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)

INTERIM REPORT
FOR THE PERIOD ENDED
30 SEPTEMBER 2010

* *For identification purpose only*

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

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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 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.

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

- Consolidated turnover for both continuing and discontinued operations at HK$32.4 million was recorded for the reporting period, increased by 14% compared with HK$28.3 million recorded for the corresponding period last year.

- Turnover from information technology and food and and beverage businesses is HK$27.0 million and HK$5.4 million respectively.

- Amortisation of development costs, trade mark and intangible assets amounted to HK$2.0 million, representing an increase of 77% over the corresponding period last year.

- Overall loss attributable to equity holders of the company increased to HK$6.4 million from HK$1.7 million compared with the corresponding period last year.

- During the period ended 30 September 2010, the Group acquired a group of companies as its wholly owned subsidiaries, at considerations for the investment cost and shareholder's loan of approximately HK$7.7 million and HK$1.7 million respectively, which are currently running a Japanese restaurant franchise in Hong Kong.

INTERIM RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 30 September 2010, together with the comparative unaudited consolidated figures for the corresponding period:

Consolidated Statement of Comprehensive Loss (Unaudited)
For the six months ended 30 September 2010

		For the six months ended 30 September		For the three months ended 30 September	
		2010	2009	**2010**	2009
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations					
Turnover	2	**32,391**	28,212	**19,763**	15,419
Cost of sales and services rendered		**(11,789)**	(12,126)	**(6,514)**	(6,501)
Gross profit		**20,602**	16,086	**13,249**	8,918
Other net income/(expense)		**730**	375	**369**	(12)
Operating expenses		**(25,670)**	(16,424)	**(15,751)**	(8,811)
Operating (loss)/profit		**(4,338)**	37	**(2,133)**	95
Finance costs	3(a)	**(1,259)**	(486)	**(591)**	(241)
Loss before income tax	3	**(5,597)**	(449)	**(2,724)**	(146)
Income tax (expense)/credit	4	**(848)**	44	**(785)**	74
Loss for the period from continuing operations		**(6,445)**	(405)	**(3,509)**	(72)
Discontinued operations	8				
Loss for the period from discontinued operations		**—**	(1,310)	**—**	(699)
Loss for the period and attributable to equity holders of the Company		**(6,445)**	(1,715)	**(3,509)**	(771)
Other comprehensive loss					
Exchange loss arising from translation of financial statements of foreign operations		**(16)**	(4)	**(58)**	(4)
Total comprehensive loss for the period and attributable to equity holders of the Company		**(6,461)**	(1,719)	**(3,567)**	(775)
Dividend		**—**	—	**—**	—
Loss per share (HK cents)	5				
From continuing and discontinued operations					
- Basic		**(0.62)**	(0.23)	**(0.32)**	(0.10)
- Diluted		**N/A**	N/A	**N/A**	N/A
From continuing operations					
- Basic		**(0.62)**	(0.05)	**(0.32)**	(0.01)
- Diluted		**N/A**	N/A	**N/A**	N/A

Condensed Statement of Financial Position

As at 30 September 2010

	Note	**At 30 September 2010 *(Unaudited)* *HK$'000***	At 31 March 2010 *(Audited)* *HK$'000*
NON-CURRENT ASSETS			
Plant and equipment		**5,930**	3,180
Trade mark		**94**	70
Goodwill on consolidation		**3,474**	1,721
Intangible assets		**1,352**	—
Development costs		**11,412**	11,354
Club debenture, at cost		**200**	200
Deferred tax assets		**1,472**	1,617
Other financial assets		**16,850**	16,850
Deposit paid		**173**	—
		40,957	34,992
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**975**	870
Inventory		**70**	—
Debtors, deposits and prepayments	6	**15,896**	12,478
Pledged time deposits		**5,000**	—
Pledged bank balance		**—**	55
Time deposits		**7,009**	10,000
Cash and bank balances		**24,604**	22,076
		53,554	45,479
DEDUCT:			
CURRENT LIABILITIES			
Bank overdrafts, secured		**443**	119
Bank loan, secured		**702**	3,186
Bank loan - discounting arrangement, secured		**1,197**	806
Obligation under finance lease		**—**	21
Creditors, accruals and deposits received	7	**9,695**	10,650
Income tax payable		**425**	332
		12,462	15,114
NET CURRENT ASSETS		**41,092**	30,365

	Note	At 30 September 2010 (Unaudited) HK$'000	At 31 March 2010 (Audited) HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**82,049**	65,357
NON-CURRENT LIABILITIES			
Convertible bonds		**36,054**	47,410
Deferred tax liabilities		**128**	—
Bank loans, secured		**1,094**	2,585
NET ASSETS		**44,773**	15,362
REPRESENTING:			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital		**10,953**	7,703
Reserves		**33,820**	7,659
TOTAL EQUITY		**44,773**	15,362

