Armitage Technologies Holding Limited
（萬 達 資 訊 科 技 控 股 有 限 公 司）*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

THIRD QUARTERLY RESULTS REPORT FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

* *For identification purpose only*

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This report, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "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:- (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.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2009

- Consolidated turnover (inclusive of hardware sales of HK$1.9 million) at HK$41.6 million was recorded for the period under review. Excluding hardware sales, turnover decreased by 15% compared with HK$46.9 million recorded for the corresponding period last year.

- Turnover from Hong Kong I.T. business, exclusive of hardware sales, decreased by 21% whereas the turnover from the PRC's I.T. business, exclusive of hardware sales, increased by 1% over the corresponding period last year.

- Income from discontinued operations, magazine publication, was HK$107,000, representing a decrease of 90% over the corresponding period last year.

- Amortisation of development costs amounted to HK$1.7 million, represent a decrease of 45% over the corresponding period last year.

- Operating expenses decreased by 8% compared with the corresponding period last year was resulted from various cost control schemes implemented by the Group.

- EBITDA from the Group's I.T. business for the nine months ended 31 December 2009 were HK$2.6 million.

- Loss attributed from discontinued operations, magazine publication, was HK$1.4 million, whilst loss from continuing operations was HK$953,000. Overall loss attributable to equity holders of the Company decreased to HK$2.3 million (an improvement of 18% from HK$2.8 million for the corresponding period last year).

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 31 December 2009, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

		For the nine months ended 31 December		For the three months ended 31 December	
		2009	2008	**2009**	2008
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	2	**41,530**	47,045	**13,318**	15,798
Cost of sales and services rendered		**(17,937)**	(20,849)	**(5,811)**	(7,381)
Gross profit		**23,593**	26,196	**7,507**	8,417
Other income		**751**	195	**376**	22
Operating expenses		**(24,487)**	(26,700)	**(8,063)**	(8,784)
Operating loss		**(143)**	(309)	**(180)**	(345)
Finance costs		**(741)**	(761)	**(255)**	(273)
Loss before income tax		**(884)**	(1,070)	**(435)**	(618)
Income tax (expense)/credit	3	**(69)**	3	**(113)**	32
Loss for the period from continuing operations		**(953)**	(1,067)	**(548)**	(586)
Discontinued operations					
Loss for the period from discontinued operations		**(1,379)**	(1,782)	**(69)**	(622)
Loss for the period and attributable to equity holders of the Company		**(2,332)**	(2,849)	**(617)**	(1,208)
Other comprehensive income					
Exchange (loss)/gain arising from translation of foreign operations		**(9)**	611	**(5)**	(152)
Total comprehensive income for the period and attributable to equity holders of the Company		**(2,341)**	(2,238)	**(622)**	(1,360)
Dividend		**—**	—	**—**	—
Loss per share (HK cents)	4				
From continuing and discontinued operations					
- Basic		**(0.31)**	(0.38)	**(0.08)**	(0.16)
- Diluted		**N/A**	N/A	**N/A**	N/A
From continuing operations					
- Basic		**(0.13)**	(0.14)	**(0.07)**	(0.08)
- Diluted		**N/A**	N/A	**N/A**	N/A

Consolidated Statement of Changes in Equity (Unaudited)
For the nine months ended 31 December 2009

	Attributable to equity holders of the Company						
	Share capital *HK$'000*	Accumulated losses *HK$'000*	Share premium *HK$'000*	Special reserve *HK$'000*	Exchange reserve *HK$'000*	Employee share-based compensation reserve *HK$'000*	Total *HK$'000*
At 1 April 2008 (Audited)	7,500	(27,248)	42,836	3,801	1,621	–	28,510
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	90	90
Total comprehensive income for the period	–	(2,849)	–	–	611	–	(2,238)
At 31 December 2008 (Unaudited)	7,500	(30,097)	42,836	3,801	2,232	90	26,362
At 1 April 2009 (Audited)	7,500	(30,476)	42,836	3,801	2,236	181	26,078
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	201	201
Total comprehensive income for the period	–	(2,332)	–	–	(9)	–	(2,341)
At 31 December 2009 (Unaudited)	**7,500**	**(32,808)**	**42,836**	**3,801**	**2,227**	**382**	**23,938**

Notes:

1. Basis of preparation

These unaudited consolidated quarterly financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and are prepared under historical cost convention as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued some new HKFRSs, amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Except for the HKAS 1 (revised 2007) - Presentation of financial statements and HKFRS 8 Operating segments, the application of other standards or interpretations did not have material impact on the results and the financial position of the Group.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated statement of comprehensive income , if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments.

