



PetroAsian
中亚能源

PetroAsian Energy Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 850)

Interim Report 2009



UNAUDITED INTERIM RESULTS

The Board of Directors (the "Board") of PetroAsian Energy Holdings Limited (the "Company") is pleased to present the unaudited interim results for the six months ended 30 September 2009 of the Company and its subsidiaries (collectively referred to as the "Group"), together with the comparative figures for the last corresponding period.

CONDENSED CONSOLIDATED INCOME STATEMENT

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 September 2009 HK\$'000	(Unaudited and restated) 30 September 2008 HK\$'000
Turnover	3	159,027	233,571
Cost of sales		(145,585)	(214,008)
Gross profit		13,442	19,563
Other revenue		447	4,885
Other net income/(expenses)		2,288	(64,710)
Distribution costs		(6,642)	(9,636)
Administrative expenses		(31,228)	(27,693)
Share-based payments		(47,611)	(6,801)
Amortisation of intangible assets		(53,847)	(46,587)
Gain on bargain purchase	4	–	259,924
(Loss)/profit from operations	5	(123,151)	128,945
Finance costs		(1,383)	(2,971)
Share of results of associates		(229)	–
(Loss)/profit before income tax		(124,763)	125,974
Income tax	6	(1,157)	(1,104)
(Loss)/profit for the period		(125,920)	124,870
Attributable to:			
Equity holders of the Company		(101,555)	146,894
Non-controlling interests		(24,365)	(22,024)
		(125,920)	124,870
Dividends	7	–	–
(Loss)/earnings per share:	8		
Basic		HK(4.12) cent	HK8.55 cent
Diluted		N/A	HK8.55 cent



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

	(Unaudited) 30 September 2009 HK\$'000	(Unaudited and restated) 30 September 2008 HK\$'000
(Loss)/profit for the period	(125,920)	124,870
Other comprehensive income:		
Exchange differences arising on translation of foreign operations	590	6,421
Share-based comprehensive income	17,807	6,801
Total comprehensive (loss)/income for the period	(107,523)	138,092
Attributable to:		
Equity holders of the Company	(83,509)	156,924
Non-controlling interests	(24,014)	(18,832)
	(107,523)	138,092



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Non-current assets			
Property, plant and equipment	9	208,493	216,351
Prepaid land lease payments		35,389	35,674
Investment properties		14	14
Other intangible assets		1,990,893	2,044,741
Deposits paid for acquisition of long-term assets		65,905	10,000
Other receivables		9,409	9,409
Interests in associates	10	69,775	–
		2,379,878	2,316,189
Current assets			
Inventories		24,111	32,625
Trade and other receivables	11	113,166	112,950
Trading securities		26,787	17,720
Derivative financial assets		7,837	30,385
Income tax recoverable		8,089	6,257
Cash and cash equivalents		46,182	30,585
		226,172	230,522
Current liabilities			
Trade and other payables	12	92,654	88,758
Derivative financial liabilities		43,443	94,295
Income tax payable		1,059	863
Bank borrowings		11,427	16,567
		148,583	200,483
Net current assets		77,589	30,039
Total assets less current liabilities		2,457,467	2,346,228



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

	Note	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Non-current liabilities			
Bank borrowings		80,015	55,523
Deferred tax liabilities		470	470
		80,485	55,993
Net assets		2,376,982	2,290,235
Capital and reserves			
Share capital	13	26,688	19,857
Reserves		1,554,830	1,449,924
Total equity attributable to shareholders of the Company		1,581,518	1,469,781
Non-controlling interests		795,464	820,454
Total equity		2,376,982	2,290,235



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Hong Kong dollars)

	(Unaudited) 30 September 2009 HK\$'000	(Unaudited) 30 September 2008 HK\$'000
Net cash (used in)/generated from operating activities	(41,966)	19,092
Net cash used in investing activities	(79,943)	(182,217)
Net cash generated from financing activities	137,033	147,433
Net increase/(decrease) in cash and cash equivalents	15,124	(15,692)
Cash and cash equivalents at 1 April	30,585	87,334
Effect of foreign exchange rate changes	473	822
Cash and cash equivalents at 30 September	46,182	72,464
Analysis of balances of cash and cash equivalents		
Cash and bank balances, having maturity within three months	46,182	72,464



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

(Expressed in Hong Kong dollars)

	(Unaudited)												
	Attributable to equity holders of the Company												
	Share capital	Share premium	Merger reserve (Note a)	Share option reserve	Statutory reserve	Other reserve	Warrants reserve	Exchange reserve (Note c)	Retained earnings	Non-controlling interests Total	Total equity		
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 April 2009		19,857	627,660	3,248	41,171	236	(120)	1,768	17,598	758,363	1,469,781	820,454	2,290,235
Issuing costs		-	(1,359)	-	-	-	-	(20)	-	-	(1,379)	-	(1,379)
Exchange differences arising on translation of foreign operations		-	-	-	-	-	-	239	-	239	351	-	590
Net income/(expenses) recognised directly in equity		-	(1,359)	-	-	-	-	(20)	239	-	(1,140)	351	(789)
Loss for the period		-	-	-	-	-	-	-	-	(101,555)	(101,555)	(24,365)	(125,920)
Total recognised income and expenses for the period		-	(1,359)	-	-	-	-	(20)	239	(101,555)	(102,695)	(24,014)	(126,709)
Share-based payments	(b)	-	-	-	17,807	-	-	-	-	29,804	47,611	-	47,611
Issue of new shares upon exercise of share options		2,192	42,959	-	-	-	-	-	-	-	45,151	-	45,151
Issue of new shares for acquisition of an associate	(d)	2,389	45,389	-	-	-	-	-	-	-	47,778	-	47,778
Issue of warrants	(e)	-	-	-	-	-	-	770	-	-	770	-	770
Issue of new shares upon placing	(e)	2,250	70,872	-	-	-	-	-	-	-	73,122	-	73,122
Incorporation of a non-wholly owned subsidiary		-	-	-	-	-	-	-	-	-	-	4	4
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(980)	(980)
		6,831	159,220	-	17,807	-	-	770	-	29,804	214,432	(976)	213,456
Balance at 30 September 2009		26,688	785,521	3,248	58,978	236	(120)	2,518	17,837	686,612	1,581,518	795,464	2,376,982



