

Coolpoint Energy Limited

(proposed change of company name to Viva China Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

(Stock Code 8032)

Third Quarterly Report **2010**



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This report, for which the directors (the “Directors”) of Coolpoint Energy Limited (the “Company”, which together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (“GEM Listing Rules”) 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.

MANAGEMENT DISCUSSION AND ANALYSIS

Corporate Development

The name of the Company will be changed to Viva China Holdings Limited which will take effect from the date on which the new name is entered on the register by the Registrar of Companies in the Cayman Islands.

The Company has successfully completed the acquisition of Viva China Sports Holding Limited (“Viva China”). This represents a milestone in laying down the Group’s initial plan in diversifying its business into sports-related businesses. Viva China and its subsidiaries (“Viva China Group”) hold exclusive commercial management rights of the People’s Republic of China (the “PRC”) national diving team and gymnastics team and has subcontracted all the business contracts of a company that acts as agent for the PRC national badminton team as well as manages and organises various top-tier badminton competitions and tournaments in the PRC. Apart from the Group’s continued focus on the enhancement of our green energy business, we will further build on the sports-related resources in hand and continue to seek other investment opportunities in sports-related businesses.

On 31 August 2010, the Company also entered into a conditional acquisition agreement with an independent third party to acquire the entire issued share capital of two companies which represent the acquisition of rights to develop and manage the first phase of an industrial park, which is planned for the introduction of more environmentally friendly Japanese construction methodologies, and another parcel of land for residential development in Shenyang, Liaoning Province, the PRC. Such acquisition may also entail the opportunity for the Group to participate in a sports and green themed community development project (the “Eco-City Project”). Details of the acquisition were set out in the Company’s announcement dated 31 August 2010. Development of sports and green themed community will be an extension of the Group’s venture in green-related businesses as it may allow the Group to apply its energy-saving air cooling and water heating equipment in the Eco-City Project, it can also reinforce the objective of the Group in promoting a higher quality of living by utilizing low-carbon and prefabricated construction methodologies that may be acquired from the development of the industrial park under the acquisition, especially if such methodologies ultimately can become standards adopted in the construction industry in the PRC.

Green Energy Business

Our energy-saving business has made steady progress in the third quarter. In our commercial equipment operation, we have achieved satisfactory results in terms of the number of projects completed and the number of quotations issued. In the PRC, in order to strengthen our distribution channel, we have entered into our first dealership agreement with a local dealer in Guangdong and we expect that there will be more to follow. In the meantime, preparation work has been done in the third quarter for the establishment of a new sales office in Shenzhen in the fourth quarter to cater for a growing number of sales personnel and enquiries. In Hong Kong, we are establishing a foothold in the dining and commercial laundry sectors. We are also getting referrals of customers from the two power companies in Hong Kong due to our superior energy-saving capability.

Our cooperation with Tsingdao Haier Air-conditioning Co., Limited ("Haier"), a subsidiary of Tsingdao Haier Co., Limited, is also achieving satisfactory progress. Since our prototype three horsepower five-in-one air-conditioning system passed the performance tests in Haier's laboratory in May, our technical personnel have been working with the technicians in Haier to fine tune the design. A small batch of 20 machines have since been manufactured and a pilot production is planned by Haier for the fourth quarter this year. To crystallise our efforts in this joint development with Haier under the memorandum of development we entered in February, we target to finalize terms of the cooperation before the end of this year.

Future Plan and Business Development

Apart from the green energy business, the Group has been actively exploring opportunities to diversify into other sports-related businesses. The Group plans to develop itself into a conglomerate focusing on sports and green related businesses aiming to promote a higher quality of life in the PRC and raising the standard and value of the sports industry. Areas of focus initially will include sports talent and competition/event production and management, sports and green themed community development, and the new energy source air-conditioner business.

