

The logo consists of the letters 'KEG' in a bold, white, sans-serif font, set against a solid red rectangular background.

KAISUN ENERGY GROUP LIMITED

凱順能源集團有限公司*

(Formerly known as CHALLENGER GROUP HOLDINGS LIMITED 挑戰者集團控股有限公司)
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8203

The background is a vibrant green with a pattern of glowing yellow and white circles. Overlaid on this are several semi-transparent, curved panels. One panel shows a hand holding a piece of coal. Another shows a yellow bulldozer and a dump truck at a coal processing site. A third shows a satellite-style map of the Earth. A fourth shows a close-up of electrical wires. The bottom panel shows a green landscape with white buildings and silos.

INTERIM REPORT
2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising from the emerging nature of companies listed on GEM and the business sectors of countries in which the companies operate. 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 (the “Directors”) of Kaisun Energy Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover of the Group for the three months and six months ended 30 September 2009 amounted to approximately HK\$11.9 million and HK\$23.3 million respectively (2008: HK\$13.3 million and HK\$27.2 million), representing a decrease of approximately 10.5% and 14.3% respectively as compared to the same period last year.
- Loss attributable to equity holders of the Company for the three months and six months ended 30 September 2009 amounted to approximately HK\$(241.6) million and HK\$(254.1) million respectively (2008: HK\$42.6 million and HK\$36.3 million).
- Loss per share of the Group for the three months and six months ended 30 September 2009 amounted to approximately HK cents (5.96) and HK cents (8.79) respectively (2008: HK cents (1.45) and HK cents (2.04)).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

The board of directors (the "Board" or the "Directors") of Kaisun Energy Group Limited (the "Company") is pleased to announce the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30 September 2009, together with the unaudited comparative figures for the corresponding periods in 2008 as follows:

	Note	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Turnover	4	11,944	13,289	23,284	27,246
Cost of goods sold and services rendered		(3,102)	(3,593)	(5,782)	(7,312)
Gross profit		8,842	9,696	17,502	19,934
Other income		136	576	188	1,235
Selling and distribution costs		(386)	(473)	(747)	(1,025)
Administrative and other operating expenses		(11,900)	(12,181)	(22,574)	(23,038)
Finance costs		(76,522)	(8,825)	(85,264)	(10,752)
Share of loss of an associate		(1,579)	(28)	(2,767)	(28)
Loss before tax		(81,409)	(11,235)	(93,662)	(13,674)
Income tax expense	5	-	-	-	-
Loss for the period	6	(81,409)	(11,235)	(93,662)	(13,674)

	Note	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
		2009 HK\$'000	2008 HK\$'000 (Restated)	2009 HK\$'000	2008 HK\$'000 (Restated)
Other comprehensive income					
Share based payment		(4,595)	–	(4,595)	(3,478)
(Impairment loss)/fair value gain on derivative liability of convertible notes	14	(155,391)	53,777	(155,391)	53,777
Other comprehensive income for the period, net of tax		(159,986)	53,777	(159,986)	50,299
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(241,395)	42,542	(253,648)	36,625
Loss attributable to:					
Equity holders of the Company		(81,598)	(11,163)	(94,069)	(13,911)
Non-controlling interest		189	(72)	407	237
		(81,409)	(11,235)	(93,662)	(13,674)
Total comprehensive income attributable to:					
Equity holders of the Company		(241,584)	42,614	(254,055)	36,388
Non-controlling interest		189	(72)	407	237
		(241,395)	42,542	(253,648)	36,625
Dividend	7	–	–	–	–
Loss per share (HK cents)	8				
– basic		(5.96)	(1.45)	(8.79)	(2.04)
– diluted		(3.70)	(0.15)	(5.01)	(0.22)

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

	<i>Note</i>	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
ASSETS			
Non-current assets			
Fixed assets		972	1,069
Goodwill	<i>9</i>	124,671	124,671
Intangible assets	<i>10</i>	10,000	10,000
Investment in an associate	<i>11</i>	758,649	761,416
Deferred tax assets		347	347
		894,639	897,503
Current assets			
Inventories		345	331
Trade receivables	<i>12</i>	933	1,147
Deposit, prepayments and other receivables		75,687	74,884
Amount due from a minority shareholder		27,236	27,219
Current tax assets		–	171
Pledged bank deposits		1,501	1,501
Bank and cash balances		196,111	37,647
		301,813	142,900
Total assets		1,196,452	1,040,403
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	<i>15</i>	18,098	7,700
Reserves		607,104	271,789

	<i>Note</i>	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
Equity attributable to equity holders of the Company		625,202	279,489
Non-controlling interest		40,114	39,707
		665,316	319,196
Non-current liabilities			
Loan from a minority shareholder		1,274	1,274
Replacement Bonds/Convertible Bonds	14	222,838	634,542
		224,112	635,816
Current liabilities			
Trade payables	13	607	466
Other payables and accruals		4,331	6,505
Sales deposits received and receipts in advance		3,692	3,331
Amount due to minority shareholders		1,169	1,169
Derivative component of Replacement Bonds/ Convertible Bonds	14	297,225	73,920
		307,024	85,391
Total liabilities		531,136	721,207
Total equity and liabilities		1,196,452	1,040,403
Net current liabilities/(assets)		(5,211)	57,509
Total assets less current liabilities		889,428	955,012

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2009*

	Attributable to equity holders of the Company							Total equity
	Share capital	Share premium	Foreign currency translation reserve	Share-based payment reserve	Retained profits	Total	Non-controlling interest	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2008	5,400	9,536	-	5,859	107,167	127,962	12,352	140,314
Translation difference	-	-	495	-	-	495	-	495
Net income recognized directly in equity	-	-	495	-	-	495	-	495
(Loss)/profit for the period	-	-	-	-	36,388	36,388	237	36,625
Total recognized income and expenses for the period	-	-	495	-	36,388	36,883	237	37,120
Issue of shares	2,300	133,400	-	-	-	135,700	-	135,700
Capital contribution from non-controlling interest	-	-	-	-	-	-	27,301	27,301
Share-based payment	-	-	-	3,478	-	3,478	-	3,478
At 30 September 2008 (restated)	7,700	142,936	495	9,337	143,555	304,023	39,890	343,913