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

(Unaudited and restated)
Attributable to equity holders of the Company

	Note	Share	Share	Merger	Share	Warrant	Exchange	Retained	Non-		Total	
		capital	premium	reserve	option	reserve	reserve	earnings	Total	controlling	equity	
		HK\$'000	HK\$'000	(Note a) HK\$'000	reserve HK\$'000	HK\$'000	(Note c) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2008		12,952	449,870	3,248	42,478	1,869	16,100	690,043	1,216,560	863,185	2,079,745	
Exchange differences arising on translation of foreign operations		-	-	-	-	-	3,229	-	3,229	3,192	6,421	
Net income recognised directly in equity		-	-	-	-	-	3,229	-	3,229	3,192	6,421	
Profit for the period		-	-	-	-	-	-	146,894	146,894	(22,024)	124,870	
Total recognised income and expenses for the period		-	-	-	-	-	3,229	146,894	150,123	(18,832)	131,291	
Share-based payments	(b)	-	-	-	6,801	-	-	-	6,801	-	6,801	
Issue of new shares arising from open offer		6,475	173,003	-	-	-	-	-	179,478	-	179,478	
Acquisition of subsidiaries		-	-	-	-	-	-	-	-	976	976	
		6,475	173,003	-	6,801	-	-	-	186,279	976	187,255	
Balance at 30 September 2008		19,427	622,873	3,248	49,279	1,869	19,329	836,937	1,552,962	845,329	2,398,291	



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

Note:

- (a) The merger reserve represents the difference between the aggregate of the nominal value of the share capital of the subsidiaries acquired pursuant to the Group reorganisation completed on 26 October 2002 over the nominal value of share capital of the Company issued in exchange there for.
- (b) The share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments.
- (c) The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.
- (d) On 25 September 2008, the Company entered into a sale and purchase agreement to acquire a 43% interest in Profit Success Industries Limited and its subsidiaries and the acquisition was completed during the reporting period, the Company issued 238,888,888 consideration shares at the issue price of HK\$0.20 per share in amount of HK\$47,777,778 and HK\$22,222,222 in cash portion at completion.
- (e) On 20 May 2009, the Company issued 225,000,000 new shares under the share placing agreement with the placing agent. The placing price was HK\$0.325 per share. At the same date, the Company also placed up 77,000,000 warrants at the exercise price of HK\$0.45 per share. The total related expenses for the share and warrant placing, approximately HK\$1,378,656, were capitalised.



NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of its principal place of business is Suite 1006, 10/F, Ocean Centre, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

The principal activities of the Group are manufacturing and sale of paints, blended solvents and plastic colorants, trading of chemical materials, provision of painting service, property investment, and exploitation and sale of crude oil.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group ("Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretation, the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules governing the Listing of Securities on the Stock Exchange.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2009. The accounting policies and methods of computation adopted are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 March 2009.

As at the date of this report, the following standards and interpretations have been issued but not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS5 as part of Improvements to HKFRSs issued in October 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 ²
HKAS 24 (Revised)	Related party disclosures ⁴
HKAS 32 (Amendment)	Classification of right issues ⁵
HKAS 39 (Amendment)	Eligible hedged items ¹
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters ³
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions ³
HKFRS 9	Financial instruments ⁶
HK(IFRIC) – Int 17	Distributions of non-cash assets to owners ¹
HK(IFRIC) – Int 18	Transfers of assets from customers ⁷
HK(IFRIC) – Int 19	Extinguishing financial liabilities with Equity Instrument ⁸



2 BASIS OF PREPARATION *(Continued)*

- 1 Effective for annual periods beginning on or after 1 July 2009.
- 2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate.
- 3 Effective for annual periods beginning on or after 1 January 2010.
- 4 Effective for annual periods beginning on or after 1 January 2011.
- 5 Effective for annual periods beginning on or after 1 February 2010.
- 6 Effective for annual periods beginning on or after 1 January 2013.
- 7 Effective for transfer on or after 1 July 2009.
- 8 Effective for annual period beginning on or after 1 July 2010.

The Group is currently assessing the impact of the adoption of the other new standards, amendments to standards and interpretations above that are applicable to the Group in future periods, but are not yet in a position to state whether they would have material financial impact on the financial status.

The condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

3 SEGMENTAL INFORMATION

The following table presents revenue and results for the Group’s business segments.

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segment (business and geographical) using a risks and rewards approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Segment information reported to the Group’s management is analysed by the type of goods and services supplied by the Group’s business division. Each business division requires its own expertise, has its own customer base and business strategy. The Group has identified the following reportable segments:

- Paints, blended solvents, chemical materials and plastic colorants – production and trading of blended solvents and plastic colorants in China
- Service contract – construction paints business in China
- Property investment – property investment business in Hong Kong
- Crude oil – exploitation and sale of crude oil in China



3 SEGMENTAL INFORMATION (Continued)

The directors consider that the adoption of HKFRS 8 had not changed the identified operating segments for the Group as compared to the 2009 Annual Financial Statements nor the basis of measurement of segment profit and loss.

(a) Primary report format – business segments

	(Unaudited)				
	Six months ended 30 September 2009				
	Paints, blended solvents, chemical materials and plastic colorants HK\$'000	Service contract HK\$'000	Property investment HK\$'000	Crude oil HK\$'000	Total HK\$'000
Segment revenue					
Revenue from external customers	132,155	16,509	9,210	1,153	159,027
Other revenue from external customers	981	(782)	233	–	432
	133,136	15,727	9,443	1,153	159,459
Segment results	(16,114)	1,223	117	(59,491)	(74,265)
Unallocated expenses					(48,901)
Interest income					15
Loss from operations					(123,151)
Finance costs					(1,383)
Share of results of associates					(229)
Loss before income tax					(124,763)
Income tax					(1,157)
Loss for the period					(125,920)



3 **SEGMENTAL INFORMATION** (Continued)

(a) Primary report format – business segments (Continued)

	(Unaudited and restated)				
	Six months ended 30 September 2008				
	Paints, blended solvents, chemical materials and plastic colorants HK\$'000	Service contract HK\$'000	Property investment HK\$'000	Crude oil HK\$'000	Total HK\$'000
Segment revenue					
Revenue from external customers	217,109	12,721	405	3,336	233,571
Other revenue from external customers	3,703	28	(379)	737	4,089
	<u>220,812</u>	<u>12,749</u>	<u>26</u>	<u>4,073</u>	<u>237,660</u>
Segment results	<u>2,711</u>	<u>338</u>	<u>(3,147)</u>	<u>143,395</u>	<u>143,297</u>
Unallocated expenses					(15,148)
Unallocated income					33
Interest income					<u>763</u>
Profit from operations					128,945
Finance costs					<u>(2,971)</u>
Profit before income tax					125,974
Income tax					<u>(1,104)</u>
Profit for the period					<u>124,870</u>

(b) Secondary report format – geographical segments

No geographical segment analysis is presented as less than 10% of the Group's turnover and contribution to operating profit is attributable to customers located outside the People's Republic of China ("PRC").



4 GAIN ON BARGAIN PURCHASE

On 4 January 2008, the Group entered into a formal agreement with an independent third party (“the vendor”) for the acquisition of the vendor’s interests in the Fu 718 district in the New Joint Development Zone. The agreement with the vendor transferred the rights and responsibilities of the vendor in the Fu 718 project to the Group and was completed on 15 July 2008. Further details of the acquisition are set out in the Company’s announcement and circular dated 7 January 2008 and 22 January 2008 respectively.