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company							
	Share capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Employee share-based compensation reserve	Convertible bonds equity reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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	–	–	–	–	–	192	–	192
Total comprehensive loss for the period	–	(1,715)	–	–	(4)	–	–	(1,719)
At 30 September 2009 (Unaudited)	7,500	(32,191)	42,836	3,801	2,232	373	–	24,551
At 1 April 2010 (Audited)	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362
Conversion of convertible bonds	2,000	–	10,562	–	–	–	(700)	11,862
Placing of shares	1,100	–	20,392	–	–	–	–	21,492
Acquisition of subsidiaries	150	–	2,250	–	–	–	–	2,400
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	118	–	118
Total comprehensive loss for the period	–	(6,445)	–	–	(16)	–	–	(6,461)
At 30 September 2010 (Unaudited)	**10,953**	**(51,746)**	**77,343**	**3,801**	**2,200**	**122**	**2.100**	**44,773**

Condensed Consolidated Statement of Cash Flows

	For the six months ended 30 September	
	2010	2009
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	**(9,880)**	386
NET CASH USED IN INVESTING ACTIVITIES	**(8,816)**	(1,637)
NET CASH FROM FINANCING ACTIVITIES	**17,886**	4,125
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(810)**	2,874
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**31,957**	(8,038)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	**23**	—
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**31,170**	(5,164)

ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 30 September 2010	At 30 September 2009
	(Unaudited)	*(Unaudited)*
	HK$'000	*HK$'000*
Time deposits	**7,009**	—
Cash and bank balances	**24,604**	3,767
Bank overdrafts	**(443)**	(8,931)
	31,170	(5,164)

Notes:

1. Basis of preparation

These unaudited consolidated interim results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the 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 accounting policies and basis of preparation used in preparing the unaudited consolidated interim results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2010 except the application of HKFRS 8 – Operating Segments.

In the past, the Group managed its businesses by two geographical divisions, Hong Kong and People's Republic of China ("PRC"). These divisions were the basis on which the Group reported its segment information. After the completion of acquiring a new business, food and beverage business, at the end of June 2010, the most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments which are information technology business and food and beverage business. The comparative figures have been restated as a result of the change of segment information presented.

2. Turnover

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

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September		Total For the six months ended 30 September	
	2010	2009	**2010**	2009	**2010**	2009
	(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	**9,586**	12,283	**–**	–	**9,586**	12,283
- Maintenance and enhancement income	**1,284**	408	**–**	–	**1,284**	408
Sales of application software packages and related maintenance income	**16,139**	15,521	**–**	–	**16,139**	15,521
Food and beverage	**5,382**	–	**–**	–	**5,382**	–
Publishing and advertising income	**–**	–	**–**	107	**–**	107
	32,391	28,212	**–**	107	**32,391**	28,319

3. Loss before income tax

Loss before income tax is arrived at after charging:

	Continuing operations For the six months ended 30 September		Discontinued operations For the six months ended 30 September		Total For the six months ended 30 September	
	2010	2009	**2010**	2009	**2010**	2009
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*	***(unaudited)***	*(unaudited)*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(a) Finance costs:						
Interest expense on convertible bonds	**603**	–	**–**	–	**603**	–
Imputed interest expense on convertible bonds	**509**	–	**–**	–	**509**	–
Interests on bank loans and overdraft repayable within five years	**102**	452	**–**	–	**102**	452
Finance charge on obligation under finance lease	**1**	4	**–**	–	**1**	4
Other bank charge	**44**	30	**–**	1	**44**	31
	1,259	486	**–**	1	**1,259**	487
(b) Other items:						
Amortisation of development costs	**599**	1,144	**–**	–	**599**	1,144
Amortisation of trade mark	**2**	2	**–**	–	**2**	2
Amortisation of intangible assets	**1,427**	–	**–**	–	**1,427**	–
Depreciation	**734**	431	**–**	12	**734**	443
Less: Amounts capitalised as development costs	**25**	40	**–**	–	**25**	40
	709	391	**–**	12	**709**	403

4. Income tax (expense)/credit

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

	For the six months ended 30 September	
	2010	2009
	(unaudited)	*(unaudited)*
	HK$'000	*HK$'000*
Current tax	**(604)**	—
Deferred tax	**(244)**	44
Income tax (expense)/credit	**(848)**	44

(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 PRC are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 25% respectively.

(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 15%. 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 information technology 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% 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.

5. Loss per share

(a) The calculation of basic loss per share is based on the Group's loss attributable to equity shareholders of the Company of HK$6,445,000 (2009: HK$1,715,000) and the weighted average number of ordinary shares of 1,032,486,000 (2009: 750,000,000) in issue during the period for the six months ended 30 September 2010, calculated as follows:

	2010		2009	
	Loss attributable to equity holders	**Weighted average number of ordinary shares**	Loss attributable to equity holders	Weighted average number of ordinary shares
	HK$'000		*HK$'000*	
Continuing operations	**(6,445)**	**1,032,486,000**	(405)	750,000,000
Discontinued operations	**—**	**1,032,486,000**	(1,310)	750,000,000
	(6,445)	**1,032,486,000**	(1,715)	750,000,000