Attributable to equity holders of the Company

	Share capital	Share premium	Foreign Currency translation reserve	Share- based payment reserve	Retained profits	Total	Non- controlling interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2009	7,700	142,936	(273)	12,981	116,145	279,489	39,707	319,196
Translation difference	-	-	55	-	-	55	-	55
Net income recognized directly in equity	-	-	55	-	-	55	-	55
(Loss)/profit for the period	-	-	-	-	(254,055)	(254,055)	407	(253,648)
Total recognized income and expenses for the period	-	-	55	-	(254,055)	(254,000)	407	(253,593)
Placing of shares	2,400	153,290	-	-	-	155,690	-	155,690
Conversion of convertible bonds	7,700	413,983	-	-	-	421,683	-	421,683
Conversion of replacement bonds	104	7,176	-	-	-	7,280	-	7,280
Exercise of share option	194	10,287	-	-	-	10,481	-	10,481
Share-based payment lapsed	-	-	-	(16)	-	(16)	-	(16)
Share-based payment	-	-	-	4,595	-	4,595	-	4,595
At 30 September 2009	18,098	727,672	(218)	17,560	(137,910)	625,202	40,114	665,316

CONDENSED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2009*

	Unaudited	
	Six months ended	
	30 September	
	2009	2008
	HK\$'000	<i>HK\$'000</i>
		(Restated)
Net cash generated from/(used) in operating activities	3,603	(63,611)
Net cash used in investing activities	(141)	(899,281)
Net cash generated from financing activities	154,947	933,001
Net decrease in cash and cash equivalents	158,409	(29,891)
Effect of foreign exchange rate change	55	495
	158,464	(29,396)
Cash and cash equivalents at 1 April	37,647	119,212
Cash and cash equivalents at 30 September	196,111	89,816

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 5/F, 31C-D Wyndham Street, Central, Hong Kong. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock of Hong Kong Limited (the "Stock Exchange").

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the six months ended 30 September 2009, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting periods beginning on 1 April 2009. 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 substantial changes to the Group's accounting policies and amounts reported for the six months ended 30 September 2009 and the same period in last year.

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. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimate. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

The accounting policies and basis of the preparation of the financial statements are consistent with those adopted by the Group in its annual financial statements for the year ended 31 March 2009.

4. TURNOVER

An analysis of the Group's revenue are as follows:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Provisions of auto beauty and repairs operations services	11,394	12,605	22,398	25,657
Trading of printer assessories and battery	550	684	886	1,589
	11,944	13,289	23,284	27,246

5. INCOME TAX EXPENSE

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Current tax – Hong Kong Profits Tax	–	–	–	–
	–	–	–	–

No provision for profit tax in the British Virgin Islands, Cayman Islands, Hong Kong or People's Republic of China has been provided as the Group does not have any assessable profit arising in or derived from these jurisdictions for the relevant periods.

6. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging the following:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Amortisation of intangible assets (included in administrative and other operating expenses)	2	2	2	2
Auditors' remuneration	18	20	50	39
Cost of inventories and services income	2,779	3,593	5,213	7,312
Depreciation	107	358	232	694
Redemption charge on Convertible Bonds				
Bond interest payable	19,160	8,819	27,892	10,740
Share of loss after tax of an associate less impairment loss	1,579	28	2,767	28
Impairment loss/(fair value gain) on derivative liability of convertible notes	155,391	(53,777)	155,391	(53,777)
Operating lease rentals in respect of land and buildings	3,266	3,557	6,609	6,931
Staff costs (including directors' emoluments) Basic salaries, bonuses, allowances and benefits in kind	5,779	6,261	11,488	11,263
Retirement benefits scheme contributions	194	227	391	441
Equity-settled share-based payment	4,579	–	17,560	3,478
Net exchange losses	122	277	125	279

7. DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 September 2009 (2008: HK\$Nil).

8. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the six months ended 30 September 2009.

The calculation of diluted earnings per share is based on the loss for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the Convertible Bonds and redemption charge on Convertible Bonds. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period are used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings/(loss) per share are based on the following data:

	Unaudited Three months ended 30 September		Unaudited Six months ended 30 September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Earnings				
Loss for the period attributable to the equity holders of the Company for calculation of basic earnings per share	(81,598)	(11,163)	(94,069)	(13,911)
Interest on replacement/convertible bonds	3,854	8,819	3,854	10,740
Loss for the year attributable to the equity holders of the Company for calculation of diluted earnings per share	(77,744)	(2,344)	(90,215)	(3,171)
Number of shares				
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	1,368,128	770,000	1,070,698	682,022
Effect of dilution				
Replacement/Convertible bonds	683,870	770,000	683,870	770,000
Share-based payment	47,199	–	47,199	–
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	2,099,197	1,540,000	1,801,767	1,452,022

9. GOODWILL

HK\$'000

Cost

Arising on acquisition of a subsidiary,
at 31 March 2009 and at 30 September 2009 124,695

Accumulated impairment losses

At 31 March 2009 and at 30 September 2009 (24)

Carrying amount

30 September 2009 124,671

At 31 March 2009 124,671

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGUs") that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
Trading of printer accessories and batteries Global On-Line Distribution Limited ("Global On-Line")	24	24
Exploitation of coal and coal processing Imare Company Limited ("Imare")	124,671	124,671
	124,695	124,695

10. INTANGIBLE ASSETS

	Trademarks <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost		
At 31 March 2009 and at 30 September 2009	18,242	18,242
Accumulated amortisation and impairment		
At 31 March 2009 and at 30 September 2009	(8,242)	(8,242)
Carrying amount		
At 30 September 2009	10,000	10,000
At 31 March 2009	10,000	10,000

11. INVESTMENT IN AN ASSOCIATE

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
Unlisted investments		
Share of net assets	758,649	761,416

Details of the Group's associate at 30 September 2009 are as follows:

Name	Place of incorporation/ registration	Paid up capital	Percentage of ownership interest/ voting power/ profit sharing	Principal activities
內蒙古蒙西礦業有限公司 (Inner Mongolia Mengxi Minerals Co., Limited) ("Mengxi Minerals")	PRC	Registered capital of RMB80,000,000	49%	Extraction and exploration of coal mine

Summarised financial information in respect of the Group's associate is set out below:

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
At 31 March		
Total assets	2,384,806	2,053,237
Total liabilities	(836,544)	(499,327)
Net assets	1,548,262	1,553,910
Group's share of associate's net assets	758,649	761,416
Total revenue	4,812	–
Total loss for the year	5,648	26,315
Group's share of associate' loss for the year	2,767	12,894

12. TRADE AND BILLS RECEIVABLES

The credit terms of trade and bills receivables are in accordance with specific payment schedules agreed with various customers. The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
0-30 days	682	602
31-60 days	118	295
61-90 days	84	54
Over 90 days	49	57
	933	1,008

13. TRADE AND BILLS PAYABLES

The credit terms of trade and bills payables varies according to the terms agreed with different suppliers. The aging analysis of trade and bills payables, based on the date of receipt of goods or date of invoice, is as follows:

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
0-30 days	477	567
31-60 days	130	156
61-90 days	-	11
Over 90 days	-	-
	607	734

14. REPLACEMENT BONDS/CONVERTIBLE BONDS

On 10 June 2008, the Company completed its acquisition of (i) 49% interest in Mengxi Minerals and (ii) 70% stake in Mengxi Chemical. Details of such acquisition are set out in the Company's circular dated 30 April 2008.