FINANCIAL REVIEW

For the nine months ended 30 September 2010, the Group recorded a total revenue of HK\$2,304,000, of which HK\$2,271,000 was contributed from the business for manufacturing and trading of energy-saving equipment and related services and HK\$33,000 was contributed from the business of sales of western generic medicine and nutraceutical

Chinese herbal products. Comparing to total revenue of HK\$4,784,000 for the same period of last year, sales of western generic medicine and nutraceutical Chinese herbal products dropped by HK\$4,751,000 which was partially offset by the increase in sales generating from our new energy-saving equipment and related services.

For the nine months ended 30 September 2010, our gross profit decreased from HK\$1,552,000 to HK\$399,000 mainly because of the lower sales volume of the western generic medicine and nutraceutical Chinese herbal products business.

For the nine months ended 30 September 2010, our selling, administrative and other operating expenses were HK\$25.6 million resulting in a net loss of HK\$39.0 million, as compared to selling, administrative and other operating expenses of HK\$10.8 million and net loss of HK\$28.2 million for the same period of last year. The increase in general, administrative and other operating expenses for the nine months ended 30 September 2010 was mainly attributable to costs in relation to the new management team, legal and professional fees and other office expenses at the headquarter.

Apart from the increase in selling, administrative and other operating expenses, equity-settled share option expense of HK\$15.6 million, which is non-cash in nature, was also recorded for the nine months ended 30 September 2010 in respect of share options granted in the third quarter of 2010.

Losses for the nine-month period attributable to owners of the Company were HK\$38.6 million, representing a basic loss per share of HK cents 0.45, as compared to a basic loss per share of HK cents 1.24 for the same period of last year.

For the three months ended 30 September 2010, the Group recorded a total revenue of HK\$1.1 million, representing an increase of HK\$0.3 million (or 38%) from the same period of last year. Although the business of sales of western generic medicine and nutraceutical Chinese herbal products has been slowing down, the drop in sales was compensated by the sales from the business of manufacturing and trading of energy-saving equipment and related services.

The gross profit was HK\$0.6 million for the third quarter in contrast to a gross profit of HK\$0.4 million for the same period of last year. Selling, administrative and other operating expenses were HK\$16.7 million, an increase of HK\$13.6 million from the same period of last year. Net loss was HK\$27.3 million for the third quarter in current year, as compared to HK\$20.8 million for the same period of last year.

UNAUDITED CONSOLIDATED RESULTS

The board of directors (the “Board”) announces the unaudited consolidated results of the Company and its subsidiaries for the periods from 1 July 2010 to 30 September 2010 (the “Quarterly Period”) and from 1 January 2010 to 30 September 2010 together with the comparative unaudited consolidated results for the corresponding periods in 2009 as follows:

Consolidated Statement of Comprehensive Income

	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2010	2009	2010	2009
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue	3	1,062	772	2,304	4,784
Cost of sales		(488)	(330)	(1,905)	(3,232)
Gross profit		574	442	399	1,552
Other income and gains	3	4,507	11,767	4,823	11,971
Equity-settled share option expense		(15,641)	—	(15,641)	—
Impairment loss on other intangible assets		—	(1,282)	—	(1,282)
Impairment loss on buildings		—	(18,724)	—	(18,724)
Impairment loss on land use rights		—	(9,572)	—	(9,572)
Impairment loss on available-for-sale investments		—	(194)	—	(194)
Selling, administrative and other operating expenses		(16,697)	(3,125)	(25,615)	(10,776)
Loss from operation		(27,257)	(20,688)	(36,034)	(27,025)
Finance costs		—	(72)	(3,014)	(1,152)
Loss before tax		(27,257)	(20,760)	(39,048)	(28,177)
Income tax expense	4	—	—	—	—
Loss for the period		(27,257)	(20,760)	(39,048)	(28,177)
Other comprehensive loss					
— Exchange difference on translation of financial statements of foreign operations		—	(715)	—	(244)
— Exchange difference released upon disposal of a subsidiary		—	(12,588)	—	(12,588)
Other comprehensive loss for the period, net of income tax of nil		—	(13,303)	—	(12,832)
Total comprehensive loss for the period		(27,257)	(34,063)	(39,048)	(41,009)

