



## ***Coolpoint Energy Limited***

(incorporated in the Cayman Islands with limited liability)

(Stock Code 8032)

**Fifth Quarterly Report 2009**

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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*This report, for which the directors of Coolpoint Energy Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to Coolpoint Energy Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## MANAGEMENT DISCUSSION AND ANALYSIS

Owing to competitive market of both traditional Chinese medicine health supplement and western medicine, the Group has been looking into other opportunities and has just completed the acquisition of Coolpoint Ventilation Equipment Limited on 20 August 2009. We are glad that the Group further expands its business for manufacturing and trading of energy-saving equipments. The Directors are of the view that the energy-saving equipment is of considerable development potential under certain governmental policies and will be the Group's main sources of income in the future. The Directors also expect that the energy-saving equipment will receive positive response after massive launch in the market. Nevertheless, the Group will still maintain the traditional Chinese medicine and western medicine business as a secondary income stream.

## FINANCIAL REVIEW

### Segment Information

For the fifteen months ended 31 October 2009, the Group recorded a turnover of HK\$10.57 million, of which HK\$1.03 million was contributed from sales of nutraceutical Chinese herbal products and HK\$8.75 million from sales of western generic medicine in the PRC and HK\$0.79 million from sales of energy-saving equipment. The Group incurred loss of approximately HK\$46.85 million. For the three months ended 31 October, 2009, the Group's revenue from sales of western medicine and herbal products decreased substantially due to keen competition and lack of distributors. On the other hand, revenue from energy-saving equipments was only HK\$0.79 million as the massive launch of energy-saving equipment has not yet commenced. Hence, total revenue decreased by HK\$4.35 million.

### Selling, administrative and other operating expenses

Selling, administrative and other operating expenses increased by approximately HK\$3.33 million mainly due to share-based payment of approximately HK\$8.37 million was recognized as a result of 102 million share options granted during the period.

## Other Financial Information

The Group did not have any bank borrowing as at 31 October 2009 (2008: HK\$2.27 million), the gearing ratio therefore was not applicable (2008: 4.47%). The current ratio of the Group was 10.14 as at the period end compared to 0.45 as at 31 October 2008. As at 31 October 2009, the Group maintained a cash and cash equivalents of approximately HK\$38.14 million (31 October 2008: HK\$1.01 million). Major currencies used for the Group's transactions were Hong Kong dollars and Renminbi. As the fiscal policy of the PRC government in relation to Renminbi is stable throughout the years, there was no significant currency exposure. In addition, there were no other significant capital commitments as at the period end.

Remuneration of the staff comprised of monthly salary, provident fund contributions, medical claims, education allowances and discretionary options issued based on their contribution to the Group. Staff costs including Directors' remuneration for the period under review amounted to HK\$9.86 million (fifteen months ended 31 October 2008: HK\$13.11 million).

As at 31 October 2009, the net assets of the Group were approximately HK\$137.65 million equivalent to approximately HK\$0.04 per share.

## BUSINESS REVIEW

The Group had successfully engaged into a new era of eco-friendly products since 20 August 2009, we believe that this established a milestone for the Group's long term business development upon the massive production of the energy-saving equipments in year 2010.

## FUTURE PLANS AND DEVELOPMENT

We target to increase the profitability of our company by:

- Seeking support from local government;
- Seeking partnership with district's distributors;
- Expanding our sale team in HK and PRC and
- Enhancing our research and development team on eco-friendly area

We are committed to become one of the world leaders for eco-friendly products and technology in the coming years.

## UNAUDITED CONSOLIDATED RESULTS

The Board of Directors (the “Board”) of Coolpoint Energy Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the period from 1 August 2009 to 31 October 2009 (the “Quarterly Period”) and from 1 August 2008 to 31 October 2009 (the “Fifteen Months Period”) together with the comparative unaudited consolidated results for the corresponding period in 2008 together with the twelve months ended 31 July 2008 were as follows:

### Condensed Consolidated Income Statement

	Notes	Three months period		Fifteen months period		Twelve months period
		Unaudited 1.8.2009 to 31.10.2009 HK\$'000	Unaudited 1.8.2008 to 31.10.2008 HK\$'000	Unaudited 1.8.2008 to 31.10.2009 HK\$'000	Unaudited 1.8.2007 to 31.10.2008 HK\$'000	Audited 1.8.2007 to 31.07.2008 HK\$'000
Turnover	3	830	5,179	10,566	16,978	11,799
Cost of sales		(686)	(1,376)	(6,036)	(7,276)	(5,900)
Gross profit		144	3,803	4,530	9,702	5,899
Other revenue	3	25	–	804	73	73
Other losses		–	(134)	(20,947)	(5,679)	(5,545)
Selling, administrative and other operating expenses		(10,700)	(7,368)	(29,851)	(37,878)	(30,509)
Loss from operation	4	(10,531)	(3,699)	(45,464)	33,782	(30,082)
Finance cost		(1)	(173)	(1,386)	(612)	(439)
Loss before taxation		(10,532)	(3,872)	(46,850)	(34,393)	(30,521)
Taxation	5	–	–	–	–	–
Loss for the period		(10,532)	(3,872)	(46,850)	(34,393)	(30,521)
Attributable to:						
Equity holders of the Company		(10,430)	(3,872)	(46,748)	(34,393)	(30,521)
Non-controlling interests		(102)	–	(102)	–	–
		(10,532)	(3,872)	(46,850)	(34,393)	(30,521)
Loss per share	6					
Basic (HK cents)		(0.33)	(0.19)	(2.07)	(1.69)	(1.49)
Diluted (HK cents)		(0.33)	N/A	N/A	N/A	N/A
Dividends	7	–	–	–	–	–

**Condensed Consolidated Statement of Comprehensive Income/(Loss)**

	For the three months period ended 31 October		For the fifteen months period ended 31 October		Twelve months period
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	HK\$'000 (Audited)
<b>Loss for the period</b>	<b>(10,532)</b>	<b>(3,872)</b>	<b>(46,850)</b>	<b>(34,393)</b>	<b>(30,521)</b>
<b>Other comprehensive income/(loss):</b>					
Exchange differences arising on translation of foreign operations	124	(278)	(277)	6,367	6,645
Release of translation reserve upon disposal of subsidiaries	-	-	(12,589)	-	-
<b>Total comprehensive income/ (loss) for the period</b>	<b>(10,408)</b>	<b>(4,150)</b>	<b>(59,716)</b>	<b>(28,026)</b>	<b>(23,876)</b>
<b>Total comprehensive income/ (loss) attributable to:</b>					
Equity holders of the Company	(10,306)	(4,150)	(59,614)	(28,026)	(23,876)
Non-controlling interests	(102)	-	(102)	-	-
	<b>(10,408)</b>	<b>(4,150)</b>	<b>(59,716)</b>	<b>(28,026)</b>	<b>(23,876)</b>

Notes:

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (1998 Revision) of the Cayman Islands. The Company's shares are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The Group is principally engaged in the research and development, manufacture, marketing and installation of proprietary energy saving environmental control and water heating equipments. Besides, it is also engaged in manufacturing, marketing and distribution of western medicine and herbal supplements based on Traditional Chinese Medicine.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). They have been prepared under the historical cost convention, as modified for certain financial instruments which are carried at fair value, as appropriate.

The accounting policies and methods of computation used in the preparation of this unaudited financial statements are consistent with those adopted in preparing the annual audited financial statements for the year ended 31 July 2008.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 August 2008. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years except as stated below.

### Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

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. TURNOVER AND OTHER REVENUE

	Three months period		Fifteen months period		Twelve months ended
	Unaudited 1.8.2009 to 31.10.2009 HK\$'000	Unaudited 1.8.2008 to 31.10.2008 HK\$'000	Unaudited 1.8.2008 to 31.10.2009 HK\$'000	Unaudited 1.8.2007 to 31.10.2008 HK\$'000	Audited 1.8.2007 to 31.07.2008 HK\$'000
<b>Turnover</b>					
Sale of energy-saving equipments	786	–	786	–	–
Sale of western medicine & Herbal products	44	5,179	9,780	16,977	11,798
Rendering of services	–	–	–	1	1
	<b>830</b>	<b>5,179</b>	<b>10,566</b>	<b>16,978</b>	<b>11,799</b>
<b>Other revenue</b>					
Interest income	–	–	1	24	24
Sundry income	25	–	803	49	49
	<b>25</b>	<b>–</b>	<b>804</b>	<b>73</b>	<b>73</b>