The acquisition was financed in part by the issue of the Convertible Bonds in the aggregate principal amount of HK\$770,000,000. The Convertible Bonds were created in the original aggregate principal amount of up to HK\$920,000,000 but at completion of the Imare Acquisition, only HK\$770,000,000 aggregate principal amount of the Convertible Bonds were issued.

During the period, the Company has received from the Boldholders a conversion notice regarding the conversion of a principal amount of HK\$770,000,000 of the Convertible Bonds into 770,000,000 new Shares. Upon complete the conversion exercise, there is not outstanding principal of the Convertible Bonds held by the Convertible Boldholders.

Under the Conditions, each Convertible Bond may be converted into a maximum of 1,000,000 Shares (being the Conversion Cap), which is subject to increase and adjustment in the manner stipulated in the Conditions. If upon conversion of an Convertible Bond, the number of Shares required to be issued by the Company exceeds the Conversion Cap, only the amount of Shares up to the Conversion Cap will be issued and the balance of the principal amount of such Convertible Bond not so converted (being the Unconverted Principal) shall be redeemed by the Company by payment in cash of the Conversion Cap Payment.

Pursuant to an Ordinary Resolution passed on 2 September 2009, the Company issued the Replacement Bonds to the Bondholders in principal amount equal to the Due Conversion Cap Payments in satisfaction of the Company's obligation to make the Due Conversion Cap Payment in cash. The aggregate principal amount of Replacement Bonds (rounded down to the nearest minimum denomination of HK\$10,000 for each Replacement Bond) were issued to the respective Bondholders were amounting HK\$426,680,000.

The detailed terms and conditions of the Replacement Bonds are set forth in the Variation Agreement. The Principal amount is equal to the Conversion Cap Payment due by the Company to a converting Bondholder, rounded down to the nearest minimum denomination of HK\$10,000 for each Replacement Bond. The maturity date is the same as the Convertible Bonds. The interest rate is 3.75% compounded annually and payable (i) in conversion shares on conversion; or (ii) in cash at maturity. The Conversion Period is at any time from issue date up to full redemption.

The Conversion Price of Replacement Bonds is HK\$0.70 per Share subject to adjustment provisions which are standard for convertible securities of similar type. The adjustment events include alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, capitalization of profits or reserves, capital distribution in cash or specie or subsequent issue of securities in the Company (excluding the issue of Shares upon exercise of conversion rights attaching to the Convertible Bonds and the Replacement Bonds).

Any outstanding Replacement Bonds on the Maturity Date shall be redeemed by the Company at a redemption amount equal to the outstanding principal amount of the Replacement Bonds together with interest accrued. No redemption premium shall be payable by the Company. The Company had no right to require the early cancellation or redemption of any of the Replacement Bonds prior to the Maturity Date.

Holders of the Replacement Bonds may terminate and request immediate redemption of the Replacement Bonds at 135% of their principal amount together with accrued interest upon occurrence of any of the following events: (a) the Company fails to deliver the conversion Shares as required and such failure shall subsist for more than 10 days after notice of non-delivery; or (b) the Company fails to comply with any other materials obligation under the Replacement Bonds, unless such failure is cured within 30 days after request; or performance by the Company of its obligations under the Replacement Bonds shall breach any applicable law.

The fair value of the derivative component estimated at the issuance using an option pricing model and the change in fair value of that component is recognized in the statement of comprehensive income, The residual amount is assigned as the liability component.

The interest charged for the year is calculated by applying an effective interest rate of 5.98 per cent to the liability component.

	Liability component <i>HK\$'000</i>	Derivative component <i>HK\$'000</i>	Total <i>HK\$'000</i>
Nominal value of Bonds issued	616,799	153,201	770,000
Placing fee related to liability component	(12,016)	–	(12,016)
Interest charges	29,759	–	29,759
Fair value gain for the year	–	(79,281)	(79,281)
At 31 March 2009	<u>634,542</u>	<u>73,920</u>	<u>708,462</u>
Interest charges for Convertible Bonds	11,719	–	11,719
Impairment of Convertible Bonds	–	137,420	137,420
Redemption of Convertible Bonds	<u>(646,261)</u>	<u>(211,340)</u>	<u>(857,601)</u>
	–	–	–
Issuance of Replacement Bonds	222,859	203,821	426,680
Interest charges for Replacement Bonds	3,853	–	3,853
Impairment of Replacement Bonds	–	98,796	98,796
Redemption of Replacement Bonds	<u>(3,874)</u>	<u>(5,392)</u>	<u>(9,266)</u>
At 30 September 2009	<u>222,838</u>	<u>297,225</u>	<u>520,063</u>

15. SHARE CAPITAL

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
1,809,815,000 (31 March 2009: 770,000,000) ordinary shares of HK\$0.01 each	<u>18,098</u>	<u>7,700</u>

During the period, the Company has received from the Boldholders a conversion notice regarding the conversion of a principal amount of HK\$770,000,000 of the Convertible Bonds into 770,000,000 new Shares. Upon completion the conversion exercise, there is not outstanding principal of the Convertible Bonds held by the Convertible Boldholders.

During the period, the Company has also received from the Boldholders a conversion notice regarding the conversion of a principal amount of HK\$7,280,000 of the Replacement Bonds into 10,400,000 new Shares. Upon completion the conversion exercise, the outstanding principle of the Replacement Bonds was amounting HK\$419,400,000 and there are 683,870,000 new Shares can be converted into new Shares.

During the period, the Company has received the grantee an exercise notice regarding the exercise of share option into 19,415,000 new Shares.

On 14 August 2009, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has agreed to place, through the Placing Agent on a fully underwritten basis, 240,000,000 Placing Shares at HK\$0.70 each to not fewer than six Placees who and whose ultimate beneficial owners will not be connected person of the Company and its connected persons.

The 240,000,000 Placing Shares under the Placing represent 20% of the existing issued share capital of the Company of 1,200,000,000 Shares and approximately 16.67% of the then issued share capital of 1,440,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,400,000.

The gross proceeds from the Placing will be HK\$168 million. The net proceeds from the Placing amounted to approximately HK\$159 million which is intended to be used for business development and general working capital. The net price raised per Share upon the completion of the Placing will be approximately HK\$0.663 per Share.

The Company has issued 240 million Shares to the Placees on 27 August 2009.

16. CONTINGENT LIABILITIES

As at 30 September 2009, the Group did not have any significant contingent liabilities. (31 March 2009: HK\$Nil).