	For the three months ended 30 September		For the nine months ended 30 September	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period attributable to:				
Owners of the Company	(27,254)	(20,760)	(38,565)	(28,177)
Non-controlling interests	(3)	—	(483)	—
	<u>(27,257)</u>	<u>(20,760)</u>	<u>(39,048)</u>	<u>(28,177)</u>
Total comprehensive loss attributable to:				
Owners of the Company	(27,254)	(34,063)	(38,565)	(41,009)
Non-controlling interests	(3)	—	(483)	—
	<u>(27,257)</u>	<u>(34,063)</u>	<u>(39,048)</u>	<u>(41,009)</u>
Loss per share attributable to the owners of the Company				
Basic and diluted (HK cents)	5			
	(0.16)	(0.76)	(0.45)	(1.24)

The accompany notes forms part of these consolidated results.

Notes to the Unaudited Consolidated Results

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Caymans Islands. Its registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is located at Rooms 3602-06, 36/F, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong. The Company's shares are listed on GEM.

The principal activity of the Company is investment holding. In the period under review, the Company's subsidiaries are principally engaged in the research and development, manufacturing, marketing and installation of proprietary energy saving environmental control and water heating equipment. Besides, they also engaged in marketing and distribution of western medicine and herbal supplements based on traditional Chinese medicine.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared to comply with the disclosure requirements of the GEM Listing Rules.

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

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

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

3. REVENUE, OTHER INCOME AND GAINS

	For the three months ended 30 September		For the nine months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue				
Sales of energy-saving equipment	1,043	—	2,245	—
Service rendered	13	—	26	—
Sales of western medicine & herbal products	6	772	33	4,784
	1,062	772	2,304	4,784
Other income and gains				
Interest income	168	—	286	—
Exchange gain	—	1	—	1
Sundry income	157	1,022	355	1,226
Gain on disposal of a subsidiary	—	10,744	—	10,744
Gain on derecognition of derivative liability	4,182	—	4,182	—
	4,507	11,767	4,823	11,971

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the three months and the nine months ended 30 September 2010 (2009: Nil). No provision for PRC corporate income tax has been made as the PRC subsidiary incurred losses for the three months and the nine months ended 30 September 2010 (2009: Nil).

There was no significant unprovided deferred taxation during the three months and the nine months ended 30 September 2010 (2009: Nil).

5. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss attributable to owners of the Company for the three months and the nine months ended 30 September 2010 of HK\$27,254,000 and HK\$38,565,000, respectively, (three months and nine months ended 30 September 2009: HK\$20,760,000 and HK\$28,177,000, respectively) and on the weighted average number of shares in issue during the three months and the nine months ended 30 September 2010 of 16,573,542,000 and 8,633,841,000, respectively, (three months and nine months ended 30 September 2009: 2,715,522,000 and 2,269,435,000, respectively) in issue during the period.

In respect of diluted loss per share amounts presented, no adjustment has been made to the basic loss per share amounts presented as the impact of the share options and the redeemable convertible preferred shares outstanding had an anti-dilutive effect on the basic loss per share in respect of the three months and the nine months ended 30 September 2010; and the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share in respect of the corresponding periods ended 30 September 2009.

6. RESERVES

	Share premium <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the nine months ended 30 September 2010					
Balance at 1 January 2010	605,435	12,613	15	(413,583)	204,480
Total comprehensive loss for the period	—	—	—	(38,565)	(38,565)
Conversion of redeemable convertible preferred shares	260,800	—	—	—	260,800
Exercise of share options	37,831	(12,613)	—	—	25,218
Equity settled share-based payment	—	15,641	—	—	15,641
Balance at 30 September 2010	904,066	15,641	15	(452,148)	467,574
For the nine months ended 30 September 2009					
Balance at 1 January 2009	399,251	4,310	12,832	(370,900)	45,493
Total comprehensive loss for the period	—	—	(244)	(28,177)	(28,421)
Issue of share capital, net of share issue expense	40,850	—	—	—	40,850
Acquisition of a subsidiary	162,449	—	—	—	162,449
Disposal of a subsidiary	—	—	(12,588)	—	(12,588)
Exercise of share options	1,538	(718)	—	—	820
Balance at 30 September 2009	604,088	3,592	—	(399,077)	208,603