Weighted average number of ordinary shares

	2010	2009
	'000	*'000*
Issued ordinary shares at the beginning of the period	**770,300**	750,000
Effect of conversion of convertible bond	**178,142**	—
Effect of placing of shares	**76,339**	—
Effect of consideration shares upon acquisition of subsidiaries	**7,705**	—
Weighted average number of ordinary shares at the end of the period	**1,032,486**	750,000

(b) The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK$3,509,000 (2009: HK$771,000) and the weighted average number of ordinary shares of 1,095,300,000 (2009: 750,000,000) in issue during the period for the three months ended 30 September 2010, calculated as follows:

	2010		2009	
	Loss attributable to equity holders *HK$'000*	**Weighted average number of ordinary shares**	Loss attributable to equity holders *HK$'000*	Weighted average number of ordinary shares
Continuing operations	**(3,509)**	**1,095,300,000**	(72)	750,000,000
Discontinued operations	**—**	**1,095,300,000**	(699)	750,000,000
	(3,509)	**1,095,300,000**	(771)	750,000,000

Weighted average number of ordinary shares

	2010 *'000*	2009 *'000*
Issued ordinary shares at the beginning of the period	**770,300**	750,000
Effect of conversion of convertible bond	**200,000**	—
Effect of placing of shares	**110,000**	—
Effect of consideration shares upon acquisition of subsidiaries	**15,000**	—
Weighted average number of ordinary shares at the end of the period	**1,095,300**	750,000

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 30 September 2009 and 2010.

6. Debtors, deposits and prepayments

Debtors, deposits and prepayments comprise:

	At 30 September 2010 ***(Unaudited)*** ***HK$'000***	At 31 March 2010 *(Audited)* *HK$'000*
Trade debtors	**10,861**	11,580
Less: Accumulated impairment losses	**(2,416)**	(1,932)
	8,445	9,648
Rental and utility deposits	**520**	427
Prepayments	**4,832**	1,037
Interest receivable	**499**	—
Other debtors	**1,600**	1,366
	15,896	12,478

(a) Aging analysis

The Group allows its customers credit period of normally 30 days to 60 days depending on their creditworthiness. The following is an aging analysis of trade debtors (net of allowance for doubtful debts) at the balance sheet date:

	At 30 September 2010 ***(Unaudited)*** ***HK$'000***	At 31 March 2010 *(Audited)* *HK$'000*
0 - 30 days	**6,600**	7,335
31 - 60 days	**323**	213
61 - 90 days	**384**	631
91 - 180 days	**381**	368
181 - 365 days	**474**	352
Over 1 year	**283**	749
	8,445	9,648

(b) As at 30 September 2010, trade debtors of approximately HK$1.3 million (at 31 March 2010: HK$896,000) have been assigned to a bank with recourse under discounting arrangement.

(c) Movements of the accumulated impairment losses during the period are as follow:

	At 30 September 2010 (Unaudited) HK$'000	At 31 March 2010 (Audited) HK$'000
At the beginning of the period/year	**1,932**	1,448
Impairment loss for the period/year	**473**	484
Exchange adjustment	**11**	—
At the end of the period/year	**2,416**	1,932

(d) Trade debtors that are not impaired

The aging analysis of trade debtors that are not considered to be impaired is as follows:

	At 30 September 2010 (Unaudited) HK$'000	At 31 March 2010 (Audited) HK$'000
Neither past due nor impaired	**5,718**	6,448
Past due but not impaired:		
1 - 30 days	**882**	887
31 - 60 days	**323**	213
61 - 90 days	**384**	631
91 - 180 days	**381**	368
181 - 365 days	**474**	352
Over 1 year	**283**	749
	2,727	3,200
	8,445	9,648

Trade debtors that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

7. Creditors, accruals and deposits received

Creditors, accruals and deposits received comprise:

	At 30 September 2010 *(Unaudited)* ***HK$'000***	At 31 March 2010 *(Audited)* *HK$'000*
Trade creditors	**1,795**	1,115
Deferred enhancement and maintenance income - *Note*	**1,721**	1,747
Accruals and provisions	**5,890**	7,421
Other creditors	**289**	367
	9,695	10,650

Note :

Deferred maintenance income represents after-sales maintenance service income from customers in respect of system development and integration projects and sales of application software packages. After the completion of the system development project or sales of application software packages, the Group charged its customers the maintenance service fee in advance.

The following is an aging analysis of trade creditors:

	At 30 September 2010 *(Unaudited)* ***HK$'000***	At 31 March 2010 *(Audited)* *HK$'000*
0 - 30 days	**497**	145
31 - 60 days	**366**	34
61 - 90 days	**21**	32
91 - 180 days	**105**	106
Over 180 days	**806**	798
	1,795	1,115

8. 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.

a. Loss for the period for the publishing and advertising income was as follow:

	For the six months ended 30 September 2010 ***(Unaudited)*** ***HK$'000***	For the six months ended 30 September 2009 *(Unaudited)* *HK$'000*
Turnover	—	107
Cost of sales and services rendered	—	(149)
Gross loss	—	(42)
Other income	—	1
Operating expenses	—	(1,268)
Operating loss	—	(1,309)
Finance costs	—	(1)
Loss before income tax	—	(1,310)
Income tax expenses	—	—
Loss for the period	—	(1,310)

b. The net cash flows incurred by the publishing and advertising income was as follow:

	For the six months ended 30 September 2010 ***(Unaudited)*** ***HK$'000***	For the six months ended 30 September 2009 *(Unaudited)* *HK$'000*
Operating activities	—	40
Investing activities	—	—
Financing activities	—	—
	—	40

9. Acquisition of subsidiaries

On 29 June 2010, the Group acquired a group of companies as its wholly owned subsidiaries, for the investment cost and shareholder's loan of approximately HK$7.7 million and HK$1.7 million, which are currently running a Japanese restaurant franchise in Hong Kong.