17. LEASE COMMITMENTS

As at 30 September 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Unaudited as at 30 September 2009 HK\$'000	Audited as at 31 March 2009 HK\$'000
Within one year	4,212	5,340
In the second to fifth years inclusive	6,516	1,116
	10,728	6,456

18. BANKING FACILITIES

At 30 September 2009, the Group has been granted banking facilities totaling HK\$1.5 million (As at 31 March 2009, HK\$1.5 million) of which HK\$Nil (As at 31 March 2009, HK\$Nil) were utilized and were secured by pledge of fixed deposits of approximately HK\$1.5 million (As at 31 March 2009, HK\$1.5 million) plus subsequent accrued interest.

19. SEGMENT INFORMATION

Primary reporting format – Business segments

The Group is organized into three main segments which is trading of raw coal, provision of auto beauty and repairs operations services and trading of printer accessories and battery.

Secondary reporting format – Geographical segments

The Group's principal markets are located in the PRC and Hong Kong.

Business segments information for the period is presented as follows:

	Unaudited Six months ended 30 September 2009			Consolidated HK\$'000	Unaudited Six months ended 30 September 2008
	Trading of raw coal HK\$'000	Provisions of auto beauty and repairs operations services HK\$'000	Trading of printer accessories and battery HK\$'000		Trading of furniture products (Discontinued) HK\$'000
Revenue					
Sales to external customers	-	22,398	886	23,284	27,246
Results					
Segment results	-	886	(41)	845	738
Unallocated corporate expenses				(6,562)	(4,733)
Other income				85	1,091
(Loss)/profits from operations				(5,632)	(2,904)
Finance costs				(85,263)	(10,742)
Share of loss after tax of an associate less impairment loss				(2,767)	(28)
Share based payment				(4,595)	(3,478)
(Impairment)/fair value gain on derivative liability of convertible notes				(155,391)	53,777
(Loss)/profit before tax				(253,648)	36,625
Income tax expenses				-	-
(Loss)/profit for the period				(253,648)	36,625

	Unaudited Six months ended 30 September 2009			Unaudited Six months ended 30 September 2008	
	Trading of raw coal HK\$'000	Provisions of auto beauty and repairs operations services HK\$'000	Trading of printer accessories and battery HK\$'000	Consolidated HK\$'000	Trading of furniture products (Discontinued) HK\$'000
Segment assets	90,460	21,822	2,060	114,342	129,006
Investment in an associate				758,649	910,050
Unallocated assets				323,461	56,217
Total assets				1,196,452	1,095,273
Segment liabilities	70	7,310	1,274	8,654	11,043
Derivative liability of convertible bonds				297,225	99,424
Replacement/Convertible bonds				222,838	639,554
Unallocated liabilities				2,419	1,339
Total liabilities				531,136	751,360
Other information					
Capital expenditure	-	141	-	141	353
Unallocated capital expenditure				-	761
				141	1,114
Depreciation and amortisation	1	231	-	232	696
Unallocated depreciation and amortisation				-	-
				232	696

Secondary reporting format – Geographical segments

	Unaudited Six months ended 30 September 2009			Unaudited Six months ended 30 September 2008		
	Hong Kong HK\$'000	PRC HK\$'000	Consolidated HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Consolidated HK\$'000
Revenue						
Sales to external customers	23,284	–	23,284	27,246	–	27,246
Results						
Segment results	845	–	845	738	–	738
Unallocated corporate expenses			(6,562)			(4,733)
Other income			85			1,091
Loss from operations			(5,632)			(2,904)
Finance costs			(85,263)			(10,742)
Share of loss after tax of an associate less impairment loss			(2,767)			(28)
Share based payment			(4,595)			(3,478)
(Impairment)/fair value gain on derivative liability of convertible bonds			(155,391)			53,777
(Loss)/profit before tax			(253,648)			36,625
Income tax expenses			–			–
(Loss)/profit for the period			(253,648)			36,625
Segment assets	23,882	90,460	114,342	36,794	92,212	129,006
Investment in an associate			758,649			910,050
Unallocated assets			323,461			56,217
Total assets			1,196,452			1,095,273
Segment liabilities	8,584	70	8,654	9,725	1,318	11,043
Derivative liability of convertible bonds			297,225			99,424
Replacement/Convertible bonds			222,838			639,554
Unallocated liabilities			2,419			1,339
Total liabilities			531,136			751,360
Other information						
Capital expenditure	141	–	141	328	25	353
Unallocated capital expenditure			–			761
			141			1,114
Depreciation and amortisation	231	1	232	694	2	696
Unallocated depreciation and amortisation			–			–
			232			696

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

On October 15, 2009, the Group executed a Memorandum of Understanding (“MOU”) to acquire the entire interest of Nobel Holdings Investments Limited (“Nobel Holdings”), a joint venture company co-formed by Nobel Oil, China Investment Corporation (“CIC”) and Oriental Patron Financial Group (“Oriental Patron”).

Merrill Lynch and Citigroup are the joint financial advisors to Nobel Holdings while Kingston Securities is the Group’s appointed financial advisor.

Nobel Holdings, a company engaged in oil and gas exploration and production in Russia, owns all the assets of Nobel Oil in Russia which consists of three producing oil fields. Nobel Oil is a Russian independent oil and gas production company established in 1991. Nobel Holdings owns exploration and production licenses for Severo-Kostyukskoye and Yuzhno-Oshskoye oil fields, as well as for Osokinskaya area on Timano-Pechorsky oil and gas region in Komi Republic, Russia. As of now, the total oil reserves of Nobel Holdings amount to 153.9 million barrels and current production is approximately 16,000 barrels of oil per day.

This MOU marks the realization of the Group’s vision to become a premier global exploration and production company to be listed in Hong Kong. Nobel Holdings chose to be aligned with the Group because we understand their needs and aspirations and we understand the Hong Kong capital market. Nobel Holdings needs a partner that can help them maximize their growth potential and we believe we have the experience and expertise to do so.

During the period, the Group generated its income from its auto beauty and repairs operations in Hong Kong and its coking coal extraction operation in Inner Mongolia, People Republic of China (“PRC”). Concurrent to our acquisition effort in the oil and gas sector, we are seeking opportunity to enhance our coal asset base in China.

The Group is finalizing the sale and purchase of the 21% equity interest of Inner Mongolia Mengxi Minerals Limited (“Mengxi Minerals”) from our joint venture partner Shanghai You Auto Sales Limited (“You Auto”). Mengxi Minerals is a Sino-foreign joint venture company established to own and operate a coking coal mine with 99.6 million tonnes of reserve (based on estimation under the PRC coal reserves standard). The Group currently holds a 49% equity interest in Mengxi Minerals and upon acquisition completion; the Group’s ownership will be enlarged to 70%. The intended acquisition will be satisfied with a cash consideration of RMB16.80 million (equivalent to approximately HK\$18.98 million) to be financed entirely with internal resources.