The investment in the Fu 718 project was stated as available-for-sale financial assets in accounts for last interim period. However, the management of the Group subsequently decided to early adopt HKFRS 3 (Revised) Business Combinations as well as the associated HKAS 27 Consolidated and Separate Financial Statements (Revised) when preparing the accounts for the year ended 31 March 2009. As such, a gain on bargain purchase was arising from the acquisition. Therefore, the figures for last period have to be restated by recognising in the income statement the gain on bargain purchase and recording in the balance sheet the valuation of the exploitation right as other intangible assets.

At acquisition date, the fair value of the project business was as follows:

	Note	Acquiree Carrying amount HK\$'000	Fair value HK\$'000
Intangible assets	(1)	–	389,924
Less: Gain on bargain purchase	(2)		(259,924)
Total consideration			130,000
Satisfied by:			
Cash			130,000
Net cash outflow arising on acquisition:			
Cash paid			117,000
Deposit paid in prior period			13,000
Cash consideration paid			130,000

Note (1): Based on the professional valuation report on the business of the oil exploitation rights at the date of acquisition.

Note (2): Excess of fair value of net assets acquired over the cost of acquisition.



5 (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging and (crediting) the following items:

	(Unaudited) 30 September 2009 HK\$'000	(Unaudited and restated) 30 September 2008 HK\$'000
Share-based payments	47,611	6,801
Amortisation		
– intangible assets	53,847	46,587
– prepaid land lease payments	286	583
Depreciation	8,888	7,669
Impairment loss		
– inventories	133	744
– land and buildings	4,712	–
– furniture and fixtures	558	–
Net realised and unrealised loss on derivative financial instruments	4,875	44,985
Net realised and unrealised (gain)/loss on trading securities	(12,642)	12,971

6 INCOME TAX

	(Unaudited) 30 September 2009 HK\$'000	(Unaudited) 30 September 2008 HK\$'000
	Note	
Hong Kong profits tax	(a)	260
PRC income tax	(b) & (c)	844
		1,104



6 INCOME TAX *(Continued)*

Note:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (2008: 16.5%).
- (b) For the period ended 30 September 2009, certain of the Group's PRC subsidiaries are subject to an enterprise income tax of 18% or 25% on the estimated assessable profits of the PRC subsidiaries for that period.
- (c) Pursuant to the PRC Enterprise Income Tax Law (the "New Law") passed by the Tenth National People's Congress on 16 March 2007, the new PRC income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. The enactment of the New Law is not expected to have any significant financial effect on the amounts accrued in the consolidated balance sheet in respect of taxation payable and deferred taxation.

The Group had no significant unprovided deferred taxation during the period and at 30 September 2009 (2008: Nil).

7 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2009 (2008: Nil).

8 (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share for the six months ended 30 September 2009 are based on the loss attributable to equity holders of approximately HK\$101,555,000 (2008: restated profit of HK\$146,894,000) and the weighted average number of 2,462,413,528 shares (2008: 1,718,259,890 shares) in issue during the period.

Diluted loss per share for the six months ended 30 September 2009 is not presented as the exercise of the outstanding options and warrants of the Company would have an anti-dilutive effect. The amount of diluted earnings per share for the six months ended 30 September 2008 is based on the restated profit attributable to equity shareholders of the Company of approximately HK\$146,894,000 and the weighted average number of approximately 1,718,633,432 ordinary shares.



9 PROPERTY, PLANT AND EQUIPMENT

During the period, the Group has spent approximately HK\$6,188,000 (2008: HK\$35,541,000) on the acquisition of property, plant and equipment, and the carrying amount of property, plant and equipment that were disposed and written off are approximately HK\$49,000 (2008: HK\$74,000) and HK\$5,270,000 (2008: HK\$ Nil) respectively.

10 INTERESTS IN ASSOCIATES

On 25 September 2008, the Company entered into a sale and purchase agreement to acquire a 43% interest in Profit Success Industries Limited ("Profit Success") and its subsidiaries, a major associate group of the Company. Profit Success was incorporated in British Virgin Islands and its subsidiaries are engaged in the business of exploration and exploitation of a vanadium mine. The acquisition was completed during the reporting period. The Company issued 238,888,888 consideration shares at the issue price of HK\$0.20 per share in amount of HK\$47,777,778 and HK\$22,222,222 in cash portion at completion.

11 TRADE AND OTHER RECEIVABLES

	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Trade receivables and bills receivable	83,570	81,916
Less: allowance for doubtful debts	(7,005)	(7,176)
	76,565	74,740
Other receivables, prepayments and deposits	46,010	47,619
Less: non-current portion	(9,409)	(9,409)
	36,601	38,210
	113,166	112,950



11 TRADE AND OTHER RECEIVABLES *(Continued)*

The Group operates a controlled credit policy and allows an average credit period of 30-120 days to its trade customers who satisfy the credit evaluation. Trade and bills receivables are stated at their nominal values as reduced by appropriate provision for irrecoverable amounts with their ageing analysis at the respective balance sheet dates as follows:

	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Current	51,687	37,438
Less than 1 month past due	9,689	14,761
1 month to 3 months past due	3,959	7,422
More than 3 months but less than 1 year past due	6,274	9,777
Over 1 year past due	4,956	5,342
Amounts past due	24,878	37,302
	76,565	74,740

12 TRADE AND OTHER PAYABLES

	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Trade payables	19,462	11,968
Bills payable	31,104	39,164
Other payables and accruals	33,160	28,698
Amount due to a minority shareholder	8,928	8,928
	92,654	88,758



12 TRADE AND OTHER PAYABLES *(Continued)*

All of the trade and other payables are expected to be settled within one year or are repayable on demand. Trade and bills payables are stated at their nominal values with their ageing analysis at the respective balance sheet dates as follows:

	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Less than 1 month	8,717	45,378
1 month to 3 months	40,258	2,994
More than 3 months but less than 1 year	1,591	2,760
	50,566	51,132

13 SHARE CAPITAL

	(Unaudited) 30 September 2009		(Audited) 31 March 2009	
	Number of share '000	Nominal value HK\$'000	Number of share '000	Nominal value HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	8,000,000	80,000	8,000,000	80,000
Ordinary shares, issued and fully paid				
Beginning of the period/year	1,985,733	19,857	1,295,155	12,952
Issue of new shares upon exercise of share options	219,200	2,192	43,000	430
Issue of new shares upon of placing	225,000	2,250	–	–
Issue of new shares for acquisition of an associate	238,889	2,389	–	–
Issue of new shares arising from open offer	–	–	647,578	6,475
End of the period/year	2,668,822	26,688	1,985,733	19,857



