



China Bio Cassava Holdings Limited
中國生物資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8129)

Third Quarterly Report 2010

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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of China Bio Cassava Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The directors of the Company, 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

The Group recorded turnover of HK\$4,425,000 for the nine months ended 30 September 2010, representing an increase of 1.2% from the corresponding period of previous year.

The Group recorded OEM licensing revenue of HK\$386,000 for the nine months ended 30 September 2010, representing a decrease of 35.8% from the corresponding period of previous year.

Packaged software sales of HK\$3,568,000 for the nine months ended 30 September 2010, representing an increase of 18.4% from the corresponding period of previous year.

The Group's total operating expenses for the nine months ended 30 September 2010 decreased by HK\$2,397,000, representing a decrease of 24.1% compared to the corresponding period of previous year. The decrease in the Group's total operating expenses was mainly due to decrease in general and administrative expenses for the nine months ended 30 September 2010 compared to the corresponding period of previous year.

The Group recorded a net loss attributable to shareholders of HK\$3,041,000 (Nine months ended 30 September 2009: HK\$5,896,000). Loss per share attributable to owners of the Company for the nine months ended 30 September 2010 of HK0.04 cent (Nine months ended 30 September 2009: HK0.07 cent).

The unaudited consolidated results for the nine months ended 30 September 2010 and the comparison with last year are set out in the accompanying table.



NINE MONTHS RESULTS (UNAUDITED)

The Board of Directors (the "Board") of China Bio Cassava Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2010, together with the unaudited comparative figures for the corresponding periods in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue	3	1,504	1,501	4,425	4,374
Cost of sales		(158)	(288)	(459)	(707)
Gross profit		1,346	1,213	3,966	3,667
Other revenue	4	(153)	(75)	523	364
Selling and distribution expenses		(526)	(782)	(2,283)	(2,209)
Research and development expenses		(735)	(542)	(1,586)	(1,687)
General and administrative expenses		(1,001)	(2,339)	(3,376)	(5,494)
Other operating expenses		-	-	(285)	(537)
Operating loss		(1,069)	(2,525)	(3,041)	(5,896)
Finance costs		-	-	-	-
Loss before income tax	5	(1,069)	(2,525)	(3,041)	(5,896)
Income tax expense	6	-	-	-	-
Loss for the period		(1,069)	(2,525)	(3,041)	(5,896)
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Loss per share for the period	8				
- Basic		(0.01)	(0.03)	(0.04)	(0.07)
- Diluted		N/A	N/A	N/A	N/A



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(1,069)	(2,525)	(3,041)	(5,896)
Other comprehensive income (loss)				
Exchange differences arising on translating foreign operations	<u>2</u>	<u>(2)</u>	<u>(510)</u>	<u>2</u>
Total comprehensive loss for the period	<u>(1,067)</u>	<u>(2,527)</u>	<u>(3,551)</u>	<u>(5,894)</u>
Total comprehensive loss attributable to:				
– Owners of the Company	<u>(1,067)</u>	<u>(2,527)</u>	<u>(3,551)</u>	<u>(5,894)</u>



Notes:

1. General information

The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in computer software and embedded systems development, sales and licensing of the software and systems, and development of biotech and renewable energy. There were no significant changes in the Group's operations during the nine months ended 30 September 2010.

The unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated third quarterly financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. The accounting policies and basis of preparation adopted in these third quarterly financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2009, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards and Interpretations).

The condensed consolidated third quarterly financial statements have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

The condensed consolidated third quarterly statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2009.

In the current period, the Group has applied, for the first time, all the revised HKFRSs, Hong Kong Accounting Standards ("HKASs"), Amendments to Standards and Interpretations ("INT(s)") (hereinafter collectively referred to as "New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective for the Group's financial year beginning on 1 January 2010.



The Group has not early applied the following new and revised standards, amendments or INTs that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ⁵
HKAS 39 (Amendment)	Eligible Hedged Items ⁴
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Standards ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share based Payment Transactions ⁹
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 9	Financial Instruments ⁷
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ⁴
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁸

¹ Effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2009

⁵ Effective for annual periods beginning on or after 1 February 2010

⁶ Effective for annual periods beginning on or after 1 January 2010

⁷ Effective for annual periods beginning on or after 1 January 2013

⁸ Effective for annual periods beginning on or after 1 July 2010

The directors of the Company anticipate that the application of these new and revised standards, amendments or INTs will have no material impact on the unaudited condensed consolidated third quarterly financial statements.