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

Except for the above mentioned, the accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 March 2009.

2. Turnover

The Group is engaged in the provision of information solutions and design, development and sales of application software packages. Turnover, for both continuing and discontinued operations, represents revenue recognised in respect of the provision of information solutions, application software packages sold and publishing and advertising income, net of discounts and business tax, during the period. An analysis of the turnover recorded for the period is set out below:

	Continuing operations For the nine months ended 31 December		**Discontinued operations For the nine months ended 31 December**		**Consolidated total For the nine months ended 31 December**	
	2009	2008	**2009**	2008	**2009**	2008
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*	***(unaudited)***	*(unaudited)*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Provision of information solutions						
- System development and integration	**16,850**	22,947	**–**	–	**16,850**	22,947
- Maintenance and enhancement income	**1,085**	934	**–**	–	**1,085**	934
Sales of application software packages and related maintenance income	**23,595**	23,164	**–**	–	**23,595**	23,164
Publishing and advertising income	**–**	–	**107**	1,063	**107**	1,063
	41,530	47,045	**107**	1,063	**41,637**	48,108

3. Income tax (expense)/credit

Income tax (expense)/credit in the unaudited consolidated statement of comprehensive income represents:

	Continuing operations For the nine months ended 31 December		**Discontinued operations For the nine months ended 31 December**		**Consolidated total For the nine months ended 31 December**	
	2009	2008	**2009**	2008	**2009**	2008
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*	***(unaudited)***	*(unaudited)*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax	**(136)**	–	**–**	–	**(136)**	–
Deferred tax	**67**	3	**–**	–	**67**	3
Income tax (expense)/credit	**(69)**	3	**–**	–	**(69)**	3

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The Company's subsidiaries incorporated/established in Hong Kong and the People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 25% respectively. No provision for Hong Kong Profits Tax and EIT has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax and EIT for each of the two periods ended 30 September 2008 and 2009.

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which was effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 12.5%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the transitional arrangement of the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") being engaged in the research and development of IT solutions and provision of customers services was granted a preferential EIT rate of 15%. ATL(SZ) enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. During this period, ATL(SZ) enjoyed the EIT rate of 15% shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

4. **Loss per share**

The calculation of basic loss per share for all periods presented is based on the Group's loss attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during all periods.

Diluted loss per share has not been disclosed as no dilutive potential ordinary shares were in existence during all periods presented.

5. **Discontinued operations**

The Company passed an ordinary resolution on 1 August 2009 to discontinue all the businesses of magazine publication and provision of advertising services.

The comparative figures for the nine months ended 31 December 2008 have been re-presented for the discontinued operations.

6. Subsequent events

(i) On 22 December 2009, the Company and First Glory Holdings Limited ("First Glory") entered into the Armitage Subscription Agreement whereby First Glory has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue to First Glory, the Armitage Convertible Bond at a principal amount of HK$52 million.

On 9 February 2010, resolutions have been passed in the extraordinary ordinary meeting of the Company in relation to the issuance of the Armitage Convertible Bond and the Armitage Convertible Bond has been issued on 10 February 2010 at full value.

The Armitage Convertible Bond is free from any collateral of the Company and is interest bearing at 3% per annum payable monthly on outstanding principal amount. The maturity date of the Armitage Convertible Bond is 9 February 2013. First Glory has the right to convert the Armitage Convertible Bond in whole or in part into the ordinary shares of the Company at a conversion price of HK$0.065 and has the right to early redeem the Armitage Convertible Bond subject to the conditions and terms set out in the Armitage Subscription Agreement.