14 CAPITAL COMMITMENTS

The Group had capital expenditure commitments in respect of investments in projects, properties under construction and acquisition of property, plant and equipment as shown below:

	(Unaudited) 30 September 2009 HK\$'000	(Audited) 31 March 2009 HK\$'000
Contracted but not provided for		
– acquisition of interest in an oil and gas exploration and exploitation project	46,500	–
– acquisition in a target mining group	–	60,000
– construction in progress	6,075	2,670
– property, plant and equipment	3,235	1,984
	55,810	64,654

15 RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group had the following significant related party transactions:

	(Unaudited) 30 September 2009 HK\$'000	(Unaudited) 30 September 2008 HK\$'000
Rental expenses paid to Luen Yat Enterprises Company Limited ("Luen Yat")	315	498
Rental expenses paid to Mr. Poon Sau Tin and Mr. Poon Sum	–	32

Mr. Poon Sau Tin has beneficial interest in the Company. Mr. Poon Sum is the director and has beneficial interest in the Company. Luen Yat is related to the Group by virtue of the interests of Mr. Poon Sau Tin and Poon Sum.



16 NON-ADJUSTING POST BALANCE SHEET EVENTS

On 28 October 2009 (after trading hours), Merry Boom Investment Limited ("Merry Boom"), a wholly-owned subsidiary of the Company, entered into the agreement with Well Lead Group Limited ("Well Lead") pursuant to which Merry Boom has agreed to purchase and Well Lead has agreed to sell the 49% of the entire issued share capital of Northeast Oil (China) Development Company Limited ("Sale Shares") and all obligations, liabilities and debts owing or incurred by Northeast Oil (China) Development Company Limited to Well Lead on or at any time prior to completion ("Sale Loan") at an aggregate consideration of HK\$168 million.

The consideration of HK\$168 million for the sale and purchase of the Sale Shares and the Sale Loan shall be satisfied by Merry Boom, of which (i) HK\$44,652,376.58 shall be settled by entering into the Deed of Novation; (ii) HK\$39,347,623.42 shall be settled, at Merry Boom's sole discretion, either in cash or by procuring the Company to allot and issue the first consideration shares of up to 87,829,516 new shares of the Company to Well Lead, credited as fully paid, at the issue price of approximately HK\$0.448 per consideration share at completion or a combination of both; and (iii) the remaining HK\$84 million shall be settled either in cash or by procuring the Company to allot and issue the second consideration shares of up to 187,500,000 new shares of the Company to Well Lead, credited as fully paid, at the issue price of approximately HK\$0.448 per consideration share on or before the date falling the 45th day of the date of completion (as such later date as the parties may agree) or a combination of both.

The completion of this transaction is now waiting for the approval of shareholders in the Extraordinary General Meeting to be held on 29 December 2009.

17 COMPARATIVE FIGURES

As a result of application of HKFRS 3 (Revised) Business Combinations and HKAS 27 Consolidated and Separate Financial Statements (Revised), certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 4.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2009, the Group's turnover amounted to approximately HK\$159,027,000 (2008: HK\$233,571,000), representing a decrease of HK\$74,544,000 or 32% compared to the corresponding period of last year. The Group incurred a loss from operations amounting to approximately HK\$123,151,000 during the current period under review, compared to a restated profit of approximately HK\$128,945,000 for the corresponding period in the previous year. Basic loss per share for the current period amounts to HK4.12 cent compared to a restated basic earnings per share of HK8.55 cent for the corresponding period in the previous year.

The decrease in the Group's turnover was mainly attributable to the reduction in business activities in relation to paints, blended solvents, chemical materials and plastic colorants which recorded a turnover of approximately HK\$132,155,000 for the six months ended 30 September 2009 (2008: HK\$217,109,000), which represents a decrease of HK\$84,954,000 or some 39%. The above operating results fully reflect the tough business environment being faced by the Group's manufacturing customers most of whom are engaged in the toys industry which has suffered a significant drop in export orders in the wake of the global financial tsunami. Despite the fact that the global financial tsunami started in August last year, its impact on the Group's manufacturing customers as well as the Group itself has continued throughout the current period under review. The Group's loss from operations, which amounts to HK\$123,151,000 for the current period, was mainly a result of the absence of a gain on bargain purchases for oil assets for the current period (2008: a gain of HK\$259,924,000) coupled with the amortisation of intangible assets of HK\$53,847,000 (2008: HK\$46,587,000) and share-based payments of HK\$47,611,000 (2008: HK\$6,801,000).

Tunisia operations

On 8 June 2009, the Group, as vendee, entered into an agreement with both Petroceltic Ksar Hadada Limited (a wholly owned subsidiary of Petroceltic International plc) and Independent Resources (Ksar Hadada) Limited (a wholly owned subsidiary of Independent Resources plc), as vendors, regarding the sale and purchase of 51% Participating Interests and 52.96% Paying Interests in Ksar Hadada Permit ("the Permit"), onshore Tunisia, North Africa. The Group's current commitments for the Tunisia exploration project involve the acquisition of 100 kilometers of 2D seismic, followed with the drilling of two exploration wells. Parties to the Permit has the right to two periods of renewal each of three years. The first renewal period of the permit began on 20 April 2008 and lasts for three years. Since the signing up of the above agreement, exploration work in connection with the Permit is operating smoothly with timely, significant progress being made as described in the paragraphs that follow.



On 25 September 2009, the Group has received an independent subsurface technical review report of the Ksar Hadada Permit from Blackwatch Petroleum Services Limited. Based on this report, the five prospects covered by the Ksar Hadada Permit have a total P(mean) STOILP (Stock Tank Oil Initially In Place) of approximately 2.136 billion stock tank barrels of oil of which 320 million stock tank barrels are P(mean) potentially recoverable resources (with the largest prospect having a total potentially recoverable resource of approximately 161 million stock tank barrels) and the volume of the natural gas associated with such resource amounts to approximately 126.07 billion standard cubic feet (with the largest prospect having a total volume of natural gas of approximately 63.43 billion standard cubic feet).

On 22 October 2009, the Group entered into a service agreement with BGP Inc. ("BGP"), a wholly owned subsidiary of China National Petroleum Corporation whereby the Group has engaged BGP as a technical consultant to provide both evaluation services as well as technical consultancy services. BGP is one of the world's leading geophysical service companies based in Beijing, China, providing oil exploration, seismic processing explanation, oil geological research, geophysical prospecting research and other services for global oil companies. BGP has a total of 40 overseas branches and offices in Asia, America, Africa and the Middle East. Evaluation services include but not limited to the analysis of petroleum geology factors, evaluation of data quality, results of processing and interpretation of previous seismic sections, analysis of the reliability of prospects (traps) in the block, re-interpretation of seismic data of main targets (prospects of traps), reservoir analysis and re-calculation of petroleum volumetric of prospects in the block, suggestion of geophysical survey for new exploration phase, distribution of new seismic lines and well locations to be drilled. Apart from the evaluation services, BGP would provide and send technical consultants to work for the Group's operations activities in the Ksar Hadada block.