#### 4. LOSS FROM OPERATION

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

	Three months period		Fifteen months period		Twelve months
	Unaudited 1.8.2009 to 31.10.2009 HK\$'000	Unaudited 1.8.2008 to 31.10.2008 HK\$'000	Unaudited 1.8.2008 to 31.10.2009 HK\$'000	Unaudited 1.8.2007 to 31.10.2008 HK\$'000	Audited 1.8.2007 to 31.07.2008 HK\$'000
Depreciation	126	962	5,557	7,248	6,286
Amortisation of intangible assets and land use rights	10	338	1,134	1,696	1,358
Research and development costs	-	-	-	24	24
Bad debts written off	-	-	-	95	95
Provision for slowing inventories	-	-	-	524	524
Net foreign exchange losses/(gains)	1	(49)	(11)	(882)	(931)
Minimum lease payments under operating leases in respect of land and buildings	-	496	732	2,236	1,740
Auditors' remuneration	-	-	-	520	520
Staff costs including directors' remuneration:					
Salaries and other benefits	858	990	3,750	8,201	7,211
Share-based payment	5,768	-	5,768	4,526	4,526
Pension scheme contributions	10	16	341	379	363
	<b>6,636</b>	1,006	<b>9,859</b>	13,106	12,100

## 5. TAXATION

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the three months ended 31 October 2009 (2008: Nil). No provision for PRC enterprise income tax has been made as the PRC subsidiary incurred a loss for the three months ended 31 October 2009 (2008: Nil).

There was no significant unprovided deferred taxation during the three months ended 31 October 2009.

## 6. LOSS PER SHARE

The calculation of basic loss per share are based on the loss attributable to equity holders for the Quarterly Period and the Fifteen Months Period of approximately HK\$10,430,000 and approximately HK\$46,748,000 respectively and on the weighted average number of shares of approximately 3,137,026,469 and approximately 2,263,654,979 in issue during the periods.

The calculation of basic loss per share in the comparative periods are based on the net loss attributable to equity holders for the three months and fifteen months ended 31 October 2008 of approximately HK\$3,872,000 and approximately HK\$34,393,000 respectively and on the weighted average number of shares of 2,042,695,590 and 2,039,980,120 in issue during the three months and twelve months ended 31 October 2008.

The calculation of diluted loss per share for the Quarterly Period is based on the net loss attributable to equity holders of approximately HK\$10,430,000 and on the weighted average number of shares for the purposes of calculating diluted loss per share of 3,188,017,751 in issue during the three months ended 31 October 2009.

Diluted loss per share amount for the fifteen months ended 31 October 2008 and twelve months ended 31 July 2008 has not been disclosed as the share options outstanding during those periods had an anti-dilutive effect on the diluted loss per share for those periods.

## 7. DIVIDENDS

The directors do not recommend the payment of any dividend for the three months ended 31 October 2009 (2008: Nil).

## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited							
	Equity attributable to equity holders of the Company							
	Issued share capital HK\$'000	Share premium HK\$'000	Share-based payment reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 31 July 2007	20,389	399,095	97	6,345	(331,357)	94,569	-	94,569
Exchange difference arising on translation of overseas operations	-	-	-	6,645	-	6,645	-	6,645
Loss for the year	-	-	-	-	(30,521)	(30,521)	-	(30,521)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	6,645	(30,521)	(23,876)	-	(23,876)
Recognition of equity-settled share-based payment	-	-	4,526	-	-	4,526	-	4,526
Cancellation of share options	-	-	(85)	-	85	-	-	-
Exercise of share options	38	156	(12)	-	-	182	-	182
Balance at 31 July 2008	20,427	399,251	4,526	12,990	(361,793)	75,401	-	75,401
Exchange difference arising on translation of overseas operations	-	-	-	(401)	-	(401)	-	(401)
Release of translation reserve upon disposal of subsidiaries	-	-	-	(12,589)	-	(12,589)	-	(12,589)
Loss for the year	-	-	-	-	(36,318)	(36,318)	-	(36,318)
<b>Total comprehensive income/(loss) for the year</b>	-	-	-	(12,990)	(36,318)	(49,308)	-	(49,308)
Cancellation of share options	-	-	(36)	-	36	-	-	-
Issue of shares	3,000	41,975	-	-	-	44,975	-	44,975
Balance at 31 July 2009	23,427	441,226	4,490	-	(398,075)	71,068	-	71,068
Exchange difference arising on translation of overseas operations	-	-	-	124	-	124	-	124
Loss for the period	-	-	-	-	(10,430)	(10,430)	(102)	(10,532)
<b>Total comprehensive income/(loss) for the period</b>	-	-	-	124	(10,430)	(10,306)	(102)	(10,408)
Recognition of equity-settled share-based payment	-	-	8,368	-	-	8,368	-	8,368
Issue of shares	9,592	61,141	-	-	-	70,733	-	70,733
Exercise of share options	100	820	-	-	-	920	-	920
Share issue expense	-	(2,386)	-	-	-	(2,386)	-	(2,386)
Acquisition of equity interests in a subsidiary	-	-	-	-	-	-	(645)	(645)
Balance at 31 October 2009	33,119	500,801	12,858	124	(408,505)	138,397	(747)	137,650