(ii) On 22 December 2009, Marvel Success Limited ("Marvel"), a wholly owned subsidiary of the Company, which is incorporated in British Virgin Islands on 10 November 2009 with limited liability, entered into the PJ Subscription Agreement with PJ Partners Pte Limited ("PJ Partners"), which is a company incorporated in Singapore with limited liability and is an independent third party to the Group, pursuant to which, Marvel conditionally agreed to subscribe for, and PJ Partners conditionally agreed to issue, the PJ Convertible Bond at a principal amount of US$2 million,

On 10 February 2010, the Company has subscribed the PJ Convertible Bond at full value. The PJ Convertible Bond is guaranteed by Port Japan Patners, Inc ("Port Japan") and Mr. Seiki Takahashi ("Mr. Seiki"). PJ Partners is a wholly-owned subsidiary of Port Japan and Mr. Seiki is the chief executive officer of Port Japan. The PJ Convertible Bond is interest bearing at 5% per annum payable yearly on outstanding principal amount. The maturity date of the PJ Convertible Bond is 9 February 2012. The Company has the right to convert the PJ Convertible Bond in whole or in part into ordinary shares of PJ Partners and has the right to early redeem the Armitage Convertible Bond subject to the conditions and terms set out in the PJ Subscription Agreement.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 31 December 2009 (2008: Nil).

BUSINESS REVIEW

The Group's unaudited total turnover for both continuing and discontinued operations for the nine months ended 31 December 2009 amounted to HK$41.6 million (2008: HK$48.1 million), a decrease of 14% compared with the corresponding period last year. Excluding the hardware sales of HK$1.9 million (2008: HK$1.2 million), turnover decreased by 15% compared with the corresponding period last year. Net loss attributable to equity holders of the Company was HK$2.3 millin (2008: HK$2.8 million).

HONG KONG OPERATIONS

Outsourcing and Information Solutions

The total turnover generated from the Outsourcing and Information Solutions Business Unit for the nine months ended 31 December 2009 was HK$17.9 million, representing an decrease of 25% when compared with HK$23.9 million recorded for the corresponding period last year.

Consistent with reports from the previous quarters, the economic downturn has continued to hit the logistic and transportation industry severely. Insourcing contract with the largest airline operator in Hong Kong is still continuing but the revenue has been diminishing. Meanwhile, the Group has started delivering the Code Review project (HCMS) that has been confirmed in the last fiscal quarter for a reputable telecom company in Hong Kong. We have also been able to conclude two new contracts with the same client, the Learning Management System (LMS) and the Administration Jobs Request Handling System (AJRHS), to be delivered by our Shenzhen offshore development team within the fiscal year of 2009-10. We will continue to explore other opportunities with this client and prospects looks optimistic.

During the reporting period, our Shenzhen subsidiary has been undergoing the planning of a series of roadshows to introduce and demonstrate our Gasoline Management System ("GMS") to prospective terminal operators. Because of our reputation in the industry, our existing client, the largest private-owned container terminal operator world-wide, is interested in exploring on the application of GMS to terminal operators in Hong Kong. We will arrange presentation to this client accordingly. At the same time, our Shenzhen subsidiary has already submitted our tender to the container terminal port operator in Shekou, Shenzhen, to bid for the Enterprise Asset Management (EAM) System. The Group is confident that we will have a good chance of winning the bid. Outsourcing services for other existing accounts are also being extended, and the Group will continue to exert efforts to consolidate and expand businesses with these clients.

Applications Software Packages Solutions

Total turnover generated from the entire Application Business Unit was HK$6.2 million (2008: HK$6.6 million), among which turnover generated from the Group's proprietary ERP application software package Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, decreased to HK$5.0 million, a 2% decrease when compared with HK$5.1 million of the corresponding period last year. Several new contracts were concluded during the reported period, as well as a number of system enhancements and additional services contracts requested by existing ***AIMS/ Konto*** clients. With the traditional peak season for this business unit approaching, the Group is moderately optimistic that businesses for this sector will be getting back on track. Meanwhile, the business unit has also been enhancing the function of the manufacturing module, such as upgrading the CRP/Rostering function and developing the custom module.

PRC OPERATIONS

Pegasus Hotel Management System ("*Pegasus PMS*")

The turnover generated from ***Pegasus PMS*** amounted to HK$15.5 million (excluding hardware sales of HK$1.9 million), representing an increase of 1% compared with HK$15.4 million recorded for the corresponding period last year (excluding hardware sales of HK$1.2 million).