	Share premium <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the nine months ended 30 September 2010					
Balance at 1 July 2010	818,125	7,115	15	(424,894)	400,361
Total comprehensive loss for the period	—	—	—	(27,254)	(27,254)
Conversion of redeemable convertible preferred shares	64,645	—	—	—	64,645
Exercise of share options	21,296	(7,115)	—	—	14,181
Equity settled share-based payment	—	15,641	—	—	15,641
Balance at 30 September 2010	904,066	15,641	15	(452,148)	467,574
For the nine months ended 30 September 2009					
Balance at 1 July 2009	399,251	4,310	13,303	(378,317)	38,547
Total comprehensive loss for the period	—	—	(715)	(20,760)	(21,475)
Issue of share capital, net of share issue expense	40,850	—	—	—	40,850
Acquisition of a subsidiary	162,449	—	—	—	162,449
Disposal of a subsidiary	—	—	(12,588)	—	(12,588)
Exercise of share options	1,538	(718)	—	—	820
Balance at 30 September 2009	604,088	3,592	—	(399,077)	208,603

7. SUBSEQUENT EVENTS

- (a) On 31 August 2010, the Company entered into an acquisition agreement with certain independent third parties, pursuant to which the Company conditionally agreed to purchase the entire issued share capital of Viva China. Details of the transaction were set out, among others, in the Company's announcement and circular dated 31 August 2010 and 21 September 2010, respectively. The transaction was completed in October 2010. The Company issued an aggregate of 590,000,000 ordinary shares at HK\$0.678 per share to satisfy the total consideration in the amount of approximately HK\$400.0 million and Viva China became a wholly-owned subsidiary of the Company since then.
- (b) On 25 October 2010, the Company entered into subscription agreements with certain independent third parties, pursuant to which the Company has conditionally agreed to issue (i) in cash for a total of 629,038,000 new shares at the price of HK\$0.62 per share; and (ii) a total of 314,519,000 warrants conferring the rights to subscribe for an initial aggregate of 314,519,000 new shares (subject to adjustment in the event of a consolidation, subdivision and reclassification of the Company's shares) at the initial exercise price of HK\$0.80 per new share (subject to adjustment). Details of the subscription of shares and warrants were set out in the Company's announcement dated 25 October 2010. The gross proceeds to the Company in respect of the issue of the new shares and the warrants under the subscription was approximately HK\$390.0 million.
- (c) On 26 October 2010, Lead Ahead Limited ("Lead Ahead") and two placing agents entered into a placing and subscription agreement with the Company, pursuant to which Lead Ahead will sell, and the placing agents will procure investors to purchase or themselves purchase, a total of 1,160,000,000 existing ordinary shares in the Company at a placing price of HK\$0.67 per share. Pursuant to the placing and subscription agreement, Lead Ahead subscribed for the same number of shares placed under the placing and subscription agreement at the same price of HK\$0.67 per share. The gross proceeds to the Company under the subscription of shares by Lead Ahead was approximately HK\$777.2 million.
- (d) A special resolution was passed by the Company's shareholders at an extraordinary general meeting held on 27 October 2010 under which the name of the Company will be changed to Viva China Holdings Limited which will take effect from the date on which the new name is entered on the register by the Registrar of Companies in the Cayman Islands.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the nine months ended 30 September 2010 (2009: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 (including interests and short positions which the Directors and chief executives of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name of Directors	Capacity	Number of ordinary shares held		Number of share options held	Exercise price of share options HK\$	Total interests	% of total issued shares
		Personal interests	Corporate interests				
Li Ning (Note 1)	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	87.60
Li Chunyang	Beneficial owner	49,978,348	—	30,000,000 (Note 2)	0.78	79,978,348	0.47
Chan Ling	Beneficial owner	49,978,348	—	30,000,000 (Note 2)	0.78	79,978,348	0.47
Lee Wa Lun, Warren	Beneficial owner	—	—	5,000,000 (Note 3)	0.78	5,000,000	0.03
Li Chun (Note 1)	Interest in controlled corporation	—	14,771,690,951	—	—	14,771,690,951	87.60
	Beneficial owner	—	—	5,000,000 (Note 3)	0.78	5,000,000	0.03
Ma Wing Man	Beneficial owner	—	—	5,000,000 (Note 3)	0.78	5,000,000	0.03
Ng Sau Kei, Wilfred	Beneficial owner	17,000,000	—	5,000,000 (Note 3)	0.78	22,000,000	0.13
Ip Shu Kwan, Stephen	Beneficial owner	400,000	—	5,000,000 (Note 3)	0.78	5,400,000	0.03
Chen, Johnny	Beneficial owner	—	—	5,000,000 (Note 3)	0.78	5,000,000	0.03