3. Revenue and segment information

Revenue, which is also the Group's turnover, represents the total invoiced value of goods sold and licensing income. Revenue recognised during the nine months ended 30 September 2010 and 30 September 2009 are as follows:

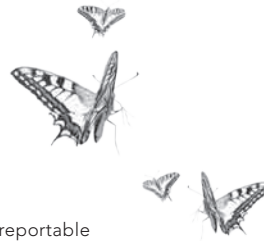
	Unaudited		Unaudited	
	Three months ended 30 September		Nine months ended 30 September	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	1,351	1,418	4,039	3,773
Licensing income	153	83	386	601
	<u>1,504</u>	<u>1,501</u>	<u>4,425</u>	<u>4,374</u>

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Details of the business segments are summarised as follows:

- (a) Sales and licensing of software and embedded systems.
- (b) Development of biotech renewable energy.

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The chief operation decision maker considers the business from both product and geographic perspective. From a product perspective, the chief operating decision maker assesses the performance of (i) sales and licensing of software and embedded systems (ii) development of biotech renewable energy. In addition, the chief operating decision maker further evaluated the result on a geographical basis (Hong Kong, Mainland China and Macau).



Business segments

The following is an analysis of the Group's revenue and results by reportable segment for the nine months ended 30 September 2010 and 2009:

	Unaudited					
	Nine months ended 30 September					
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Consolidated	
	2010	2009	2010	2009	2010	2009
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue:						
Sales to external customers	<u>4,425</u>	<u>4,374</u>	<u>-</u>	<u>-</u>	<u>4,425</u>	<u>4,374</u>
Segment results	69	(129)	(321)	(1,500)	(252)	(1,629)
Bank interest income					1	95
Net fair value gain on financial assets at fair value through profit or loss					223	269
Unallocated expenses					<u>(3,013)</u>	<u>(4,631)</u>
Operating loss					(3,041)	(5,896)
Finance costs					<u>-</u>	<u>-</u>
Loss for the period					<u>(3,041)</u>	<u>(5,896)</u>

4. Other revenue

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2010	2009	2010	2009
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Interest income	-	51	1	95
Net fair value (loss) gain on financial assets at fair value through profit or loss	(153)	(126)	223	269
Gain on disposal of subsidiary	<u>-</u>	<u>-</u>	<u>299</u>	<u>-</u>
	<u>(153)</u>	<u>(75)</u>	<u>523</u>	<u>364</u>



5. Loss before income tax

	Unaudited Three months ended 30 September 2010		Unaudited Nine months ended 30 September 2010	
	HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Loss before income tax is arrived at after charging/(crediting):				
Depreciation	76	105	170	195
Net fair value loss (gain) on financial assets at fair value through profit or loss	153	126	(223)	(269)
Write-off of prepaid land lease*	-	-	285	-
Write-off of deposits paid for plant and equipment*	-	-	-	537
	<u>-</u>	<u>-</u>	<u>-</u>	<u>537</u>

* included in other operating expenses

6. Income tax expense

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong for the nine months ended 30 September 2010 (Nine months ended 30 September 2009: Nil).

No profits tax for the subsidiaries operating outside Hong Kong has been provided as these subsidiaries have not generated any assessable profits in the respective jurisdictions for the nine months ended 30 September 2010 (Nine months ended 30 September 2009: Nil).

At 30 September 2010, the Group has deferred tax assets mainly arising from tax losses of the subsidiaries operating in Hong Kong and in the People's Republic of China ("PRC") of approximately HK\$5,120,000 and HK\$1,150,000 respectively (31 December 2009: HK\$5,221,000 and HK\$1,112,000 respectively). However, deferred tax assets have not been recognised as it is uncertain whether sufficient future taxable profits will be available for utilising the accumulated tax losses. The tax losses of the subsidiaries operating in the PRC can be carried forward for five years and tax losses of the companies within the Group operating in Hong Kong will not be expired under the current tax legislation.