Business has been slowly recovering towards the latter half of 2009 because of the robust property market activities and forthcoming major events such as the Asian Games 2010 in Guangzhou and the World Expo 2010 in Shanghai. A few notable cases included a contract concluded with a hotel in the Fujian Province that is managed by a prominent Hong Kong hotel management company. Meanwhile, we have also signed a cooperation agreement with a renowned budget chain hotel to develop their Central Reservation System and to implement ***Pegasus PMS*** for over a hundred hotels under their management. Last but not least, during the reporting period, the Group has successfully implemented the Asia Pacific Central Reservation System for a hotel chain group managed under a Singaporean hotel management company, as well as the completion of the implementation of the English version of ***Pegasus PMS*** of their three hotels located in Bangkok. It is an important step benchmarking the Group's entry into the international hospitality market.

During the reporting period, the company has also held workshops for with our customers from the Central and Northern regions regarding the new features embedded into the upcoming version of ***Pegasus PMS***, as well as meetings and briefings to strengthen business relationships.

FUTURE PROSPECTS

HONG KONG OPERATIONS

Outsourcing and Information Solutions

The Group is actively seeking prospective business opportunities to increase our sources of revenue. Because of our outstanding reputation in delivery and services, a global leader in the air cargo terminal operation, is interested in developing an offshore development centre in Southern China in provision of I.T. services has invited us into a partnership. A visit to our Shenzhen office has been planned in January 2010. The Group believes that this project is crucial to our subsidiary's business development not only because of its huge project size, but also that we acquire air cargo handling knowledge through this project that will be beneficial to our logistic and transportation business tremendously in the future. We are quite optimistic to this bid and it will bring in a substantial amount of revenue to our Shenzhen subsidiary on a long term basis.

Application Software Packages Solutions

With the new contracts concluded during the reported period, businesses for this business unit have been getting back on track, and the Group is confident that we will be able to achieve the targeted sales by the end of fiscal year. The success of the launching of ***AIMS express*** and TradeEasy has allowed the Group to understand the needs of the market more thoroughly, and the business unit will exert more effort in the coming quarter on the enhancement of ***AIMS***, such as upgrading our development to Delphi 2007 and our reporting tool from QR2 to Crystal Report. The Group firmly believes that the future for ***AIMS*** is positive and will continue to pay effort into researching and redeveloping this product to make it more competitive and expand our customer base and market share in the Pearl River Delta region.

PRC OPERATIONS

Pegasus Hotel Management System ("*Pegasus*")

The flourishing of the PRC property and stock markets and the stablising of the economy has led to a mark improvement of the business sentiment, and business for ***Pegasus PMS*** has also been getting on track. In alignment with the company's long term strategy on utilising the over 1,500 hotel connections we possessed and the domain knowledge in the industry, the Company is spending effort and time in developing our own B2B platform. The Group will cautiously pursue the most appropriate business model that would generate the maximal outcome.

The continuous improvement of the living standards of the people has resulted in the food and beverage industry in the PRC to thrive at an astounding rate. In order to cope with the markets' needs and requirements, the Group has decided to streamline the operation procedure of our existing ***Pegasus*** Food and Beverage System by increasing its user-friendliness and enhancing the backend functions to fit the market needs. The Group is anticipating cooperation with suitable and reliable hardware vendors and local food and beverage corporations to increase our exposure in this dynamic and fast-moving business sector.

FINANCIAL REVIEW

Consolidated results of operations

For the nine months ended 31 December 2009, the Group recorded a total turnover of HK$41.6 million (2008: HK$48.1 million), of which HK$41.5 million (2008: HK$47.0 million) is from continuing operations and HK$107,000 (2008: HK$1.1 million) is from discontinued operations. For the continuing operations, exclusive of hardware sales of HK$1.9 million (2008: HK$1.2 million), the turnover decreased by 14% compared with the corresponding period last year.

Turnover generated from Hong Kong continuing operations was HK$24.2 million (2008: HK$30.5 million), representing a decrease of 21% compared with the corresponding period last year.