The net assets acquired in above acquisition are as follows:

	Total
	HK$'000
Net assets acquired:	
Intangible assets	2,779
Deposit paid	173
Plant and equipment	3,068
Inventory	64
Debtors, deposits and prepayments	1,405
Cash and bank balances	2,441
Creditors, accruals and deposits received	(3,905)
Income tax payable	(45)
Deferred tax liabilities	(29)
	5,951
Goodwill arising on acquisition	1,753
Total consideration	7,704
Total consideration satisfied by:	
15,000,000 consideration shares issued upon completion	2,400
Cash consideration	7,025
Assignment of debt	(1,721)
Total consideration	7,704
Net cash outflow arising on acquisition:	
Cash consideration paid	7,025
Less: Cash and bank balances acquired	(2,441)
	4,584

10. Related party and connected transactions

The Group had the following related party and connected transactions under the GEM Listing Rules during the period:

	Note	For the six months ended 30 September **2010** ***(Unaudited)*** ***HK$'000***	2009 *(Unaudited)* *HK$'000*
(i) Rentals paid to Supercom Investments Limited "(Supercom)"	(a)	**256**	256
(ii) Management fee income from Supercom	(b)	**—**	8
(iii) Management fee income from Kingspecial Investments Limited	(b)	**—**	8
(iv) Management fee income from Positive Corporation Limited	(b)	**2,453**	—

Note:

(a) The transaction was entered into with reference to market rate as appraised by independent professional valuers.

(b) The amounts were predetermined by both parties.

The directors have reviewed the above related party and connected transactions and are of the opinion that these transactions were effected on normal commercial terms (or better to the Group) and in the ordinary course of the business of the Group.

Key management compensation

	For the six months ended 30 September **2010** ***(Unaudited)*** ***HK$'000***	2009 *(Unaudited)* *HK$'000*
Fees for key management personnel	**—**	—
Salaries, allowances and other benefits in kind	**2,845**	2,835
Retirement scheme contributions	**63**	74
Equity-settled share-based payment expenses	**118**	161
	3,026	3,070

11. Segment information

(a) The following is an analysis of the Group's unaudited revenue and results by reportable segment from continuing operations for the period under review:

For the six months ended 30 September 2010

	Information technology *HK$'000*	Food and beverage *HK$'000*	Unallocated *HK$'000*	Inter-segment *HK$'000*	Total *HK$'000*
Revenue from external customers	**27,009**	**5,382**	**—**	**—**	**32,391**
Segment results	**(601)**	**(510)**	**—**	**—**	**(1,111)**
Interest income	31	496	–	–	527
Depreciation and amortisation	(985)	(1,752)	–	–	(2,737)
Unallocated corporate income	–	–	2	–	2
Unallocated corporate expense	–	–	(1,019)	–	(1,019)
Operating loss	**(1,555)**	**(1,766)**	**(1,017)**	**—**	**(4,338)**
Finance costs	(145)	(1)	(1,113)	–	(1,259)
Loss before income tax	**(1,700)**	**(1,767)**	**(2,130)**	**—**	**(5,597)**
Income tax expense	(368)	(480)	–	–	(848)
Loss for the period	**(2,068)**	**(2,247)**	**(2,130)**	**—**	**(6,445)**
Segment assets	**47,229**	**35,818**	**72,732**	**(61,268)**	**94,511**
Segment liabilities	**(72,105)**	**(38,085)**	**(37,697)**	**98,149**	**(49,738)**

For the six months ended 30 September 2009

	Information technology *HK$'000*	Food and beverage *HK$'000*	Unallocated *HK$'000*	Inter-segment *HK$'000*	Total *HK$'000*
Revenue from external customers	**28,212**	**—**	**—**	**—**	**28,212**
Segment results	**2,219**	**—**	**—**	**—**	**2,219**
Interest income	27	–	–	–	27
Depreciation and amortisation	(1,537)	–	–	–	(1,537)
Unallocated corporate expense	–	–	(672)	–	(672)
Operating profit/(loss)	**709**	**—**	**(672)**	**–**	**37**
Finance costs	(486)	–	–	–	(486)
Profit/(loss) before income tax	**223**	**—**	**(672)**	**–**	**(449)**
Income tax credit	44	–	–	–	44
Profit/(loss) for the period	**267**	**—**	**(672)**	**–**	**(405)**
Segment assets	**61,899**	**—**	**39,633**	**(51,121)**	**50,411**
Segment liabilities	**(45,075)**	**—**	**(583)**	**19,507**	**(26,151)**