Notes:

1. Lead Ahead is owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. The 14,771,690,951 shares in which Lead Ahead is interested comprises (i) 10,662,101,910 shares held by Lead Ahead as at 30 September 2010; and (ii) 4,109,589,041 shares representing the shares to be issued upon conversion of the convertible notes to be issued to it by the Company.
2. The share options granted comprise the following: (i) 10,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 10,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 10,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
3. The share options granted comprise the following: (i) 1,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.

Save as disclosed above, none of the Directors nor the chief executives of the Company had, as at 30 September 2010, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (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 (including interests or short positions which they were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2010, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had, or was deemed to have, an interest or short position in the shares and/or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote

in all circumstances at general meetings of any other member of the Group or substantial shareholders as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholders	Capacity	Number of ordinary shares held (Note 1)	Number of share options held	Total interests	% of total issued shares
Blue Bright Limited ("Blue Bright") (Notes 2, 7)	Beneficial owner	914,202,374	—	914,202,374	5.42
Well Harvest Properties Limited ("Well Harvest") (Notes 2, 8)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Fung Wing Cheung, Tony ("Mr. Tony Fung") (Note 3)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Fairmate Investment Limited ("Fairmate") (Notes 4, 9)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Axenia Holdings (PTC) Limited ("Axenia") (Notes 4, 9)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Fung Yee Kei, Kay ("Miss Kay Fung") (Note 4)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Fung Yee Ling, Lynn ("Ms. Lynn Fung") (Note 4)	Interest in controlled corporation	914,202,374	—	914,202,374	5.42
Yibo Investments Limited ("Yibo") (Notes 11, 12)	Beneficial owner	1,000,000,000	—	1,000,000,000	5.93
Li Ang (Note 12)	Interest in controlled corporation	1,000,000,000	—	1,000,000,000	5.93
Leung's Holdings Limited ("Leung's Holdings")	Beneficial owner	950,000,000	—	950,000,000	5.63
Leung Hin Ting (Note 5)	Interest in controlled corporation	950,000,000	—	950,000,000	5.63
Tang Yuk Yee (Note 6)	Interest in controlled corporation	950,000,000	—	950,000,000	5.63
Lead Ahead (Note 10)	Beneficial owner	14,771,690,951	—	14,771,690,951	87.60
Li Chun (Note 10)	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	87.60
	Beneficial owner	—	5,000,000	5,000,000	0.03
Li Ning (Note 10)	Interest in controlled corporation	14,771,690,951	—	14,771,690,951	87.60

Notes:

1. This represented the number of shares over which the Shareholders, directly or indirectly, exercise control.
2. Blue Bright was the registered holder of the shares, and was a wholly-owned subsidiary of Well Harvest.
3. 60% of the issued share capital of Well Harvest was owned by Mr. Tony Fung.
4. 40% of the issued share capital of Well Harvest was owned by Fairmate and Fairmate was a wholly-owned subsidiary of Axenia. 50% of the issued share capital of Axenia was owned by Miss Kay Fung. 50% of the issued share capital of Axenia was owned by Ms. Lynn Fung.
5. 40% of the issued share capital of Leung's Holdings was owned by Mr. Leung Hin Ting. Ms. Tang Yuk Yee is the spouse of Mr. Leung Hin Ting.
6. 40% of the issued share capital of Leung's Holdings was owned by Ms. Tang Yuk Yee. Mr. Leung Hin Ting is the spouse of Ms. Tang Yuk Yee.
7. Mr. Tony Fung was also a director of Blue Bright.
8. Mr. Tony Fung was also a director of Well Harvest.
9. Miss Kay Fung was also a director of Fairmate and Axenia respectively.
10. Lead Ahead was owned as to 60% by Mr. Li Ning and 40% by his brother, Mr. Li Chun. The 14,771,690,951 shares in which Lead Ahead was interested comprises (i) 10,662,101,910 shares held by Lead Ahead as at 30 September 2010; and (ii) 4,109,589,041 shares representing the shares to be issued upon conversion of the convertible notes to be issued to it by the Company.
11. Yibo will be interested in the shares upon completion of the acquisition of the entire interests in Bright Equal Limited and Union Wealth Group Limited by the Company as announced on 31 August 2010.
12. The entire issued share capital of Yibo is beneficially owned by Mr. Li Ang.

As at 30 September 2010, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had, or was deemed or taken to have an interest or short position in the shares and/or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or substantial shareholders as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company on 8 April 2002, the Company adopted a share option scheme (the “Old 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. Eligible participants of the Old Scheme include the Company’s directors, independent non-executive directors, other employees of the Group, consultants, suppliers of goods or services to the Group, customers of the Group, and any minority shareholder in the Company’s subsidiaries. The Old Scheme became effective on 18 April 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

On 29 June 2010, the Company passed an ordinary resolution to terminate the Old Scheme and adopted a new share option scheme (the “New Scheme”) for the purpose of providing incentives to participants to contribute to the Group and/or to enable the Group to recruit high-calibre employees and/or attract human resources that are valuable to the Group. Participants of the New Scheme include employee, officer, agent, consultant, business associate or representative of the Company or any subsidiary or otherwise contributes to the success of the Group, including any executive, non-executive or independent non-executive director of the Company or any subsidiary who, as the Board or a committee comprising Directors and members of the senior management of the Company (the “Committee”) (as the case may be) may determine in its absolute discretion, is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board or the Committee (as the case may be) may think fit. The New Scheme will remain in force for period of ten years commencing on 29 June 2010.

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

Movements of share options of the Company outstanding prior to the adoption of the New Scheme during the period are as follows:

	Date of grant of share options	Exercise price HK\$	Number of share options				Balance as at 30.9.2010	
			Balance as at 1.1.2010	Granted during the period	Exercised during the period	Cancelled during the period		Reclassified during the period
<i>Former Directors (note)</i>								
Mr. Wang Yinan	21.10.2009	0.154	70,000,000	—	—	—	(70,000,000)	—
Ms. Lam Wing Ah	24.7.2008	0.092	10,000,000	—	—	—	(10,000,000)	—
Mr. Leung King Yue, Alex	24.7.2008	0.092	20,000,000	—	—	—	(20,000,000)	—
			100,000,000	—	—	—	(100,000,000)	—
<i>Other employees</i>								
In aggregate	24.7.2008	0.092	20,000,000	—	(20,000,000)	—	—	—
<i>Consultants</i>								
In aggregate	24.7.2008	0.092	60,000,000	—	(90,000,000)	—	30,000,000	—
In aggregate	07.10.2009	0.156	2,000,000	—	(2,000,000)	—	—	—
In aggregate	22.10.2009	0.157	30,000,000	—	(30,000,000)	—	—	—
In aggregate	21.10.2009	0.154	—	—	(70,000,000)	—	70,000,000	—
In aggregate	24.12.2009	0.128	12,000,000	—	(12,000,000)	—	—	—
			104,000,000	—	(204,000,000)	—	100,000,000	—
			224,000,000	—	(224,000,000)	—	—	—

Note: Mr. Wang Yinan, Ms. Lam Wing Ah and Mr. Leung King Yue, Alex resigned as Directors on 23 June 2010 and remained as employees of the Group.

At the end of the reporting period, the Company had no share options outstanding under the Old Scheme.