The Group together with its UK partners (hereinafter described as "consortium") have registered and opened an operation office in Tunis, the capital City of Tunisia, with country manager hired to carry out the operation at a fast pace. The country manager is Les Devine, an English expatriate with significant experience in international exploration. His previous drilling assignment was in the Ukraine. Additional managers have been hired to oversee drilling, purchasing and materials management.

As of 5 December 2009, seismic operations were completed. The 107 kilometers of 2D seismic acquisition was carried out by CGG Veritas, a French geophysical firm with expertise in seismic operations. Currently, the data is being processed and interpreted by CGG engineers and scientists before distribution to the consortium's experts in Dublin and Rome. The newly acquired 2D data will help the consortium to further refine the geological prospects identified. This seismic acquisition would fulfill the relevant requirements as stipulated in the relevant contracts.

As regards drilling preparation, full scale drilling plans have started, and the consortium is preparing its final bidder and supplier list of goods and services ranging from tubular goods, well heads, down hole equipment, rigs, and drilling services contractors. Bid tenders for drilling services and rigs are currently being prepared and targeted for distribution in the middle of January 2010.

The Group is so far pleased with the progress of the Tunisia operations and will try to accelerate the drilling window to May or June 2010 pending approval of drilling plan by L'Entreprise Tunisienne d'Activites Petrolieres (ETAP), and are excited about the opportunity in relation to our selected drilling prospects.



Qiqihar operations

The Group continued to see progress in the oil wells in the Fu 710 and Meilisi 723 districts in Fulaerjiqu of Qiqihar city, Heilongjiang Province, China. Under the leadership of Professor Kwong, management and technical expertise of the oil exploitation team was further strengthened. Out of the 22 wells of which drilling has been completed, a total of 12 wells is currently in live production, employing the “huff-and-puff” steam injection method. It is expected that most of the remaining wells will be in production early next year. The first round of steam injection proved satisfactory but production volume has not yet reached the peak potential yet. It is anticipated that production will be improved in the future rounds as better implementation and equipment is being used to boost up efficiency. Other production methods and materials to enhance production were also being evaluated, studied and adopted when appropriate.

The Group plans to speed up the development of the Fu 718 district which was acquired last year. Consultation was carried out with China National Petroleum Company and its technical branches. It is planned that the first wells on this district will be drilled early next year. More drilling will follow including horizontal wells. With prospective oil reserve potential in this area, the Group expects Fu 718 to complement the Fu 710 and Meilisi 723 districts and contribute to the Group’s total integrated oil development plan.

According to the mining permit issued by the Chinese Central Government, the exploitation rights for Fu 710, Meilisi 723 and Fu 718 districts will expire in August 2010. The Group’s partner, Qiqihar Oil Company, is currently applying for an extension of mining period for another ten years from the Ministry of Land and Resources.

Other business operations

As regards operations in relation to paints, blended solvents, chemical materials and plastic colorants, the business environment remains to be tough. In view of this, the Group will continue to monitor and contain the overall expense level in these segments with particular emphasis on reducing the cost of purchases as well as securing new customers. During the period under review, the Group has downsized the operations scale of this line of business by retrenchment of redundant headcounts in the factory located in Zhongshan, Guangdong Province, China. Additionally, the Group has plans to purchase certain raw materials, semi-finished products and/or finished products from overseas suppliers in order to enhance its gross profit margin. Additional sales personnel are being recruited to help boost revenue.

Healthy growth in turnover of the contracting service section, which is based in Beijing, has been experienced during the period under review thanks to the growth in the construction and property business activities in China. The section has experienced a growth in turnover from HK\$12,721,000 during the six months ended 30 September 2008 to HK\$16,509,000 during the six months ended 30 September 2009, representing an increase of HK\$3,788,000 or 30%. There are plans for the Group’s operations team in Beijing to purchase paint products from the Zhongshan factory for the mutual benefit of both the Beijing and the Zhongshan operations. The Group remains optimistic of the prospects of the contracting service section in the years to come.



Vanadium is a mineral that has the symbol "V". A soft and ductile silver-grey metal, vanadium is used mainly to produce alloys. It has good resistance to corrosion by alkalis, sulfuric and hydrochloric acid. Steel can be greatly strengthened by adding a small amount of vanadium during the steel processing stage. The Group has a 43% equity interest in a vanadium mineral project located in Yuqing County, Xiaowujiang Vanadium Mining Region, Guizhou Province, China. The mine is located on a parcel of land of approximately 6.1 square kilometers. There are highways in close proximity. The progress of the mineral project has so far been satisfactory with work being done by the local management team to enable the relevant licenses (including in particular the extraction license) to be obtained in respect of a control area of 2.3 square kilometers sometime during the middle of 2010.

BUSINESS OUTLOOK

On 2 October 2009, Direction Generale de l'Energie (DGE or the Tunisia Department of Energy) delivered a favorable opinion as regards the partial transfer of interests of Independent Resources (Ksar Hadada) Limited and Petroceltic Ksar Hadada Limited with respect to the Ksar Hadada Permit in favor of the Group.

Following receipt of the favorable opinion, it is expected that the final official consent shall follow shortly after the following steps have been carried out and completed by the Hydrocarbons Consultative Committee:

- General Manager shall prepare the Order of Ministry of Industry and Energy authorising the Transfer of Interests.
- Such Order shall thereafter be submitted to the Minister of Industry and Energy for signature.
- Transmission of the Order to the Prime Minister for consent.
- Publication of the Order within Tunisian Gazette (JORT).

It is estimated that the completion of these steps will take about 2 months from the date of approval. Based upon recent inquiries, the approval of the Transfer of Interests are still in the course of drafting and signature by the General Manager of Energy.



World oil price has been holding steady for the last 6 months at around US\$70 to US\$80 per barrel due to global positive economic recovery and the growing demand in developing countries such as China and India. We foresee oil prices to stay strong in the coming year and hence, increased our focus in oil and gas exploration and production. Going forward, the Group is confident that the global oil and gas market will keep on growing in the years to come despite temporary correction in price. In the previous year, based upon the results of a private survey conducted by the Group, it was concluded that the downward trend in oil price at that time would ultimately come to a halt due to the fact that a certain minimal production cost need to be incurred for oil drilling, extraction and processing below which operations would basically stop. It was subsequently proven that the Group's estimate was entirely accurate. All in all, the Group is confident that its oil and gas assets would generate satisfactory return to its shareholders in the years to come.