(b) **Reconciliation of reportable segment loss**

	For the six months ended 30 September	
	2010	2009
	HK$'000	*HK$'000*
Reportable segment loss for the period	**(6,445)**	(405)
Loss for the period from discontinued operations	**—**	(1,310)
Consolidated loss for the period	**(6,445)**	(1,715)

(c) **Reconciliation of segment assets and liabilities**

	At 30 September	
	2010	2009
	HK$'000	*HK$'000*
Assets		
Information technology business	**47,229**	61,899
Food and beverage business	**35,818**	—
Unallocated	**72,732**	39,633
Inter-segment	**(61,268)**	(51,121)
Discontinued operations	**—**	339
Consolidated assets	**94,511**	50,750
Liabilities		
Information technology business	**(72,105)**	(45,075)
Food and beverage business	**(38,085)**	—
Unallocated	**(37,697)**	(583)
Inter-segment	**98,149**	19,507
Discontinued operations	**—**	(48)
Consolidated liabilities	**(49,738)**	(26,199)

(d) The total amount of turnover from a group of companies from information technology segment amounted to 10 per cent or more of the Group's turnover was HK$6.9 million (2009: HK$9.2 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 September 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's unaudited total turnover for both continuing and discontinued operations for the six months ended 30 September 2010 amounted to HK$32.4 million (2009: HK$28.3 million), an increase of 14% compared with the corresponding period last year. Net loss attributable to the holders of the Company was increased to HK$6.4 million from HK$1.7 million.

INFORMATION TECHNOLOGY BUSINESS

Outsourcing and Information Solutions

The total turnover generated from the Outsourcing and Information Solutions Business Unit for the six months ended 30 September 2010 was HK$10.9 million, representing a decrease of 14% when compared with HK$12.7 million recorded for the corresponding period last year.

Apart from the continuation of providing information technology ("I.T.") services via insourcing contracts with the largest airline operator in Hong Kong and the largest private container terminal operator in Hong Kong and Shenzhen, the development team building up for the Hong Kong's largest air cargo terminal operator has been expanded steadily during the reporting period. The Group expects the team size, mainly consists of PRC staff and resources, will be grown gradually in our Shenzhen subsidiary to keep pace with this customer to develop its critical cargo handling operations system. However, the continuous appreciation of Renminbi has place the Group under tremendous pressure stressing from the narrowing in the profit margin as the sale contract was concluded and denominated in Hong Kong dollars.

The two contracts concluded in last quarter respectively with the largest credit union in supporting the operations of a quasi-government organisation and a large supplier of heavy building materials in Hong Kong have proceeded in accordance with the agreed schedules. The Group expects these contracts will generate steady revenue in the coming quarters.

Following the successful award of CMMI (Capability Maturity Model Integration) Level-3 to our Guangzhou subsidiary in earlier this year, our Shenzhen subsidiary has been conducting the same exercise in order to be certified as a professional I.T. service provider with international endorsement and recognition. The Group targets to get the award within this fiscal year.

During the reporting period, our Shenzhen subsidiary has concluded two contracts, one with our existing client, the private container terminal operator in Yantian, to develop a system catering for their revenue management and interfacing with the terminal operation system, and the other with the container terminal operator in Bao'an District, Shenzhen to develop a barge control and planning system. These two projects will serve the purpose of enriching our professional domain knowledge in the logistic and transportation industry. However, the revenue generated was below the Group's expectation at the beginning of the year.

Applications Software Packages Solutions

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$2.3 million, a 15% decrease when compared with HK$2.7 million recorded for the corresponding period last year. Economy seems at last emerging slowly from financial meltdown since more inquiries have been received from the potential ERP clients. As such, the Group has concluded a few new ***AIMS*** contracts in this quarter. In view of the revenue generated from the new contracts and the system enhancements and additional services so far concluded by our existing ***AIMS/ Konto 21*** clients did not meet our expectation, the Group has launched a cost-efficient ERP system, ***Tactics***, in order to strive for more market share. A contract with an electrical appliance manufacturer has been awarded in this quarter. The Group will try its best to attract new clients and bring in new business opportunities with this budget-oriented, cost effective ERP version under the current difficult market environment.

Hospitality Software Solutions

For the six months ended 30 September 2010, turnover from hospitality software solutions amounted to HK$13.4 million (HK$2009: HK$11.0 million), representing an increase of 22% as compared with the corresponding period last year. The performance of the Southern and North Eastern Regions were within our expectation and the Western Region recorded a satisfactory improvement when compared with the corresponding period last year.

The continuous economic growth in Mainland China has led to the prosperity in the hospitality industry in general. Local chains are being formed as an alliance and therefore there is a strong need on group solutions in hospitality industry. Having been servicing in the industry for almost twenty years, the Group has established a good reputation in China. However, the competition is high as the thriving industry also brought in many new comers who are willing to lower their price to a cut throat level in order to compete with companies like us. Consequently, the subsidiary is facing with the dilemma of whether to stay on our pricing strategy or to sacrifice the profit margin by lowering our price level in order to be more competitive.