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

	Date of grant of share options	Exercise price HK\$	Number of share options				Balance as at 30.9.2010
			Balance as at 1.1.2010	Granted during the period	Exercised during the period	Cancelled during the period	
<i>Directors</i>							
Chan Ling	2.7.2010	0.78	—	30,000,000 ⁽¹⁾	—	—	30,000,000
Li Chunyang	2.7.2010	0.78	—	30,000,000 ⁽¹⁾	—	—	30,000,000
Lee Wa Lun, Warren	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
Li Chun	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
Ma Wing Man	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
Ip Shu Kwan, Stephen	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
Johnny, Chen	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
Ng Sau Kei, Wilfred	2.7.2010	0.78	—	5,000,000 ⁽²⁾	—	—	5,000,000
			—	90,000,000	—	—	90,000,000
<i>Other employees</i>							
In aggregate	2.7.2010	0.78	—	38,000,000 ⁽³⁾	—	—	38,000,000
In aggregate	6.9.2010	0.83	—	54,300,000 ⁽⁴⁾	—	—	54,300,000
			—	92,300,000	—	—	92,300,000
<i>Consultants</i>							
In aggregate	2.7.2010	0.78	—	140,000,000 ⁽⁵⁾	—	—	140,000,000
In aggregate	6.9.2010	0.83	—	54,100,000 ⁽⁶⁾	—	—	54,100,000
			—	194,100,000	—	—	194,100,000
			—	376,400,000	—	—	376,400,000

Notes:

- The share options granted comprise the following: (i) 10,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 10,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 10,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
- The share options granted comprise the following: (i) 1,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 1,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 1,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.

3. The share options granted comprise the following: (i) 12,666,666 share options with exercisable period from 2 July 2011 to 1 July 2016; (ii) 12,666,667 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iii) 12,666,667 share options with exercisable period from 2 July 2013 to 1 July 2018.
4. The share options granted comprise the following: (i) 9,100,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 9,100,000 share options with exercisable period from 6 September 2012 to 5 September 2017, (iii) 9,100,000 share options with exercisable period from 6 September 2013 to 5 September 2018; (iv) 16,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 11,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.
5. The share options granted comprise the following: (i) 50,000,000 share options which are exercisable for a period of 5 years from the date of grant; (ii) 30,000,000 share options with exercisable period from 2 July 2011 to 1 July 2016; (iii) 30,000,000 share options with exercisable period from 2 July 2012 to 1 July 2017; and (iv) 30,000,000 share options with exercisable period from 2 July 2013 to 1 July 2018.
6. The share options granted comprise the following: (i) 4,700,000 share options with exercisable period from 6 September 2011 to 5 September 2016; (ii) 4,700,000 share options with exercisable period from 6 September 2012 to 5 September 2017; (iii) 4,700,000 share options with exercisable period from 6 September 2013 to 5 September 2018; (iv) 20,000,000 share options with exercisable period from 6 September 2014 to 5 September 2019; and (v) 20,000,000 share options with exercisable period from 6 September 2015 to 5 September 2020.

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.

The audit committee currently comprises three independent non-executive directors, namely, Mr. Johnny Chen (the Chairman of the Audit Committee), Mr. Ip Shu Kwan, Stephen and Mr. Ng Sau Kei, Wilfred and one non-executive director, Mr. Ma Wing Man. The audit committee has reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2010 and has provided advice and comments thereon.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the nine months ended 30 September 2010, the Directors are not aware of any business or interest of the Directors, the controlling 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 nine months ended 30 September 2010.

By order of the Board
Coolpoint Energy Limited
Li Ning
Chairman and Executive Director

Hong Kong, 12 November 2010

Executive Directors:

Mr. Li Ning (*Chairman*)
Mr. Li Chun Yang
Mr. Chan Ling
Mr. Lee Wa Lun, Warren

Non-executive Directors:

Mr. Li Chun
Mr. Ma Wing Man

Independent Non-executive Directors:

Mr. Johnny Chen
Mr. Ip Shu Kwan, Stephen
Mr. Ng Sau Kei, Wilfred