As regards the traditional downstream activities including paints, blended solvents, chemical materials and plastic colorants, the market still looks very tough in the foreseeable future and is affected by fluctuations in raw material prices and weakening of market demand. The Group remains cautious about the future of this line of business and would keep on monitoring its performance.

In March 2009, the Chinese government has promulgated a new policy specially for the iron and steel industry whereby a minimum utilisation ratio of at least 60% has been stipulated for steel bars with a support resistance parameter of 400 MPa and/or above. As vanadium is an important additive for steel manufacturing, analysts have predicted that the market demand for vanadium will be on the rise and so as its merger and acquisition activities in 2010 will become increasingly active. It is estimated that producers of vanadium will become a popular target for mergers and acquisitions. It is expected that the prospects of the vanadium industry will be bright in the near future.

In conclusion, in light of the satisfactory progress made by the Group in its Tunisia and Qiqihar operations, we remain optimistic about the prospects of the Group for the second half of the financial year. We expect that the global economy would continue to recover from the global financial tsunami and that the economy in China would continue to expand. The Group is now well positioned to take advantage of the above trend to boost its performance.



FINANCIAL REVIEW

Working capital

As at 30 September 2009, the Group's current assets were kept at approximately HK\$226,172,000 as compared to current assets approximately HK\$230,522,000 as at 31 March 2009. The current ratio, being the proportion of total current assets against total current liabilities, was 1.52 (31 March 2009: 1.15). The Directors consider that the present working capital level may be affected by the global financial turmoil and conservatively believe that it is sufficient to meet the upcoming operating needs.

Liquidity and Financial Resources

As at 30 September 2009, the Group had total outstanding borrowings of approximately HK\$91,442,000 (31 March 2009: HK\$72,090,000), cash and bank balances of approximately HK\$46,182,000 (31 March 2009: HK\$30,585,000) and total assets of approximately HK\$2,606,050,000 (31 March 2009: HK\$2,546,711,000). Current assets of the Group on the same date amounted to approximately HK\$226,172,000 (31 March 2009: HK\$230,522,000) whilst current liabilities were approximately HK\$148,583,000 (31 March 2009: HK\$200,483,000). The gearing ratio, calculated by dividing the total borrowings by the total assets, was equal to 3.51% on the reporting date (31 March 2009: 2.83%)

On 22 May 2009, the Company and the major shareholder entered into a share placing agreement with the placing agent pursuant to which the placing agent agreed to place, on a best efforts basis, the placing shares comprising in aggregate up to 225,000,000 existing shares at the placing price of HK\$0.325 per placing share on behalf of the major shareholder to share placees. The total fund raised from the placing was approximately HK\$73,125,000. The use of fund is to support an investment in an oil exploration project located in Tunisia, Africa, of which US\$8,500,000 (approximate equivalent to HK\$65,875,000) was injected as the first committed payment. The Group generally financed its operations with internally generated cash flow and general banking facilities. Through proper management of its treasury functions, the Group will continue to maintain sufficient funds to meet its operational requirements as well as future development needs.

Pledge of assets

As of 30 September 2009, the Group's tangible assets and receivables with a net book value of approximately HK\$50,728,000 and HK\$31,334,000 (31 March 2009: HK\$51,421,000 and HK\$34,322,000 respectively) were pledged to secure banking facilities granted to the Group. In addition, a registered all monies first share charge over 51% of all the issued shares in a subsidiary is pledged to secure the banking facilities.

Exposure to foreign exchange risk and interest rate risk

The Group's business transactions are mainly denominated in Hong Kong dollars and Renminbi. Most interest bearing bank borrowings of the Group are on floating rate basis. Foreign currency exposure is monitored closely by management and hedged by forward foreign currency contracts. The Group also uses derivative financial instruments to manage interest rate exposures for hedging purpose only.



DISCLOSURES PURSUANT TO RULES 13.21 OF THE LISTING RULES

In accordance with the disclosure requirements of rule 13.21 of the Listing Rules, the Company makes the following disclosures in relation to the details of the Facility Letter (as defined below), which includes conditions relating to specific performance of the controlling shareholder of the Company:–

The Group has accepted a facility letter dated 5 January 2009 (the “Facility Letter”) issued by a bank in Hong Kong (the “Bank”) in relation to various working capital facilities up to a revised amount of HK\$153,170,000. The term included a HK\$100,000,000 term loans and 10 years term loan with an amount of HK\$10,170,000 (collectively, the “Facilities”) for two subsidiaries. The Facilities are subject to periodic review by the Bank at its sole discretion. Under the provisions of the Facility Letter, the Company undertakes to secure the liabilities of the subsidiaries covered by the facilities. Other than the assets to be pledged, the key conditions, among other things, that (1) Mr. Poon Sum, Mr. Poon Sau Tin and their family members shall collectively maintain at least 23% of the issued share capital of the Company; (2) Mr. Poon Sum shall remain as Chairman or Chief Executive Officer of the Group and shall be actively involved in the management and business of the Group and (3) Mr. Poon Sum, Mr. Poon Sau Tin and their family members shall remain the single largest shareholder of the Company. There is no significant change in conditions that was already disclosed previously. Should there be any breach of such conditions, the Bank shall have the right to demand for repayment of all outstanding amounts due by the Group under the Facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2009 the Group had an aggregate of 382 employees (2008: 509) of which about 361 employees located in mainland China while the rest were based in Hong Kong and Macau. During the period, employees’ remuneration package includes salary, bonus and share options. The staff costs is approximately HK\$68,769,000 (2008: HK\$25,412,000), included share options with fair value and cash payment are approximately HK\$47,611,000 (2008: HK\$6,801,000) and HK\$21,158,000 (2008: HK\$18,611,000) respectively. Under the Group’s remuneration policy, employees are rewarded on the basis of merits and market conditions and in accordance with the statutory requirements of the respective jurisdiction where the employees are engaged.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

At 30 September 2009, the interests of the directors and chief executive and their associates in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained 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 the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") were as follows:

Name	Capacity	Nature of Interest	Number of Shares held	Equity Derivative	Total Interest	Total % of Issued Shares
Directors:						
Mr. Poon Sum	Beneficial Owner	Personal Interest (Notes 1)	122,670,453 (L)	119,629,537 (L)	651,577,427 (L)	24.41%
	Founder of a Discretionary Trust	Other Interest (Note 2)	377,794,558 (L)	31,482,879 (L)		
Mr. Wong Kwok Leung	Beneficial Owner	Personal Interest (Notes 3)	16,285 (L)	1,601,357 (L)	1,617,642 (L)	0.06%
Mr. Poon Wai Kong	Beneficial Owner	Personal Interest (Note 4)	2,300,000 (L)	10,100,000 (L)	12,400,000 (L)	0.46%
Mr. Chan Shu Kin	Beneficial Owner	Personal Interest (Notes 5)	1,050,000 (L)	2,011,500 (L)	3,061,500 (L)	0.11%
Mr. Chan Kam Ching, Paul	Beneficial Owner	Personal Interest (Notes 6)	4,000 (L)	2,024,000 (L)	2,028,000 (L)	0.08%
Mr. Cheung Kwan Hung	Beneficial Owner	Personal Interest (Notes 5)	650,000 (L)	2,011,500 (L)	2,661,500 (L)	0.10%

