>HK\$'000</b>	(Unaudited) 1.1.2009 to 31.3.2009 HK\$'000
<b>Revenue</b>		
Sale of energy-saving equipments	310	–
Service rendered	5	–
Sale of western medicine & Herbal products	19	1,931
	<b>334</b>	<b>1,931</b>
<b>Other income</b>		
Interest income	2	–
Sundry income	26	99
	<b>28</b>	<b>99</b>

### 4. LOSS FROM OPERATION

The Group's loss from operating activities is arrived at after charging/(crediting):

	<b>(Unaudited)</b> <b>1.1.2010</b> <b>to</b> <b>31.3.2010</b> <b>HK\$'000</b>	(Unaudited) 1.1.2009 to 31.3.2009 HK\$'000
Depreciation	15	866
Amortisation of intangible assets and land use rights	40	307
Net foreign exchange (gains)	–	(28)
Minimum lease payments under operating leases in respect of land and buildings	50	–
Staff costs including directors' remuneration:		
Salaries and other benefits	1,661	279
Pension scheme contributions	64	3
	<b>1,725</b>	<b>282</b>

**5. INCOME TAX EXPENSE**

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the three months ended 31 March 2010 (2009: Nil). No provision for PRC corporate income tax has been made as the PRC subsidiary incurred a loss for the three months ended 31 March 2010 (2009: Nil).

There was no significant unprovided deferred taxation during the three months ended 31 March 2010.

**6. LOSS PER SHARE**

The calculation of basic loss per share are based on the loss attributable to owners of the Company for the Quarterly Period of approximately HK\$2,863,000 (Period ended 31 March 2009: approximately HK\$3,635,000) and on the weighted average number of shares of approximately 3,311,916,027 (Period ended 31 March 2009: 2,042,695,590) in issue during the period.

Diluted loss per share for the period ended 31 March 2010 was not presented as the impact of the exercise of the share options was anti-dilutive.

No diluted loss per share is disclosed for the period ended 31 March 2009 as the exercise price of the outstanding share options was higher than the average market price of the Company's ordinary shares during the period.

**7. DIVIDENDS**

The directors do not recommend the payment of any dividend for the three months period ended 31 March 2010 (2009: Nil).

## 8. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2010

	Attributable to owners of the Company					Total	Minority interest	Total equity
	Share capital	Share premium	Share option reserve	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
Balance at 1 January 2009	20,427	399,251	4,310	12,832	(370,900)	65,920	-	65,920
Loss for the period	-	-	-	-	(3,635)	(3,635)	-	(3,635)
Other comprehensive income								
– Exchange loss on translation of financial statements of foreign operations	-	-	-	82	-	82	-	82
Balance at 31 March 2009	20,427	399,251	4,310	12,914	(374,535)	62,367	-	62,367
Issue of share capital	3,000	42,000	-	-	-	45,000	-	45,000
Share issue expenses	-	(1,150)	-	-	-	(1,150)	-	(1,150)
Exercise of share options	100	1,538	(718)	-	-	920	-	920
Equity settled share-based payment	-	-	9,021	-	-	9,021	-	9,021
Acquisition of a subsidiary	9,592	163,796	-	-	-	173,388	4,496	177,884
Transactions with owners	12,692	206,184	8,303	-	-	227,179	4,496	231,675
Loss for the period	-	-	-	-	(39,048)	(39,048)	(640)	(39,688)
Other comprehensive income								
– Release of translation reserve upon disposal of a subsidiary	-	-	-	(12,588)	-	(12,588)	-	(12,588)
– Exchange loss on translation of financial statements of foreign operations	-	-	-	(311)	-	(311)	-	(311)
Total comprehensive income for the period	-	-	-	(12,899)	(39,048)	(51,947)	(640)	(52,587)
Balance at 31 December 2009	33,119	605,435	12,613	15	(413,583)	237,599	3,856	241,455
Loss for the period	-	-	-	-	(2,863)	(2,863)	(178)	(3,041)
Other comprehensive income								
– Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(2,863)	(2,863)	(178)	(3,041)
Balance at 31 March 2010	33,119	605,435	12,613	15	(416,446)	234,736	3,678	238,414

## 9. CONTINGENT LIABILITIES

iSolution Development Limited (“iSolution”), a wholly-owned subsidiary of the Group, is under deregistering process at the reporting date, which had entered into a lease agreement with its landlord for leasing an office premise with a lease term of 3 years commencing from 20 January 2007. In October 2008, iSolution requested the landlord to surrender the lease by referring a new tenant to take up the remaining lease but the landlord declined the offer. Subsequently, iSolution delivered up the premise possession to the landlord in December 2008.