Around twenty existing hotel customers signed agreements to join our www.fangcoo.com (房庫) and are using our online booking service. The potential of e-commerce is huge and the Group has realised this opportunity since the end of 2009. Our online booking service connects hotels using ***Pegasus*** Property Management System (PMS) to online booking tools, whereby real time availability of rooms, rates of hotels can be accessed on-line and confirmation of booking can be sent to guests instantaneously.

Improvement in overall selling techniques of the whole sales team from the traditional product sales-oriented to a consultative sales-oriented remains the most challenge task of the subsidiary to face for the rest of the fiscal year.

FOOD AND BEVERAGE BUSINESS

After the completion of the acquisition at the end of last fiscal quarter of a group of companies which are currently running a Japanese restaurant franchise. Our food and beverage business achieved a satisfactory result in this fiscal quarter with a turnover of approximately HK$5.4 million. As the financial result of our food and beverage operation has contributed a positive result to the Group, the Board is optimistic that the food and beverage business will continue to enhance the future prospect of the Group's development.

FUTURE PROSPECTS

INFORMATION TECHNOLOGY BUSINESS

Outsourcing and Information Solutions

Ensuring our I.T. services quality and project delivery, with our existing and long-term clients, are always the top priority of the Group. We have been reviewing regularly the business model with our clients to actualise our project commitment and maximise the cost effectiveness of our projects. However, facing the recent growing pressure in Renminbi appreciation and the increasing trend of labour costs, the future prospect of this business is still not clear. We will continue reviewing the possible fundamental changes to our existing business strategy, specifically on the cross border I.T. services, in order to ensure a reasonable profit margin and to maintain a healthy relationship with our clients.

Applications Software Packages Solutions

Traditionally, the coming quarter is the peak season of project conclusion in the ERP market. The Group has however received only a number of inquiries on our ERP application software packages, ranging from the sophisticated version ***AIMS/Konto21*** to the budget version ***Tactics***. Several of prospects are under final stage of negotiation and we expect several new contracts will be signed in the coming quarters but the pricing as well as the margin has been under severe pressure. Our outlook for the coming half year remains cautious. Moreover, to cope with the ever changing technologies and user expectations, the Group is considering whether to input more resources and efforts to research and redevelop in the next-generation ***AIMS*** to maintain our competitiveness and to meet the future needs of our clients in the Pearl River Delta region.

Hospitality Software Solutions

Even though the Chinese government announced measures to control the overheated property market, the Group believes that the bloom in Chinese property market will continue for a while and anticipates ***Pegasus*** business will have a steady growth within this fiscal year. However, we are facing the severe challenge on price reduction from competitors in the foreseeable future.

Right now we have around twenty hotels joining our online booking website www.fangcoo.com (房庫) in the hospitality e-commerce. We target to recruit around 50 hotels within this fiscal year. The hospitality e-commerce business is in the infant and investment stage, the market is changing quickly and facing fierce competition. It may need to inject a lot of resources and capital before we can obtain a fruitful result. This line of business will be a long term strategy investment and will not expect to have any return in a short period of time. The Board will monitor the progress of this line of business seriously and reconsider the Group's involvement, especially the funding requirement.

Having set up the Channel Division and headed by a professional who has years of experience in this area to deal with channel management in the first quarter of this fiscal year, we expect that the subsidiary, through this building up of a trust-worthy distribution channel, could generate more new business from our partners.

FOOD AND BEVERAGE BUSINESS

The Group has confirmed two additional locations, one in Hong Kong and the other in Shanghai, for running the Japanese restaurant franchise and is targeted to open the outlets in the coming fiscal quarters. With the continuous expansion plan in the food and beverage business, the Group is constantly looking for suitable locations in Hong Kong and mainland China, with a target to double the number of outlets of Japanese restaurant franchise by the end of year 2011.

With the growth of the Japanese restaurant franchise business in operation, it will lower the overall marginal operating costs and enhance the brand image development. The Group believes that the long term development of the Japanese restaurant franchise is highly promising and will become an important core of the Group's business operation.

Based on the success of the Japanese restaurant franchise, the Board is confident in the direction of developing other food and beverage related business. Hence, the Board will continue to looking for opportunities in the area of food and beverage business and is optimistic for its future potential to the Group's business.

FINANCIAL REVIEW

For the six months ended 30 September 2010, the Group recorded a total turnover of HK$32.4 million (2009: HK$28.3 million for both continuing and discontinued operations). The total turnover increased by 14% compared with the corresponding period last year.

Turnover generated from information technology business was HK$27.0 million (2009: HK$28.2 million), representing a decrease of 4% compared with the corresponding period last year.

Turnover generated from the new business, food and beverage business, was HK$5.4 million.

The gross profit margin from the continuing operations of the Group was 64% (2009: 57%). It was resulted from the new business, food and beverage business, contributed a higher gross profit margin to the Group.