L: Long Position

Notes:

- All interests in underlying shares of equity derivatives of the Company are interests in warrants of the Company (the "Warrants") which conferred rights to subscribe for 9,629,537 shares at an initial subscription price of HK\$0.48 per share (subject to adjustment) exercisable during the period from 17 October 2008 to 16 October 2011 and interests in share options of the Company granted under the share option scheme of the Company which may be exercised during the period from 29 April 2009 to 28 April 2012 to subscribe for 110,000,000 shares at the exercise price of HK\$0.2064 per share. The grant of share options was approved by the shareholders at the extraordinary general meeting held on 16 June 2009.



2. All interests in underlying shares of equity derivatives of the Company are interests in the Warrants. These shares and Warrants are held by Ever Source Enterprises Limited. The issued share capital of Ever Source Enterprises Limited is beneficially owned as to 50% by Time Concord Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon Sum, and as to 50% by Guidance Investments Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon Sau Tin, the elder brother of Mr. Poon Sum. Accordingly, Mr. Poon Sum will be deemed to be interested in 377,794,558 shares, representing approximately 14.16% of the shares in issue as at 30 September 2009, through his shareholding in Ever Source Enterprises Limited.
3. All interests in underlying shares of equity derivatives of the Company are interests in the Warrants which conferred rights to subscribe for 1,357 shares and interests in share options of the Company granted under the share option scheme of the Company, 100,000 of which may be exercised during the period from 13 August 2004 to 12 August 2014 at an adjusted exercise price of HK\$0.251 per share and 1,500,000 of which may be exercised during the period from 29 April 2009 to 28 April 2012 at the exercise price of HK\$0.2064 per share.
4. All interests in underlying shares of equity derivatives of the Company are interests in the Warrants which conferred rights to subscribe for 100,000 shares and share options of the Company granted under the share option scheme of the Company, which may be exercised during the period from 31 August 2009 to 30 August 2010 to subscribe for 10,000,000 shares at the exercise price of HK\$0.412 per share.
5. All interests in underlying shares of equity derivatives of the Company are interests in the Warrants which conferred rights to subscribe for 87,500 Shares and share options of the Company granted under the share option scheme of the Company, 260,000 of which may be exercised during the period from 29 April 2009 to 28 April 2012 at the exercise price of HK\$0.2064 per share and 1,664,000 of which may be exercised during the period from 16 July 2009 to 15 July 2010 at the exercise price of HK\$0.414 per share.
6. All interests in underlying shares of equity derivatives of the Company are interests in the Warrants which conferred rights to subscribe for 100,000 Shares and share options of the Company granted under the share option scheme of the Company, 260,000 of which may be exercised during the period from 29 April 2009 to 28 April 2012 at the exercise price of HK\$0.2064 per share and 1,664,000 of which may be exercised during the period from 16 July 2009 to 15 July 2010 at the exercise price of HK\$0.414 per share.

Save as disclosed above, at 30 September 2009, none of the directors and chief executive of the Company had held any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



SHARE OPTIONS

Pursuant to the Company's share option scheme, whereby employees, executive and non-executive directors, independent non-executive directors, officers, advisers and consultants of the Group may be granted options to subscribe for the shares of the Company, details of the share options outstanding as at 30 September 2009 were as follows:

Participants	Date of grant	Exercise price per share HK\$	Exercise period	Number of options				Price of Company's shares		
				Outstanding as at 1 Apr 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 Sep 2009	For Options granted HK\$ (Note 1)	For Options exercised HK\$ (Note 2)
Executive Directors										
Mr. Poon Sum	14/09/2007	0.933 (adjusted)	14/09/2007 to 13/09/2009	48,000,000	-	-	(48,000,000)	-	1.020	-
	29/04/2009	0.2064	29/04/2009 to 28/04/2012	-	110,000,000	-	-	110,000,000	0.203	-
Mr. Poon Wai Kong	28/07/2008	0.310	28/07/2008 to 27/07/2009	6,450,000	-	(6,450,000)	-	-	0.295	0.415
	28/07/2008	0.310	28/01/2009 to 27/07/2009	6,450,000	-	(6,450,000)	-	-	0.295	0.475
Mr. Wong Kwok Leung	31/08/2009	0.412	31/08/2009 to 30/08/2010	-	10,000,000	-	-	10,000,000	0.405	-
	13/08/2004	0.251 (adjusted)	13/08/2004 to 12/08/2014	100,000	-	-	-	100,000	-	-
	29/04/2009	0.2064	29/04/2009 to 28/04/2012	-	3,000,000	(1,500,000)	-	1,500,000	0.203	0.471
Non-executive Director										
Mr. Chen Lihong (retired on 21 August 2009)	28/07/2008	0.310	28/07/2008 to 27/07/2009	5,000,000	-	(5,000,000)	-	-	0.290	0.418
Independent Non-executive Directors										
Mr. Chan Kam Ching, Paul	14/09/2007	0.933 (adjusted)	14/09/2007 to 13/09/2009	680,000	-	-	(680,000)	-	1.020	-
	29/04/2009	0.2064	29/04/2009 to 28/04/2012	-	260,000	-	-	260,000	0.203	-
	16/07/2009	0.414	16/07/2009 to 15/07/2010	-	1,664,000	-	-	1,664,000	0.41	-
Mr. Chan Shu Kin	14/09/2007	0.933 (adjusted)	14/09/2007 to 13/09/2009	680,000	-	-	(680,000)	-	1.020	-
	29/04/2009	0.2064	29/04/2009 to 28/04/2012	-	260,000	-	-	260,000	0.203	-
	16/07/2009	0.414	16/07/2009 to 15/07/2010	-	1,664,000	-	-	1,664,000	0.41	-
Mr. Cheung Kwan Hung	14/09/2007	0.933 (adjusted)	14/09/2007 to 13/09/2009	680,000	-	-	(680,000)	-	1.020	-
	29/04/2009	0.2064	29/04/2009 to 28/04/2012	-	260,000	-	-	260,000	0.203	-
	16/07/2009	0.414	16/07/2009 to 15/07/2010	-	1,664,000	-	-	1,664,000	0.41	-