The Group’s coal mine is located in Ordos, Inner Mongolia and can be extracted using both the open pit and underground mining techniques. During the reporting period, the north open pit produced 40,000 tonnes of coal and generated sales revenue of RMB4.4 million. The Group’s open pit mining operation was adversely impacted by a loss of 44 production days in the reporting period as a result of imposed bans on explosive use. During the month of July, Ordos hosted the Asian Arts Festival. This international celebration created an explosive ban for 24 days. On October 1, 2009, another ban lasting 20 days was imposed because of the celebration of China’s 60th national day. Coal producers, faced with lost production time, hoarded explosive before and after the bans to boost production thereby further exasperated the availability of explosive. The scarcity of explosive had also resulted in delayed deployment of the south open pit extraction which is now targeted to start production in 2010. We anticipate a total of 150,000 tonnes of raw coal to be produced from our open pit operation in 2009 and 1.7 mt in 2010 respectively.

Work progress on the beneficiation plant was similarly affected by the ban of explosive use as rock blasting for foundation excavation was halted. With temperatures falling below the freezing mark in early November, work involving concrete had stopped and will not resume until the return of warmer temperatures in March, 2010. This has pushed back the completion date of the beneficiation plant to May of 2010. Capital expenditure for the plant is not expected to deviate from the previously estimated RMB50 million.

Construction of the three underground mine shafts has commenced in October 2009. It will take 11 months of construction to complete these shafts and an additional six months to complete the balance of the underground mine. The capital expenditure is estimated to be RMB450 million. The designed capacity for the underground mine is 1.2 mt per annum. The Group is working with the design institute to achieve an enhanced annual production of 1.5 million tonnes. Some coal is expected to be produced during the construction period in 2010 and full production is targeted to commence in 2011.

China Construction Bank has provided a RMB300 million loan facility to the Group to partially fund the construction of the beneficiation plant and the underground mine. The Group is funding the balance of the capex requirements with its internal resources. To-date, the Group has drawn down RMB200 million with the balance to be drawn down in 2010.

The construction of the 1.0 mt/annum coking plant is targeted to commence in 2010. Construction will require 12 months to complete at an anticipated capital expenditure of approximately RMB300 million. We anticipate that the bank will provide about RMB200 million of financing with the balance to come from our operating cash flow.

Raw coal in the Ordos/Wuhai region is trading around RMB350/tonne. Prior to the onset of the price collapse (caused by industry wide de-stocking during the 3rd quarter of 2008), raw coal was trading in the range of RMB400 to RMB450/tonne.

The market dynamics in China's coking coal and steel sectors remain encouraging with industry specialists forecasting the 2009 crude steel production to be around 540 mt (2008 production was at 500 mt). The October benchmark coking coal price reported by Shanxi Coking Coal Association was RMB1700/tonne. In comparison, coking coal in the Ordos/Wuhai region is trading around RMB1,000/tonne and coke is trading around RMB1,500/tonne.

Recent reform in China's coking coal industry (led by the Shanxi government) has resulted in tight supply. Industry experts believe that about half of China's coking coal supply comes from Shanxi and about 50%-60% of Shanxi's production comes from small mines. With the government's ongoing and determined crackdown/consolidation of small mines in Shanxi, the reduction in supply country wide will be structural as opposed to temporary.

China's RMB4.0 trillion stimulus package and revitalization initiatives for industries are doing what it is designed to do, revving up purchases of residential properties and automobiles – the key end-users of steel and coking coal.

Industry experts remain positive on China's economic strength. The following key leading economic indicators support the experts' views:

1. Purchasing Manager Index ("PMI") – August PMI came in at 54, an improvement over July's 53.3, reinforcing China's return to an expansion track.
2. Fixed Assets Investment ("FAI") – July Chinese Real Estate FAI registered over 30% YoY growth, with YTD totaling RMB78 trillion, while real estate FAI grew over 10% YoY.
3. Power Consumption – Electricity consumption grew 9% YoY in August to over 340 billion KWh, outperformed the previous monthly high of 340 billion KWh registered in July of 2008.
4. Monthly Auto Production – August auto production was up over 78% YoY, a record increase.
5. Floor Space ("FS") Trends – FS under construction (which includes previously deferred projects) grew 39% YoY, while FS started grew 24% YoY in August. FS sold was up 85% YoY, while FS completed was up 28% YoY.

We believe that we are achieving a historical milestone by becoming the first Hong Kong listed company to introduce Russian oil and gas assets into the Hong Kong capital market. The Group is now unique amongst Hong Kong listed energy companies. The proposed Nobel Holdings acquisition will provide the necessary credentials for the Group to participate in international exploration and production opportunities. By embarking on a path that is designed to diversify our asset portfolio, we will accordingly lessen the Group's exposure to regional geopolitical and economic risks. We believe this is a strategy that will create value for our investors.

All existing Convertible Bonds (“CB”) totaling HK\$770.0 million in principal, have been redeemed. Replacement bonds with aggregate principal value of HK\$426.7 million were issued to satisfy the unconverted portion of the CB redemption. (Details on CB redemption are provided in the “Notes to the Financial Statements” section of this report.)

During the audit of the financial statements of the Group for the year ended 31 March 2009 (the “**Annual Report 2009**”), the auditors of the Company (the “**Auditors**”), advised that, among others, (i) the Deferred Tax amounted to approximately HK\$244.53 million is required to be taken into account when preparing for the Group’s consolidated financial statements for the reason that the tax effect of Excess Net Fair Value on Mengxi Minerals is a temporary difference, and (ii) the Share Premium, Merger Reserve and Foreign Currency Translation Reserve arising from the Acquisition amounted to approximately HK\$48.30 million, HK\$57.50 million and HK\$14.97 million as recorded in the consolidated reserve in the Interim Report for the six months ended 30 September 2008 (the “**Interim Result 2008**”) should be reclassified as the part of the investment cost of the Acquisition.

Taking into account the adjustments including the Deferred Tax and the Cost of Acquisition of Mining Business as mentioned above, at the consolidation level, the net effect would be that they reversed the Excess Net Fair Value of Mengxi Minerals of approximately HK\$60.72 million as disclosed in the Interim Report to a goodwill (i.e. an excess of cost of Acquisition over its net fair value) arising from the Acquisition amounted to approximately HK\$124.67 million as disclosed in the Annual Report 2009 and the Total Equity in the Consolidated Reserve will reduce to approximately HK\$343.91 million in the Interim Result 2008.