Turnover generated from PRC continuing operations was HK$17.4 million (2008: HK$16.5 million). Exclusive of hardware sales of HK$1.9 million (2008: HK$1.2 million), this represented an increase of 1% compared with the corresponding period last year.

The gross profit margin from the continuing operations of the Group was 57% (2008: 56%), a slight increase compared with the corresponding period last year.

Loss for the period from continuing and discontinued operations were HK$953,000 and HK$1.4 million respectively (2008: HK$1.0 million and HK$1.8 million respectively). The loss for the period from continuing operations had an improvement of 5% compared with the corresponding period last year. Net loss attributable to the equity holders of the Company was HK$2.3 million (2008: HK$2.8 million), representing an improvement of 18% compared with the corresponding period last year.

The Group's core business is provision of I.T. services and sales of application software packages ("IT business"). The EBITDA (earnings before interest, income tax, depreciation and amortisation) for the nine months ended 31 December 2009 from its IT business was HK$2.6 million (2008:HK$4.3 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

During the periods from 7 May 2009 to 3 June 2009 and from 28 July 2009 to 10 August 2009, Ms. Leung Mee Chun, Stella ("Mrs. Lee"), the spouse of Mr. Lee Shun Hon, Felix ("Mr. Lee"), the Chairman and the Executive Director of the Company, had dealt with the Company's shares during the blackout periods in 2009.

As Mr. Lee is financially independent from Mrs. Lee, he was not aware of such dealings until recently when he reviewed his associates' as well as his own shareholding positions for the purposes of the possible disposal of his controlling stake in the Company as announced by the Company on 6 November 2009. In the course of such review, it had come to the attention of the Mr. Lee that Mrs. Lee had dealt in the shares of the Company during the blackout periods.

As at 31 December 2009, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were 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 are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 4)*
Mr. Lee Shun Hon, Felix	Personal	206,858,740	27.58%
	Family	32,797,651 *(Note 1)*	4.37%
	Corporate	114,578,176 *(Note 2)*	15.28%
Ms. Jim Sui Fun	Personal	3,034,786	0.40%
Mr. Lee Wai Yip, Alvin	Personal	29,190,595	3.89%
Dr. Liao, York	Corporate	29,988,007 *(Note 3)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's spouse, Ms. Leung Mee Chun, Stella and therefore Mr. Lee Shun Hon, Felix is deemed to have interests in these shares in which Ms. Leung Mee Chun, Stella are interested.

2. These shares are held by Kingspecial Investments Limited ("Kingspecial"), which is owned as to 30% by Mr. Lee Shun Hon, Felix and therefore Mr. Lee Shun Hon, Felix is deemed to have interests in these shares in which Kingspecial is interested.

3. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have interests in these shares in which Winbridge is interested.

4. Based on 750,000,000 shares of the Company in issue as at 31 December 2009.

(b) Long positions in underlying shares of equity derivatives of the Company

A summary of the share option granted to the directors pursuant to the share option scheme adopted on 26 February 2003 was as follow:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Ms. Jim Sui Fun	Personal	10 October 2009 to 25 February 2013	HK$0.055	7,400,000
Mr. Lee Wai Yip, Alvin	Personal	10 October 2009 to 25 February 2013	HK$0.055	5,500,000
				12,900,000

Save as disclosed herein, as at 31 December 2009, none of the directors had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were 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 are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to any directors of the Company, as at 31 December 2009, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	114,578,176 *(Note 2)*	15.28%
	Personal	22,212,000	2.96%

Notes:

1. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Mrs. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong has indirect interests through his shareholding interests of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 31 December 2009.

Save as disclosed herein, so far as is known to the directors of the Company, as at 31 December 2009, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee 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 draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive directors, namely Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.

Up to the date of approval of the Group's unaudited results for the nine months ended 31 December 2009, the Audit Committee has held three meetings and has reviewed the draft third quarterly report and accounts for the nine months ended 31 December 2009 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 11 February 2010

As at the date of this report, the Company's executive directors are Mr. Lee Shun Hon, Felix, Ms. Jim Sui Fun and Mr. Lee Wai Yip, Alvin; non-executive director is Dr. Liao, York; independent non-executive directors are Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.