## 9. SHARE-BASED PAYMENT TRANSACTIONS

The fair value of the options granted during the period was determined by using Black-Scholes-Merton Option Pricing Model. The key valuation parameters as adopted in assessing the fair value of the share options included the exercise price, risk free rate, nature of the share options, expect option period, volatility and expected dividend yield are as follows:

	2009	2008
Exercise price	<b>HK\$0.154 to HK\$0.157</b>	HK\$0.092
Expected volatility	<b>140.1% to 146.5%</b>	98.70%
Expected life	<b>1 year</b>	1 year
Risk-free rate	<b>0.14%</b>	1.83%
Expected dividend yield	<b>0%</b>	0%

The valuation assumed that there will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the Group's business and the price of the underlying securities. It also assumed that there will be no material change in the existing political, legal, technological, fiscal or economic condition which may significantly affect the continuity of the Group's business.

The Group recognised equity-settled share-based payment of HK\$8,368,000 (2008: HK\$4,526,000) in profit or loss during the period.

## 10. CONTINGENT LIABILITIES

iSolutions Development Limited ("iSolutions"), a wholly-owned subsidiary of the Company had entered into a lease agreement with a landlord for lease of the office premises for a term of 3 years since 20 January 2007. In October 2009, iSolutions had requested the landlord for surrender of the property by securing a new tenant with higher rental to take up the lease for the remaining of the term. But the landlord declined the offer. iSolutions delivered up possession of the property to the landlord after seeking legal opinion in December 2008. In April 2009, the landlord had instructed its solicitor to demand for a total sum of approximately HK\$1 million representing the rent and management fee outstanding since November 2008 to April 2009. Based on the legal opinion that a duty on the part of the landlord to mitigate the loss in case if the tenant breaches the tenancy, in which event, the landlord would have account for not accepting the terms that are no less than favorable as the existing term of tenancy and therefore, iSolutions is not indebted to the landlord and accordingly, no provision for the claim has been recognized in the consolidated financial statements.

## INTERIM DIVIDEND

The Board does not recommend any interim dividend for the three months ended 31 October 2009 (2008: Nil).

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

As at 31 October 2009, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Rules 5.46 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), were as follows:

### Long positions

Name of director	Note	Capacity	Personal interests	Corporate interests	Number of share options held	Total interests	% of total relevant issued shares held
WANG Yinan		Beneficial owner	-	-	70,000,000	70,000,000	2.11%
FUNG Wing Cheung, Tony	1	Interest in controlled corporation	-	1,075,532,204	-	1,075,532,204	32.48%
LEUNG King Yue, Alex		Beneficial owner	-	-	20,000,000	20,000,000	0.60%
LAM Wing Ah		Beneficial owner	10,000,000	-	10,000,000	20,000,000	0.60%
FUNG Yee Kei, Kay	1	Interest in controlled corporation	-	1,075,532,204	-	1,075,532,204	32.48%

*Note:*

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

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

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES**

Save as disclosed in the share option scheme under the section "Share Option Scheme" of this report, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES**