FINANCIAL REVIEW

Turnover of the Group for the three months and six months ended 30 September 2009 amounted to approximately HK\$11.9 million and HK\$23.3 million respectively (2008: HK\$13.3 million and HK\$27.2 million), representing a decrease of approximately 10.5% and 14.3% respectively as compared to the same period last year.

Correspondingly, gross profit of the Group for the three months and six months ended 30 September 2009 decreased to HK\$8.8 million and HK\$17.5 million respectively (2008: HK\$9.7 million and HK\$19.9 million).

For the three months and six months ended 30 September 2009, the total administrative and other operating expenses amounted to approximately HK\$11.9 million and HK\$22.6 million respectively (2008: HK\$12.2 million and HK\$23.0 million).

For the three months and six months ended 30 September 2009. The total finance costs amounted to approximately HK\$76.5 million and HK\$85.3 million respectively (2008: HK\$8.8 million and HK\$10.8 million). This balance includes (i) bond interest of Convertible Bonds realized for the period (Three months: HK\$15.3 million and Six Months: HK\$24.0 million); (ii) Accrued bond interest of Replacement Bonds (Three months: HK\$3.9 million and Six months: HK\$3.9 million) and (iii) expenses on conversion of Convertible Bonds realized for the period (Three months: HK\$57.3 million and Six Months: HK\$57.3 million).

Upon the conversion of the Convertible Bonds, the conversion price are less than HK\$1.00 (Conversion price is equal to the three lowest closing prices for a share during the twenty trading days period prior to the date of use of the Conversion Notice), then number of conversion share more than 770 million, then only 770 million shares can be converted, the remain balance have been redeemed at 120% of early redemption price as Conversion Cap Payment. The 20% mark up of the Conversion Cap Payment for the three months and six months ended 30 September 2009 was amounting to HK\$57.3 million (2008: HK\$Nil). This balance included the finance cost for the period ended 30 September 2009.

During the period, as there was a significant increase in the share price of the Company, the fair value of derivative liability of the Replacement Bonds and Convertible Bonds decrease accordingly, resulting in an impairment loss of HK\$155.4 million which was debited in the consolidated statement of comprehensive income.

Net loss attributable to equity holders of the Company for the three months and six months ended 30 September 2009 amounted to approximately HK\$81.6 million and HK\$94.1 million respectively (2008: HK\$11.2 million and HK\$13.9 million), representing an increase of approximately 6.3 times and 5.8 times respectively as compared to the same period last year.

LIQUIDITY AND FINANCIAL RESOURCE

As at 30 September 2009, the Group has bank and cash balance of approximately HK\$197.6 million (as at 31 March 2009: HK\$39.1 million).

As at 30 September 2009, the Group has been granted banking facilities in the aggregate amount of HK\$1.5 million (As at 31 March 2009: HK\$1.5 million).

During the period under review, the Group pledged its fixed deposit to a bank to secure banking facilities totaling HK\$1.5 million (As at 31 March 2009: HK\$1.5 million).

Mengxi Minerals, an associate company of the Group, have secured a RMB300 million bank loan with an effective term of 89 months provide partial funding to construct the underground mine and the beneficiation plant. The balance of capital expenditure requirement will be funded from cashflow generated from our open pit operation. The loan was secured by the Mining License and 100% Equity Shares of Mengxi Minerals.

GEARING RATIO

The Group's gearing ratio, which represents the ratio of the Group's total debts over the Group's total assets, was 0.43 as at 30 September 2009 (as at 31 March 2009: 0.69).

CAPITAL STRUCTURE

During the period, the Company has received from the Boldholders a conversion notice regarding the conversion of a principal amount of HK\$770,000,000 of the Convertible Bonds into 770,000,000 new Shares. Upon complete the conversion exercise, there is not outstanding principal of the Convertible Bonds held by the Convertible Boldholders.

During the period, the Company has received the grantee an exercise notice regarding the exercise of share option into 19,415,000 new Shares.

During the period, the Company has also received from the Boldholders a conversion notice regarding the conversion of a principal amount of HK\$7,280,000 of the Replacement Bonds into 10,400,000 new Shares. Upon completion the conversion exercise, the outstanding principle of the Replacement Bonds was amounting HK\$419,400,000 and there are 683,870,000 new Shares can be converted into new Shares.

On 14 August 2009, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has agreed to place, through the Placing Agent on a fully underwritten basis, 240,000,000 Placing Shares at HK\$0.70 each to not fewer than six Placees who and whose ultimate beneficial owners will not be connected person of the Company and its connected persons.

The 240,000,000 Placing Shares under the Placing represent 20% of the existing issued share capital of the Company of 1,200,000,000 Shares and approximately 16.67% of the then issued share capital of 1,440,000,000 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$2,400,000.

The gross proceeds from the Placing will be HK\$168 million. The net proceeds from the Placing amounted to approximately HK\$159 million which is intended to be used for business development and general working capital. The net price raised per Share upon the completion of the Placing will be approximately HK\$0.663 per Share.

The Company has issued 240 million Shares to the Placees on 27 August 2009.

FOREIGN EXCHANGE EXPOSURE

Most of the trading transactions, assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi (“**RMB**”). As at 30 September 2009, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

HUMAN RESOURCES

As at 30 September 2009, the Group had approximately 149 (as at 31 March 2009: 161) employees in Hong Kong. As the employees in PRC are employed by our associate, we have not incorporated the number of employee in PRC in this report. The Group continues to employ, promote and reward its staff with reference to their performance and experience. The Group also consistently adopt a policy of human resources enrichment, and provides training programme to its employees. In addition to their basic salaries, the Group's employees are also entitled to other fringe benefits such as provident fund. The management will continue to closely monitor the human resources requirements of the Group, and will also put emphasis on the staff quality.

The total staff costs, including Directors' emoluments and equity settled share-based payment, amounted to approximately HK\$18.2 million (2008: HK\$18.2 million) for the six months ended 30 September 2009.

OTHER INFORMATION

1. DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 September 2009, the interests and short positions of the Directors and the chief executives in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors are as follows:

Long position in Shares and underlying Shares

Name of Directors	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of the total issued Shares as at 30 September 2009
			<i>(Note)</i>	
Chan Nap Kee, Joseph	Beneficial owner	–	4,925,000	0.27%
Yeap Soon P, Jonathan	Beneficial owner	–	7,700,000	0.43%
Dr. Chow Pok Yu, Augustine	Beneficial owner	–	4,925,000	0.27%
Liew Swee Yean	Beneficial owner	540,000	–	0.03%
Siu Siu Ling, Robert	Beneficial owner	540,000	–	0.03%
Wong Yun Kuen	Beneficial owner	–	540,000	0.03%
Yang Geyan <i>(Note 2)</i>	Beneficial owner	56,905,000	69,280,000	6.97%
Yang Yongcheng	Beneficial owner	–	4,925,000	0.27%
Anderson Brian Ralph	Beneficial owner	–	1,200,000	0.07%

Note 1: The long position in the underlying Shares mentioned above represent the Shares to be issued and allotted upon the exercise in full of the Share Options granted by the Company to the above mentioned directors pursuant to the share option scheme of the Company. The above Share Options represent personal interest held by directors.