Participants	Date of grant	Exercise price per share HK\$	Exercise period	Number of options				Price of Company's shares		
				Outstanding as at 1 Apr 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 Sep 2009	For Options granted HK\$ (Note 1)	For Options exercised HK\$ (Note 2)
Chief Executive										
Mr. Leung Kam Lung	28/07/2008	0.310	28/07/2008 to 27/07/2009	6,475,000	-	(6,475,000)	-	-	0.295	0.408
	28/07/2008	0.310	28/01/2009 to 27/07/2009	6,475,000	-	(6,475,000)	-	-	0.295	0.456
Employees in aggregate										
	28/07/2008	0.310	28/07/2008 to 27/07/2009	47,950,000	-	(47,950,000)	-	-	0.295	0.483
	06/11/2008	0.077	06/11/2008 to 05/11/2009	20,000,000	-	(15,700,000)	-	4,300,000	0.083	0.442
	24/12/2008	0.110	24/12/2008 to 23/12/2009	63,500,000	-	(51,000,000)	-	12,500,000	0.070	0.327
	24/12/2008	0.118	24/12/2008 to 23/12/2009	38,000,000	-	(38,000,000)	-	-	0.070	0.405
	24/12/2008	0.200	24/12/2008 to 23/12/2009	10,000,000	-	(10,000,000)	-	-	0.070	0.363
	31/12/2008	0.200	31/12/2008 to 30/12/2009	20,000,000	-	(1,500,000)	-	18,500,000	0.110	0.450
	13/05/2009	0.300	13/05/2009 to 12/05/2010	-	42,200,000	(22,700,000)	-	19,500,000	0.275	0.445
	24/07/2009	0.475	24/07/2009 to 23/07/2010	-	17,000,000	-	-	17,000,000	0.485	-
	14/08/2009	0.472	14/08/2009 to 13/08/2010	-	51,800,000	-	-	51,800,000	0.475	-
	31/08/2009	0.412	31/08/2009 to 30/08/2010	-	60,000,000	-	-	60,000,000	0.405	-
Total				280,440,000	299,772,000	(219,200,000)	(50,040,000)	310,972,000		

Notes:

1. The price of the Company's shares disclosed for options granted is the closing price of the shares immediately before the date on which the options were granted.
2. The price of the Company's shares disclosed for options exercised is the weighted average closing price of the shares immediately before the dates on which the options were exercised.
3. The fair value of the share options is calculated by Trinomial Model with reference to similar period and risk free rate of Exchange Fund Bills issued by Hong Kong Monetary Authority. The fair value is calculated with regard to the subjectivity and uncertainty of the value of options to the effect that such values are subject to a number of assumptions and with regard to the limitation of the model.

Save as disclosed above, none of the directors, or their spouse or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right during the period.



SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 30 September 2009, the interests of the shareholders, not being a director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Substantial Shareholders	Capacity	Nature of Interests	Number of Shares held	Equity Derivative	Total Interest	Total Interest as Percentage of Issued Shares
BNP Paribas Jersey Trust Corporation Limited	Trustee	Other Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Ground Point Limited	Interest of Controlled Corporation	Corporate Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Red Tiles Limited	Interest of Controlled Corporation	Corporate Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Guidance Investments Limited	Interest of Controlled Corporation	Corporate Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Time Concord Limited	Interest of Controlled Corporation	Corporate Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Ever Source Enterprises Limited	Beneficial Owner	Corporate Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)	409,277,437 (L)	15.34%
Mr. Poon Sau Tin	Beneficial Owner	Personal Interest (Note 1)	46,224,453 (L)	3,852,037 (L)	459,353,927 (L)	17.21%
	Founder of a Discretionary Trust	Other Interest (Notes 1, 2 and 3)	377,794,558 (L)	31,482,879 (L)		

L: Long position

Notes:

- All interests in underlying shares of equity derivatives of the Company are interests in Warrants. All interests of BNP Paribas Jersey Trust Corporation Limited, Ground Point Limited, Red Tiles Limited, Guidance Investments Limited, Time Concord Limited and Ever Source Enterprises Limited and the other interest of Mr. Poon Sau Tin are duplicated.



2. BNP Paribas Jersey Trust Corporation Limited is deemed to be interested in the shares in the capacity of a trustee of the two discretionary trusts as mentioned in paragraph 3 below through interests of corporations controlled by it as follows:

Name of Controlled Corporation	Name of Controlling Shareholders	Percentage Control
Ground Point Limited	BNP Paribas Jersey Corporation Limited	100%
Red Tiles Limited	BNP Paribas Jersey Corporation Limited	100%
Guidance Investments Limited	Ground Point Limited	100%
Time Concord Limited	Red Tiles Limited	100%
Ever Source Enterprises Limited	Guidance Investments Limited	50%
Ever Source Enterprises Limited	Time Concord Limited	50%

3. These shares and Warrants are held by Ever Source Enterprises Limited. The issued share capital of Ever Source Enterprises Limited is beneficially owned as to 50% by Time Concord Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon Sum, and as to 50% by Guidance Investments Limited, a company incorporated in the British Virgin Islands and indirectly owned by a discretionary trust, the beneficiaries of which are family members of Mr. Poon Sau Tin, the elder brother of Mr. Poon Sum. Accordingly, each of Mr. Poon Sum and Mr. Poon Sau Tin will be deemed to be interested in 377,794,558 shares, which represent approximately 14.16% of the shares in issue as at 30 September 2009, because each of them is the respective founder of the aforesaid two discretionary trusts which indirectly own 50% beneficial interest in Ever Source Enterprises Limited respectively.

Save as disclosed above, there was no person known to the directors of the Company, other than a director of the Company, who as at 30 September 2009 had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept under section 336 of the SFO.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors has an interest in a business which competes or may compete with the business of the Group.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the period.



PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2009.

CORPORATE GOVERNANCE

The Group has adopted the Code on Corporate Governance Practices ("Code") as set out in Appendix 14 of the Listing Rules which came into effect on 1 January 2005. During the period, the Code had been duly complied except for the deviation as follows:

Code Provision A4.1 requires that the non-executive directors should be appointed for a specific term and subject to re-election. The Company does not fully comply with the code that the Independent Non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Articles of Association.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Chan Shu Kin, Mr. Chan Kam Ching, Paul and Mr. Cheung Kwan Hung, the Independent Non-executive Directors of the Company. The objectives of the Audit Committee are to review and oversee the Group's financial reporting and internal control systems.

During the period under review, the Audit Committee has reviewed with the Company's management the unaudited interim report before it was approved by the Board.

COMPLIANCE WITH THE MODEL CODE

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Group that they have fully complied with the required standard set out in the Model Code throughout the review period.

By Order of the Board
Poon Sum
Chairman

Hong Kong, 15 December 2009

As at the date of this report, the board comprises Mr. Poon Sum, Mr. Wong Kwok Leung and Mr. Poon Wai Kong as executive Directors; Mr. Chan Shu Kin, Mr. Chan Kam Ching, Paul and Mr. Cheung Kwan Hung as independent non-executive Directors.