7. Interim dividend

The board of directors of the Company do not recommend the payment of interim dividend for the nine months ended 30 September 2010 (Nine months ended 30 September 2009: Nil).



8. Loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the Group's unaudited consolidated loss attributable to owners of the Company for the three months and nine months ended 30 September 2010 of HK\$1,069,000 and HK\$3,041,000 respectively (Three months and nine months ended 30 September 2009: HK\$2,525,000 and HK\$5,896,000 respectively) and on the weighted average number of shares of 8,189,073,041 (Three months and nine months ended 30 September 2009: 8,171,361,765) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and nine months ended 30 September 2010 and 30 September 2009 are not presented as the impacts of the exercise of the outstanding share options were anti-dilutive.

9. Reserves

	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Warrant reserve HK\$'000	Reorganisation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2009	111,686	33,514	37	9,774	3,000	300	(152,792)	5,519
Loss for the period	-	-	-	-	-	-	(5,896)	(5,896)
Other comprehensive income for the period	-	-	-	-	-	2	-	2
Total comprehensive loss for the period	-	-	-	-	-	2	(5,896)	(5,894)
Exercise of warrants	8,684	-	-	(2,097)	-	-	-	6,587
At 30 September 2009	<u>120,370</u>	<u>33,514</u>	<u>37</u>	<u>7,677</u>	<u>3,000</u>	<u>302</u>	<u>(158,688)</u>	<u>6,212</u>
At 1 January 2010	120,370	33,514	37	-	3,000	291	(158,696)	(1,484)
Loss for the period	-	-	-	-	-	-	(3,041)	(3,041)
Other comprehensive loss for the period	-	-	-	-	-	(510)	-	(510)
Total comprehensive loss for the period	-	-	-	-	-	(510)	(3,041)	(3,551)
At 30 September 2010	<u>120,370</u>	<u>33,514</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>(219)</u>	<u>(161,737)</u>	<u>(5,035)</u>



BUSINESS REVIEW AND PROSPECTS

The consolidated turnover of the Company and its subsidiaries for the nine months ended 30 September 2010, amounted to HK\$4,425,000, representing an increase of 1.2% from the corresponding period of previous year. Loss attributable to owners of the Company for the nine months ended 30 September 2010 amounted to HK\$3,041,000 compared to a loss of HK\$5,896,000 for the corresponding period of previous year. The loss per share was HK0.04 cent (Nine months ended 30 September 2009: HK0.07 cent).

The Group's total operating expenses for the nine months ended 30 September 2010 was decreased by 24.1% compared to the corresponding period of previous year. The decrease in the Group's total operating expenses was mainly due to decrease in general and administrative expenses for the nine months ended 30 September 2010 compared to the corresponding period of previous year.

The OEM licensing revenue HK\$386,000 for the nine months ended 30 September 2010, representing a decrease of 35.8% from the corresponding period of previous year.

Packaged software sales of HK\$3,568,000 for the nine months ended 30 September 2010, representing an increase of 18.4% from the corresponding period of previous year.

In addition to the continuing focus of the Group in promoting its existing products, Q9 CIS Chinese and English version, to OEM customers in the Greater China region, the Group is contemplating to diversify its business to new business areas and identify new business opportunities so as to derive new sources of revenue. Management believes the Group has sufficient resources and ability to diversify its new business areas related to the new business, and derives new sources of revenue for the Group in the near future.



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2010, save for the interest of the directors in share options as below, neither of the directors nor the chief executive of the Company had interests and or short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are 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 they are taken or deemed to have under such provision of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 September 2010, there were a total of 92,000,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

Director	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 September 2010	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period				
Kwan Kin Chung	29/5/2007	16,000,000	-	-	-	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.195%
Tam Kam Biu William	29/5/2007	20,000,000	-	-	-	20,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.244%
Wan Xiaolin	29/5/2007	12,000,000	-	-	-	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.146%
Chen Man Lung	29/5/2007	16,000,000	-	-	-	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.195%
Leung Lap Yan	29/5/2007	8,000,000	-	-	-	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.098%
Leung Lap Fu Warren	29/5/2007	8,000,000	-	-	-	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.098%
Ip Chi Wai	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.049%
Tse Wang Cheung Angus	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.049%
Shiu Kwok Keung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.049%
Total		92,000,000	-	-	-	92,000,000			



Note:

The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2010, all options have been vested.