Note 2: Zhong Well Enterprises Limited is wholly-owned by Yang Geyan who is deemed to be interest in the 42,180,000 Shares and 69,280,000 underlying Shares held by Zhong Well Enterprises Limited under the SFO.

Details of the Share Options granted to the above Directors are set out in the section headed "SHARE OPTIONS".

Save as disclosed above, none of the Directors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by the Directors.

2. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 September 2009, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of the Directors, the following shareholders had notified the Company of relevant interests and short positions in the Shares and underlying Shares:—

Name of Shareholders	Capacity	Nature of interest	Long Position			Approximate percentage of the total issued Shares as at 30 September 2008
			Number of Shares	Number of underlying Shares	Total Interest	
Altantis Investment Management Limited	Investment manager	Beneficial interest/ Corporate interest	98,000,000	–	98,000,000	5.41%
GEM Global Yield Fund Limited ("GEM Global")	Beneficial owner/Interest of a controlled corporation	Beneficial interest/ Corporate interest	230,000,000	791,000,000	1,021,000,000 <i>(Note 1)</i>	62.58%
Mak Siu Hang, Viola	Interest of a controlled corporation	Beneficial interest	150,000,000	78,100,000	228,100,000 <i>(Note 2)</i>	12.60%
VMS Investment Group Limited	Beneficial owner	Beneficial owner	150,000,000	78,100,000	228,100,000 <i>(Note 2)</i>	12.60%
Hung Shui Chak	Beneficial owner/Interest of a controlled corporation	Beneficial owner/ Interest of a controlled corporation	52,405,000	69,280,000	111,460,000 <i>(Note 3)</i>	6.16%
Dragonfair International Limited	Beneficial owner	Beneficial owner	42,180,000	69,280,000	121,685,000 <i>(Note 3)</i>	6.72%
Zhang Zhi Ping	Interest of a controlled corporation	Beneficial interest	215,640,000	325,850,000	541,490,000 <i>(Note 4)</i>	29.92%
Zhang Gaobo	Interest of a controlled corporation	Beneficial interest	215,640,000	325,850,000	541,490,000 <i>(Note 4)</i>	29.92%
Oriental Patron Financial Group Limited	Interest of a controlled corporation	Corporate interest	215,640,000	325,850,000	541,490,000 <i>(Note 4)</i>	29.92%
Oriental Patron Financial Services Group Limited	Interest of a controlled corporation	Corporate interest	86,380,000	122,110,000	208,490,000 <i>(Note 4)</i>	11.52%
Ottness Investments Limited	Interest of a controlled corporation	Corporate interest	129,260,000	203,740,000	333,000,000 <i>(Note 4)</i>	18.40%
OP Financial Investments Limited	Interest of a controlled corporation	Corporate interest	129,260,000	203,740,000	333,000,000 <i>(Note 4)</i>	18.40%
Yang Geyan	Beneficial owner/Interest of a controlled corporation	Beneficial owner/ corporate interest	56,905,000	69,280,000	126,185,000 <i>(Note 5)</i>	6.97%
Zhong Well Enterprises Limited	Beneficial owner	Beneficial owner	42,180,000	62,280,000	111,460,000 <i>(Note 5)</i>	6.16%

Notes:

1. These 1,021,000,000 Shares and underlying Shares represent the aggregate of: (i) the 230,000,000 Shares held by Grand Pacific, which was a wholly-owned subsidiary of GEM Global Yield Fund Limited ("GEM Global"); and (ii) 170,000,000 underlying Shares held by Grand Pacific and 621,000,000 underlying Shares held by GEM Global. Accordingly, GEM Global is deemed to be interested in those Shares and underlying Shares held by Grand Pacific under the SFO.

The Directors are unable to ascertain the interests of GEM Global as at the Latest Practicable Date, and confirm whether the interests of GEM Global as at the Latest Practicable Date, have been accurately shown. The interest of GEM Global as shown was disclosed in the corporate substantial notice of GEM Global filed on 3 April 2008 and recorded in the register of substantial shareholders maintained by the Company under Section 336 of the SFO. As set out in the Company's announcement dated 3 June 2008, the Company received default notification from GEM Global in relation to HK\$540 Million Placing Convertible Bonds (as defined in such announcement). Theoretically, the interests of GEM Global should have decreased and updated corporate substantial notice should have been filed with the Company and the Stock Exchange by GEM Global as a result of such default. In addition to the default of the Placing Convertible Bonds mentioned above, as set out in the Company's announcements dated 3 June 2008 and 11 June 2008, on 10 June 2008, 230 million Consideration Shares (as defined in such announcements) were allotted and issued to Grand Pacific, the entire equity interests of which were acquired by Glimmer from GEM Global on the same day, and 60 million Consideration Shares were transferred from Grand Pacific to GEM Global as consideration for such acquisition. Theoretically, the interests of GEM Global should have decreased and updated corporate substantial notice should have been filed with the Company and the Stock Exchange by GEM Global as a result of the acquisition of Grand Pacific by Glimmer mentioned above. The Company has not received any updated corporate substantial notice of GEM Global after 3 April 2008. However, the Directors cannot exclude the possibility that GEM Global may have acquired or disposed of any interests in shares or underlying shares of the Company after the above announcements.

The Directors are also unable to ascertain the shareholding of GEM Global from the register of members of the Company as the information contained therein may not reflect the actual beneficial shareholdings of the shareholders (i.e. the registered shareholders may be have trustee or holding some shares of the Company on behalf of the others and this kind of interest is not required to be disclosed under the SFO).

2. VMS Investment Group Limited is wholly-owned by Mak Siu Hang, Viola, who is deemed to be interested in the 150,000,000 Shares and 78,100,000 underlying Shares held by VMS Investment Group Limited under the SFO.
3. Dragonfair International Limited is wholly-owned by Hung Shui Chak who is deemed to be interested in the 42,180,000 Shares and 69,280,000 underlying Shares held by Dragonfair International Limited under the SFO.
4. Oriental Patron Financial Group Limited ("OPFGL") holds 215,640,000 Shares and 325,850,000 underlying Shares of the Company, OPFGL is 51% owned by Zhang Zhi Ping and is 49% owned by Zhang Gaobo.