Net loss attributable to the equity holders of the Company was HK$6.4 million (2009: HK$1.7 million).

The realised and unrealised gains on financial assets at fair value through profit or loss were HK$105,000 (2009: HK$316,000). Excluding the realised and unrealised gain or loss on financial assets at fair value through profit or loss, the loss attributable to equity holders of the Company was HK$6.5 million (2009: HK$2.0 million).

During the reporting period, First Glory Holdings Limited ("First Glory") converted 25% of its convertible bonds issued by the Company, equivalent to the principal amount of HK$13,000,000, to 200,000,000 ordinary shares of the Company at a conversion price of HK$0.065 per share.

The Company received net proceeds from a top-up placing and subscription of shares in the Company during the reporting period amounted to approximately HK$21.5 million.

During the reporting period, the Group acquired a group of companies as its wholly owned subsidiaries, at considerations for the investment cost and shareholder's loan of approximately HK$7.7 million and HK$1.7 million respectively, which are currently running a Japanese restaurant franchise in Hong Kong.

Financial Resources and Liquidity

As at 30 September 2010, the equity attributable to equity holders of the Company amounted to HK$44.8 million (at 31 March 2010: HK$15.4 million). Current assets amounted to HK$53.6 million (at 31 March 2010: HK$45.5 million) of which HK$36.6 million (at 31 March 2010: HK$32.1 million) was cash and bank deposits and HK$15.9 million (at 31 March 2010: HK$12.5 million) was debtors, deposits and prepayments.The Group's current liabilities amounted to HK$12.5 million (at 31 March 2010: HK$15.1 million), including bank loans and overdrafts and obligation under finance lease in the amount of HK$2.3 million (at 31 March 2010: HK$4.1 million).

Current ratio was 4.30 (at 31 March 2010: 3.01). Debt-to-equity capital ratio, expressed as a ratio of total debts less pledged time deposits, pledged bank balance, time deposits and cash and bank balances to shareholders' funds, was 0.29 (at 31 March 2010: 2.15).

Foreign Exchange

The Group received Renminbi income from sales in China. Fluctuation in exchange rates of Renminbi against foreign currencies could affect the Group's results of operations. During both periods for the six months ended 30 September 2010 and 2009, no hedging transaction or other exchange rate arrangements were made.

Significant Investments and Acquisition

During the six months ended 30 September 2010, the Group had acquired a group of companies as its wholly owned subsidiaries, at considerations for the investment cost and shareholder's loan of approximately HK$7.7 million and HK$1.7 million respectively, which are currently running a Japanese restaurant franchise in Hong Kong.

Charges on the Group's Assets

As at 30 September 2010, the Group's time deposits of HK$5.0 million (at 31 March 2010: Nil) and accounts receivable of HK$1.3 million (at 31 March 2010: HK$896,000) have been pledged to banks to secure general banking facilities granted to the Group.

Capital Commitments

The Group had no material capital commitments during the six months ended 30 September 2010.

Contingent Liabilities

As at 30 September 2010, the Group had contingent liabilities in respect of possible future long service payments to employees under the Employment Ordinance in Hong Kong, with a maximum possible amount of HK$1.6 million (at 31 March 2010: HK$1.6 million).

During the reporting periods, there was no on-going financial exposure to borrowers or other on-going matters of relevance as defined in Rules 17.22 to 17.24 of the GEM Listing Rules.

Employees and Remuneration Policies

As at 30 September 2010, the Group had a total of 337 employees (at 31 March 2010: 282). Remuneration is determined by reference to market terms and in accordance with the performance, qualification and experience of each individual employee. Discretionary bonuses, based on each individual's performance, are paid to employees as recognition and in reward for their contributions. Other fringe benefits such as medical subsidy, medical insurance, education/training subsidies, pension fund plans are offered to most employees. Share options are granted at the discretion of the Board under the terms and conditions of the Employees Share Option Scheme.

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

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, save and except the following:–

On 20 May 2010, a placing was completed under a placing agreement dated 18 May 2010 entered into among First Glory as the vendor, the Company and a placing agent. Pursuant to the placing, an aggregate of 110,000,000 shares in the Company have been successfully placed to not less than six placees at the placing price of HK$0.20 per placing share. On 27 May 2010, a subscription was completed under a subscription agreement dated 18 May 2010 entered into between First Glory as the subscriber and the Company as the issuer. Pursuant to the subscription, an aggregate of 110,000,000 shares in the Company (which is equivalent to the number of shares actually placed under the placing) have been issued and allotted by the Company to First Glory at a subscription price of HK$0.20 per share. The net proceeds received by the Company from the subscription amounted to approximately HK$21.5 million.