After seeking legal advice, the Company’s directors are of the opinion that there was a duty on the part of the landlord to mitigate the loss in case the tenant breached the agreement, the landlord would account for not accepting the terms that are not less than favourable as the existing term of the agreement. Therefore, it was considered that iSolution was not indebted to the landlord. Accordingly, no provision for the outstanding rental and relevant management fees in respect of the period from 1 January 2009 to 19 January 2010 were recognised in the financial statements for the period ended 31 March 2010.

The total outstanding rental and the relevant management fee at the reporting date is approximately HK\$2,380,000.

## DIVIDEND

The Board does not recommend any dividend for the three months period ended 31 March 2010 (2009: Nil).

## DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 March 2010, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “GEM Listing Rules”), were as follows:

## Long positions

Name of director	Note	Capacity	Personal interests	Corporate interests	Number of share options held	Total interests	% of the total relevant issued shares as at 31 March 2010
WANG Yinan		Beneficial owner	–	–	70,000,000	70,000,000	2.11%
FUNG Wing Cheung, Tony	1	Interest in controlled corporation	–	1,075,532,204	–	1,075,532,204	32.47%
LEUNG King Yue, Alex		Beneficial owner	–	–	20,000,000	20,000,000	0.60%
LAM Wing Ah		Beneficial owner	10,000,000	–	10,000,000	20,000,000	0.60%
FUNG Yee Kei, Kay	1	Interest in controlled corporation	–	1,075,532,204	–	1,075,532,204	32.47%

### Note:

- Blue Bright Limited (“Blue Bright”) is the registered holder of the Shares, and is a 85% owned subsidiary of Well Harvest Properties Limited (“Well Harvest”). 60% of the issued share capital of Well Harvest is owned by Mr. FUNG Wing Cheung, Tony. 40% of the issued share capital of Well Harvest is owned by Fairmate Investment Limited (“Fairmate”) and Fairmate is a wholly-owned subsidiary of Axenia Holdings (PTC) Limited (“Axenia”). 50% of the issued share capital of Axenia is owned by Miss FUNG Yee Kei, Kay.

Save as disclosed above, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## SUBSTANTIAL SHAREHOLDERS

At 31 March 2010, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

### Long positions

<b>Name</b>	<b>Notes</b>	<b>Number of Shares held (Note 1)</b>	<b>% of the total relevant issued shares as at 31 March 2010</b>
Blue Bright	2	1,075,532,204	32.47%
Well Harvest	2	1,075,532,204	32.47%
Fairmate	3	1,075,532,204	32.47%
Axenia	3	1,075,532,204	32.47%
FUNG Yee Ling, Lynn ("Lynn FUNG")	4	1,075,532,204	32.47%
Leung's Holdings Limited ("Leung's Holdings")	5	950,000,000	28.68%
LEUNG Hin Ting	6	950,000,000	28.68%
TANG Yuk Yee	7	950,000,000	28.68%

*Notes:*

1. This represents the number of Shares over which the Shareholders, directly or indirectly, exercise control.
2. Blue Bright is the registered holder of the Shares, and is a 85% owned subsidiary of Well Harvest.
3. 40% of the issued share capital of Well Harvest is owned by Fairmate and Fairmate is a wholly-owned subsidiary of Axenia.
4. 50% of the issued share capital of Axenia is owned by Ms. Lynn FUNG.
5. Leung's Holdings is the registered holder of the Shares.
6. 40% of the issued share capital of Leung's Holdings is owned by Mr. LEUNG Hin Ting. Ms. TANG Yuk Yee is the spouse of Mr. LEUNG Hin Ting.
7. 40% of the issued share capital of Leung's Holdings is owned by Ms. TANG Yuk Yee. Mr. LEUNG Hin Ting is the spouse of Ms. TANG Yuk Yee.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



## SHARE OPTIONS SCHEME

Pursuant to an ordinary resolution in writing of the sole shareholder of the Company passed on 21 February 2000, the Company adopted a share option scheme (the "Old Scheme") pursuant to which the directors were authorised to grant options to employees of the Company or its subsidiaries, including executive directors of such companies, to subscribe for shares of the Company. Options granted under the Old Scheme entitled the holder to subscribe for shares from the date of grant up to 20 February 2010.