Including in 215,640,000 Shares and 325,850,000 underlying Shares of the Company, 86,380,000 Shares and 122,110,000 underlying Shares are held by Pacific Top Holding Limited ("PTHL"), PTHL is wholly owned by Oriental Patron Financial Services Group Limited ("OPFSGL"), OPFSGL is 95% held by OPFGP. Zhang Zhi Ping, Zhang Gaobo, Oriental Patron Financial Group Limited and Oriental Patron Financial Services Group Limited are deemed to be interested in the interests held by Pacific Top Holding Limited under the SFO.

Including in 215,640,000 Shares and 325,850,000 underlying Shares of the Company, 129,260,000 Shares and 203,740,000 underlying Shares are held by Profit Raider Investments Limited ("PRIL"), PRIL is wholly owned by OP Financial Investments Limited ("OPFIL"), OPFIL is 42.07% held by Ottness Investments Limited ("OIL"). OIL is wholly owned by OPFGL. Zhang Zhi Ping, Zhang Gaobo, Oriental Patron Financial Group Limited, Ottness Investments Limited and OP Financial Investments Limited are deemed to be interested in the interests held by Profit Raider Investments Limited under the SFO.

5. Zhong Well Enterprises Limited is wholly-owned by Yang Geyan who is deemed to be interest in the 42,180,000 shares and 62,280,000 underlying shares were held by Zhong Well Enterprises Limited under the SFO.

The Directors were not aware of any other person (other than the Directors and the chief executives of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 & 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

3. SHARE OPTIONS

A share option scheme (the "Scheme") was adopted by the shareholders of the Company by way of written resolutions passed on 9 December 2003. The principal purpose of the Scheme is to enable the Group to grant options to subscribe for Shares to the eligible person as incentives or rewards for their contributions to the Group.

On 11 August 2009, as approved by the Board of Directors, a total of 13,668,750 Options have been granted to two directors and nine staff to subscribe for a total of 13,668,750 shares of the Company at an exercise price of HK\$0.762 per share. As at 30 September 2009, a total of 53,386,250 Shares, representing 2.95% of the existing issued share capital of the Group are available for issue in respect of the remaining options which may be granted under the Scheme.

Details of the share options granted under the Scheme during the period are as follows:—

Date of Grant	Exercise Period	Outstanding as at 1/4/2009	Grant during the Period	No. of Options				Outstanding as at 30/9/2009	Closing Price of Shares immediately before the date of grant	
				Exercise during the Period	Lapsed during the Period	Cancelled during the Period	Reallocated during the Period		Exercise Price (HK\$)	(HK\$)
Directors										
Wu Kam Hung (Resigned on 7/8/2009)	19/2/2008-18/2/2011	5,400,000	-	-	-	-	(5,400,000)	-		
Liew Swee Yean	19/2/2008-18/2/2011	540,000	-	(540,000)	-	-	-	-		
Siu Siu Ling, Robert	19/2/2008-18/2/2011	540,000	-	(540,000)	-	-	-	-		
Wong Yun Kuen	19/2/2008-18/2/2011	540,000	-	-	-	-	-	540,000		
Yeap Soon P, Jonathan	24/6/2008-23/6/2011	7,700,000	-	-	-	-	-	7,700,000		
Chan Nap Kee, Joseph	8/1/2009-7/1/2012	4,925,000	-	-	-	-	-	4,925,000		
Dr. Chow Pok Yu, Augustine	8/1/2009-7/1/2012	4,925,000	-	-	-	-	-	4,925,000		
Yang Geyan	8/1/2009-7/1/2012	4,925,000	-	(4,925,000)	-	-	-	-		
Yang Yongcheng	11/8/2009-10/8/2012	-	4,925,000	-	-	-	-	4,925,000	0.762	0.710
Anderson Brian Ralph	11/8/2009-10/8/2012	-	1,200,000	-	-	-	-	1,200,000	0.762	0.710
	Sub-total	29,495,000	6,125,000	(6,005,000)	-	-	(5,400,000)	24,215,000		
Employees in aggregate										
	19/2/2008-18/2/2011	1,705,000	-	(1,505,000)	(60,000)	-	-	140,000		
	24/6/2008-23/6/2011	5,000,000	-	-	-	-	-	5,000,000		
	8/1/2009-7/1/2012	4,925,000	-	(4,925,000)	-	-	-	-		
	11/8/2009-10/8/2012	-	7,543,750	-	-	-	-	7,543,750	0.762	0.710
Other participants in aggregate										
	19/2/2008-18/2/2011	11,880,000	-	(6,980,000)	-	-	5,400,000	10,300,000		
		53,005,000	13,668,750	(19,415,000)	(60,000)	-	-	47,198,750		

Note: Mr. Wu Kam Hung has been resigned as an executive director and redesignated as a consultant on 7 August 2009.

Details of the share options outstanding during the period are as follows:

	2009	2008
	Number of	Number of
	share options	share options
	'000	'000
Outstanding at the beginning of the period	53,005	21,600
Granted during the period	13,669	12,700
Lapsed during the period	(60)	–
Exercise during the period	(19,415)	–
Outstanding at the end of the period	47,199	34,300
Exercisable at the end of the period	47,199	34,300

During the period, 13,668,750 share options were granted on 11 August 2009. The estimated fair value of the options on this date is HK\$4,595,064. During the period, 19,415,000 shares and 60,000 were exercised and lapsed respectively.

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or their respective associates (as defined in GEM Listing Rules) had any interests in any business which compete or may compete with the Group or any other conflicts of interest with the Group.

5. AUDIT COMMITTEE

The Company has established an audit committee on 9 December 2003 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group.

The written terms of reference which describe the authority and duties of the audit committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides an important link between the Board and the Company's auditors in those matters within the scope of the Group's audit. It also reviews the effectiveness of the external and internal audit, internal control and risk evaluation. The audit committee comprises four independent non-executive Directors, namely Mr. Liew Swee Yean, Mr. Siu Siu Ling, Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph, and Mr. Liew Swee Yean is the chairman of the audit committee.

The unaudited interim results for the six months ended 30 September 2008 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

6. PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 September 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Shares during the six months ended 30 September 2009.

7. CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the six months ended 30 September 2009. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealings under the GEM Listing Rules and its code of conduct regarding securities transactions by Directors.

8. CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 15 of the GEM Listing Rules throughout the six months ended 30 September 2009.

By order of the Board
Chan Nap Kee, Joseph
Chairman

Hong Kong, 9 November 2009

As at the date of this report, the executive Directors of the Company are Mr. Chan Nap Kee Joseph, Mr. Yeap Soon P Jonathan, Dr. Chow Pok Yu Augustine, Mr. Yang Geyan and Mr. Yang Yongcheng. The independent non-executive Directors of the Company are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.