On 17 May 2010, Marvel Success Limited ("Marvel Success"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Caddell Investments Limited ("Caddell"), pursuant to which Marvel Success agreed to acquire from Caddell 250 shares in Netaria Limited ("Netaria"), representing 25% of the issued share capital of Netaria at the consideration of HK$3,000,000. Pursuant to the terms of the sale and purchase agreement, the total consideration in the sum of HK$3,000,000 shall be satisfied by Marvel Success procuring the Company to allot and issue 15,000,000 shares in the Company as the consideration shares. The transaction was completed on 29 June 2010 ("Completion Date") and an aggregate of 15,000,000 shares in the Company have been issued and allotted by the Company to Caddell on the Completion Date. As at the Completion Date, the closing share price of the Company was HK$0.16 per share, and the total value of the shares paid to Caddell based on such closing share price was HK$2.4 million. Netaria together with its subsidiaries are currently running a Japanese restaurant franchise.

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

As at 30 September 2010, the interests or short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures 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 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 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 relating to securities transactions by directors 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 2)*
Mr. Tang Sing Ming Sherman	Corporate	632,845,290 *(Note 1)*	57.78%
Mr. Lee Shun Hon, Felix	Personal	100,000	0.01%

Notes:

1. These shares are held by First Glory which is wholly and beneficially owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"). First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$39 million pursuant to which a total of 600,000,000 shares of the Company will be issued upon full conversion assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 632,845,290 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,095,300,000 shares of the Company in issue as at 30 September 2010.

(b) Interests and short positions in underlying shares of equity derivatives of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang Sing Ming Sherman	Corporate	600,000,000 *(Note 1)*	54.78%

Notes:

1. The said 600,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$39 million, assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds held by First Glory.

2. Based on 1,095,300,000 shares of the Company in issue as at 30 September 2010.

(c) Interests in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Approximate percentage of attributable interest in corporation
Mr. Tang Sing Ming Sherman	First Glory Holdings Limited	Beneficial owner	1	100%

(d) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang Sing Ming Sherman	Corporate	HK$39 million *(Note 1)*

Note:

1. The said HK$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. Assuming that there is no adjustment to the initial conversion price of HK$0.065 per share, a total of 600,000,000 shares will be issued upon full conversion of the Convertible Bonds.

Save as disclosed herein, as at 30 September 2010, none of the directors of the Company had 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 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 relating to securities transactions by directors 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

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the directors and chief executive of the Company, as at 30 September 2010, 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.

SHARE OPTIONS

The Company operates a share option scheme, namely Share Option Scheme, adopted on 26 February 2003.

As at 30 September 2010, options under Share Option Scheme to subscribe for an aggregate of 17,000,000 shares have been granted to 3 directors and 5 employees of the Group, details as follows:

				Number of share options		
Grantee	**Date of grant**	**Exercisable period**	**Exercise price per share**	**Outstanding at 1.4.2010**	**Granted during the period**	**Outstanding at 30.9.2010**
			HK$			
Employee	23.3.2010	23.3.2011 to 22.3.2020	0.216	2,000,000	—	2,000,000
Directors	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	3,000,000	3,000,000
Employees	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	6,000,000	6,000,000
Employees	13.8.2010	13.8.2012 to 12.8.2020	0.142	—	6,000,000	6,000,000
				2,000,000	15,000,000	17,000,000

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 during the period ended 30 September 2010.

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. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date of approval of the Group's unaudited results for the six months ended 30 September 2010, the audit committee has held two meetings and has reviewed the draft interim report and accounts for the six months ended 30 September 2010 prior to recommending such report and accounts to the Board for approval.

DIRECTORS' SECURITIES TRANSACTIONS

Throughout the six months ended 30 September 2010, the Company adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all directors, the Company confirms that all of the Company's directors complied with such required standard of dealings and its code of conduct regarding directors' securities transactions.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in Code on Corporate Governance Practices under Appendix 15 of the GEM Listing Rules of the Stock Exchange throughout the six months ended 30 September 2010 except the followings:

Code Provision A.2.1 stipulates that the role of chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. Tang Sing Ming Sherman is the Chairman of the Board and the Chief Executive Officer of the Group. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that the Company's size is relatively small and thus does not justify the separation of the roles of the Chairman and Chief Executive Officer; the Company has sufficient internal controls to provide checks and balances on the functions of the Chairman and Chief Executive Officer; Mr. Tang Sing Ming Sherman as the Chairman of the Board and the Chief Executive Officer of the Group is responsible for ensuring that all directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributes to the Board and the Group on all top-level and strategic decisions; and this structure will not impair the balance of power and authority between the Board and the management of the Company.

Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to the Articles of Association of the Company, at every annual general meeting of the Company, one-third of the directors (for the time being or, if their number is not a multiple of three, the number nearest to but not exceeding one-third) shall retire from office by rotation, provided that the Chairman of the Board and/or the managing director of the Company shall not, while holding such office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year. As such, as at the date hereof, Mr. Tang Sing Ming Sherman, being the Chairman of the Company, is not subject to retirement by rotation. However, the management of the Company is of the view that the membership of the Board represents rich and diversified background and industry expertise and as such, the management considers that there is no imminent need to amend the relevant provisions of the Articles of Association of the Company.

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 8 November 2010

As at the date of this report, the Company's executive directors are Mr. Tang Sing Ming Sherman and Mr. Lee Shun Hon, Felix; independent non-executive directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.