Save as disclosed above, none of the directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 September 2010.

SHARE OPTION SCHEMES

On 27 April 2007, a new share option scheme (the “New Share Option Scheme”) was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the “Old Share Option Scheme”) was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme.

As at 30 September 2010, options to subscribe for up to an aggregate of 756,760,000 shares of HK\$0.0025 each had been granted by the Company under the New Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

		Options to subscribe for shares of the Company						
Category of participant	Date of grant	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2010	Option exercise period	Exercise price per share
Directors of the Company	29/5/2007	92,000,000	-	-	-	92,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
Employees other than the directors of the Company	29/5/2007	12,000,000	-	-	-	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
Consultants	29/5/2007	652,760,000	-	-	-	652,760,000	29/5/2007 to 28/5/2017	HK\$0.1125
Total		<u>756,760,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>756,760,000</u>		



Notes:

- (i) The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2010, all options have been vested.
- (ii) During the period, there were no options being exercised, cancelled or lapsed.

Details of options granted to directors of the Company under the Share Option Scheme are set out in the sub-section headed "Long Position in Underlying Shares of the Company" under the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures".

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

As at 30 September 2010, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the directors and chief executives) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long positions in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Step Up Co., Ltd.	652,990,000	7.96%
Mr. Kuan Sio Kai (<i>Note (i)</i>)	652,990,000	7.96%
Winway H.K. Investments Limited	2,098,490,000	25.58%
Culturecom Holdings Limited (<i>Note (ii)</i>)	2,098,490,000	25.58%
L & W Holding Limited	479,430,000	5.84%
Ms. Chow Lai Wah Livia (<i>Note (iii)</i>)	669,700,000	8.16%
Mr. Basilio Dizon (<i>Note (iv)</i>)	669,700,000	8.16%



Notes:

- (i) Mr. Kuan Sio Kai is deemed to be interested in 652,990,000 shares through his controlling interest (100%) in Step Up Co., Ltd.
- (ii) Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited. Culturecom Holdings (BVI) Limited is a wholly-owned subsidiary of Culturecom Holdings Limited. Each of Culturecom Investments Limited, Culturecom Holdings (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 2,098,490,000 shares through its controlling interest (100%) in Winway H.K. Investments Limited.
- (iii) Ms. Chow Lai Wah Livia ("Ms Chow") is beneficially interested in 162,690,000 shares in the Company. Ms. Chow is a wife of Mr. Basilio Dizon ("Mr Dizon") and has controlling interests (65%) in L & W Holding Limited ("L & W"). Accordingly, she is deemed to be interested in 507,010,000 shares in the Company under SFO.
- (iv) Mr. Dizon is a husband of Ms. Chow and has controlling interests 35% and 90.77% in L & W and Harvest Smart Overseas Limited ("Harvest Smart") respectively. Harvest Smart is beneficially interested in 27,580,000 shares in the Company. Accordingly, he is deemed to be interested in 669,700,000 shares in the Company under SFO.

Save as disclosed above, as at 30 September 2010, the directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during nine months ended 30 September 2010. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 2010.



CORPORATE GOVERNANCE

The Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules (“Code”) takes effect from 1 January 2005. The Company is committed to maintain a high standard of corporate governance. To maintain a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders. Throughout the nine months ended 30 September 2010 under review, the Company has complied with the Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors of the Company and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors for the nine months ended 30 September 2010 under review.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 15 of the GEM Listing Rules. Mr. Ip Chi Wai is the chairman of the audit committee.

The primary duties of the audit committee are to review and supervise the Group’s financial reporting process and internal control procedures. The Group’s unaudited condensed consolidated results for the nine months ended 30 September 2010 have been reviewed by the audit committee together with management, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.



APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board on 10 November 2010.

By order of the Board
Leung Lap Yan
Chairman

Hong Kong, 10 November 2010

As of the date of this report, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Tam Kam Biu William, Mr. Wan Xiaolin and Mr. Chen Man Lung as executive directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive directors, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Shiu Kwok Keung as independent non-executive directors.