On 8 April 2002, the Company passed an ordinary resolution to terminate of the Old Scheme and adopted a new share option scheme (the "Revised Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations in compliance with the amended Chapter 23 of the GEM Listing Rules. All the share options granted under the Old Scheme and remained outstanding on the date of termination of that scheme continue to be valid and exercisable in accordance with the provisions of that scheme.

Eligible participants of the Revised Scheme include the Company's directors, including independent non-executive directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group, and any minority shareholder in the Company's subsidiaries. The Revised Scheme became effective on 18 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Revised Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Revised Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences from the date of acceptance of the offer for the grant of options but shall end in any event not later than ten years from the date on which the offer for grant of the option is made subject to the provisions for early termination thereof.

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Movements of share options of the Company during the period are as follows:

	Date of grant of share options	Exercise price HK\$	Number of share options				Balance as at 31 March 2010 HK\$
			Balance as at 1 January 2010 HK\$	Granted during the period HK\$	Exercised during the period HK\$	Cancelled during the period HK\$	
<b>Directors</b>							
Mr. WANG Yinan	21.10.2009	0.154	70,000,000	-	-	-	70,000,000
Mr. LEUNG King Yue, Alex	24.07.2008	0.092	20,000,000	-	-	-	20,000,000
Ms. LAM Wing Ah	24.07.2008	0.092	10,000,000	-	-	-	10,000,000
<b>SUB-TOTAL</b>			100,000,000	-	-	-	100,000,000
<b>Employees</b>							
In aggregate	24.07.2008	0.092	20,000,000	-	-	-	20,000,000
<b>SUB-TOTAL</b>			20,000,000	-	-	-	20,000,000
<b>Consultants</b>							
In aggregate	24.07.2008	0.092	60,000,000	-	-	-	60,000,000
In aggregate	07.10.2009	0.156	2,000,000	-	-	-	2,000,000
In aggregate	22.10.2009	0.157	30,000,000	-	-	-	30,000,000
In aggregate	24.12.2009	0.128	12,000,000	-	-	-	12,000,000
<b>SUB-TOTAL</b>			104,000,000	-	-	-	104,000,000
<b>TOTAL</b>			224,000,000	-	-	-	224,000,000

At the balance sheet date, the Company had 224,000,000 share options outstanding under the Revised Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 224,000,000 additional ordinary shares of the Company and additional share capital of HK\$2,240,000 and share premium of HK\$25,218,000 (before issue expenses).

## **AUDIT COMMITTEE**

The Company's audit committee was formed on 17 March 2000 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's internal control procedures, annual reports, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of directors. The audit committee currently comprises three independent non-executive directors, Mr. CHEE Man Sang, Eric, Ms. LAM Tak Yee and Mr. TANG Chi Chung, Matthew. The audit committee has reviewed the unaudited consolidated results for the three months ended 31 March 2010.

## **DIRECTORS' INTERESTS IN A COMPETING BUSINESS**

For the three months ended 31 March 2010, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2010.

For and on behalf of the Board  
**Coolpoint Energy Limited**  
**LAM Wing Ah**  
*Executive Director*

*Executive directors:*

Mr. WANG Yinan (*Chairman*)  
Mr. FUNG Wing Cheung, Tony  
Mr. FUNG Yiu Fai, Peter  
Mr. LEUNG King Yue, Alex  
Ms. LAM Wing Ah

*Non-executive director:*

Miss FUNG Yee Kei, Kay

*Independent non-executive directors:*

Mr. CHEE Man Sang, Eric  
Ms. LAM Tak Yee  
Mr. TANG Chi Chung, Matthew

Hong Kong, 11 May 2010