At 31 October 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

## Long positions

Name	Notes	Number of Shares (Note 1)	Percentage of the Company's issued share capital
Blue Bright	2, 8	1,075,532,204	32.48
Well Harvest	2, 9	1,075,532,204	32.48
Fairmate	3, 10	1,075,532,204	32.48
Axenia	3, 10	1,075,532,204	32.48
FUNG Yee Ling, Lynn ("Lynn FUNG")	4	1,075,532,204	32.48
Leung's Holdings Limited ("Leung's Holdings")	5	950,000,000	28.68
LEUNG Hin Ting	6	950,000,000	28.68
TANG Yuk Yee	7	950,000,000	28.68

### Notes:

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

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

## SHARE OPTIONS SCHEME

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

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

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

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

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

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

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

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

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

	Date of grant of share options	Exercise price HK\$	Number of share options					Balance as at 31 October 2009 HK\$
			Balance as at 31 July 2008 HK\$	Granted during the period HK\$	Exercised during the period HK\$	Cancelled during the period HK\$	Reclassified during the period HK\$	
<b>Directors</b>								
Mr. WANG Yinan	21.10.2009	0.154	-	70,000,000	-	-	-	70,000,000
Mr. LEUNG King Yue, Alex	24.07.2008	0.092	20,000,000	-	-	-	-	20,000,000
Ms. LAM Wing Ah	24.07.2008	0.092	20,000,000	-	(10,000,000)	-	-	10,000,000
Ms. KUO Kwan <sup>#</sup>	24.07.2008	0.092	5,000,000	-	-	(5,000,000)	-	-
Ms. CHENG Kit Yin, Kelly <sup>*</sup>	24.07.2008	0.092	20,000,000	-	-	-	(20,000,000)	-
Mr. LEONG Chi Wai <sup>*</sup>	24.07.2008	0.092	20,000,000	-	-	-	(20,000,000)	-
Ms. CHUNG Wai Han <sup>*</sup>	24.07.2008	0.092	20,000,000	-	-	-	(20,000,000)	-
Mr. MA Man Pong <sup>*</sup>	24.07.2008	0.092	20,000,000	-	-	-	(20,000,000)	-
<b>SUB-TOTAL</b>			125,000,000	70,000,000	(10,000,000)	(5,000,000)	(80,000,000)	100,000,000
<b>Employees</b>								
In aggregate	24.07.2008	0.092	1,000,000	-	-	(1,000,000)	-	-
In aggregate	24.07.2008	0.092	-	-	-	-	20,000,000	20,000,000
<b>SUB-TOTAL</b>			1,000,000	-	-	(1,000,000)	20,000,000	20,000,000
<b>Consultants</b>								
In aggregate	24.07.2008	0.092	-	-	-	-	60,000,000	60,000,000
In aggregate	07.10.2009	0.156	-	2,000,000	-	-	-	2,000,000
In aggregate	22.10.2009	0.157	-	30,000,000	-	-	-	30,000,000
<b>SUB-TOTAL</b>			-	32,000,000	-	-	60,000,000	92,000,000
<b>TOTAL</b>			126,000,000	102,000,000	(10,000,000)	(6,000,000)	-	212,000,000

<sup>#</sup> Resigned on 14 September 2008

<sup>\*</sup> Resigned on 21 October 2009

At the balance sheet date, the Company had 212,000,000 share options outstanding under the Old Scheme and the Revised Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 212,000,000 additional ordinary shares of the Company and additional share capital of HK\$2,120,000 and share premium of HK\$23,802,000 (before issue expenses).

## **AUDIT COMMITTEE**

The Company's audit committee was formed on 17 March 2000 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's internal control procedures, annual reports, financial statements, half-year reports and quarterly reports and to provide advice and comments thereon to the board of directors. The audit committee currently comprises three independent non-executive directors, Mr. CHEE Man Sang, Eric, Ms. LAM Tak Yee and Mr. TANG Chi Chung, Matthew. The audit committee has reviewed the unaudited consolidated results for the fifteen months ended 31 October 2009.

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

For the three months ended 31 October 2009, the directors are not aware of any business or interest of the directors, the management shareholders and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 October 2009.

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

*Executive directors:*

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

*Non-executive director:*

Ms. FUNG Yee Kei, Kay

*Independent non-executive directors:*

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

Hong Kong, 9 December 2009