



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 2015



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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\$5,452,000 for the nine months ended 30 September 2015, representing a decrease of 20.9% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$2,626,000 from provision of financing services for the nine months ended 30 September 2015, representing a decrease of 29.4% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$3,721,000).

The Group recorded HK\$983,000 of OEM licensing revenue for the nine months ended 30 September 2015, representing an increase 37.9% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$713,000).

Packaged software sales for the nine months ended 30 September 2015 was HK\$1,843,000, representing a decrease of 25.1% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$2,460,000).

The Group's total operating expenses for the nine months ended 30 September 2015 totalled HK\$11,746,000 representing an increase of 4.7% as compared to nine months ended 30 September 2014.

The Group recorded a net loss attributable to owners of the Company for the nine months ended 30 September 2015 of HK\$4,578,000 (nine months ended 30 September 2014: HK\$21,836,000). Loss per share attributable to the owners of the Company for the nine months ended 30 September 2015 was HK0.18 cent (loss per share for the nine months ended 30 September 2014: HK0.88 cent).

The unaudited consolidated results for the nine months ended 30 September 2015 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 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	3				
– Interest Income		1,591	1,252	2,626	3,721
– Other Income		1,119	1,068	2,826	3,173
		2,710	2,320	5,452	6,894
Cost of sales		(35)	(45)	(95)	(116)
Gross profit		2,675	2,275	5,357	6,778
Other revenue	4	1,771	1	1,811	2
Selling and distribution expenses		(350)	(312)	(993)	(946)
Research and development expenses		(357)	(673)	(1,064)	(2,080)
General and administrative expenses		(3,134)	(2,785)	(9,689)	(8,192)
Equity-settled share-based payment		–	–	–	(17,398)
Profit/(Loss) before taxation	5	605	(1,494)	(4,578)	(21,836)
Income tax expense	6	–	–	–	–
Profit/(Loss) for the period		605	(1,494)	(4,578)	(21,836)
Earnings/(Loss) per share for the period	8				
– Basic (HK cent)		0.02	(0.06)	(0.18)	(0.88)
– Diluted (HK cent)		0.02	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (Loss) for the period	605	(1,494)	(4,578)	(21,836)
Other comprehensive (expense) income, net of income tax				
Exchange differences arising on translation of foreign operations	(28)	2	(36)	2
	<u>577</u>	<u>(1,492)</u>	<u>(4,614)</u>	<u>(21,834)</u>
Total comprehensive income (expense) for the period				
	<u>577</u>	<u>(1,492)</u>	<u>(4,614)</u>	<u>(21,834)</u>
Total comprehensive income (expense) attributable to owners of the Company				
	<u>577</u>	<u>(1,492)</u>	<u>(4,614)</u>	<u>(21,834)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2015

	Reserves								Sub-total HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Capital redemption reserve HK\$'000	Warrant reserve HK\$'000	Reorganisation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000		
At 1 January 2014	24,809	162,957	50,286	37	-	3,000	(143)	(200,612)	15,525	40,334
Loss for the period	-	-	-	-	-	-	-	(21,836)	(21,836)	(21,836)
Other comprehensive income for the period	-	-	-	-	-	-	2	-	2	2
Total comprehensive expense for the period	-	-	-	-	-	-	2	(21,836)	(21,834)	(21,834)
Recognition of share-based payments (Note a)	-	-	17,398	-	-	-	-	-	17,398	17,398
Placement of new warrants (Note b)	-	-	-	-	7,443	-	-	-	7,443	7,443
Transactions cost attributable to issue of warrants (Note b)	-	-	-	-	(491)	-	-	-	(491)	(491)
Exercise of share options	13	286	(109)	-	-	-	-	-	178	190
Lapsed of share options	-	-	(1,791)	-	-	-	-	1,791	-	-
At 30 September 2014	<u>24,822</u>	<u>163,243</u>	<u>65,784</u>	<u>37</u>	<u>6,952</u>	<u>3,000</u>	<u>(141)</u>	<u>(220,657)</u>	<u>18,219</u>	<u>43,040</u>
At 1 January 2015	24,822	163,243	65,784	37	6,952	3,000	(146)	(224,743)	14,127	38,949
Loss for the period	-	-	-	-	-	-	-	(4,578)	(4,578)	(4,578)
Other comprehensive expense for the period	-	-	-	-	-	-	(36)	-	(36)	(36)
At 30 September 2015	<u>24,822</u>	<u>163,243</u>	<u>65,784</u>	<u>37</u>	<u>6,952</u>	<u>3,000</u>	<u>(182)</u>	<u>(229,321)</u>	<u>9,513</u>	<u>34,335</u>

Notes:

- The recognition of share-based payment expenses as a result of the share options granted by the Company on 10 January 2014. Share options reserve represents the portion of the grant date fair value of unexercised share options granted under the share option scheme adopted by the Company.
- Warrant reserve represents the proceeds from the placing of 496,180,000 warrants completed on 22 May 2014.

Notes:

1 General information

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

The Company acts as an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, development of biotech renewable energy and the provision of financing services. There were no significant changes in the Group's operations during the nine months ended 30 September 2015.

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. Summary of significant 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 2014, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards ("HKAS") and Interpretations).

The unaudited condensed consolidated third quarterly financial 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 2014.

The unaudited 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 Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ⁴
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁵
Annual Improvement Project	Annual Improvements 2010-2012 Cycle ⁶
Annual Improvement Project	Annual Improvements 2011-2013 Cycle ⁴
Annual Improvement Project	Annual Improvements 2012-2014 Cycle ⁵
Amendments to HKFRS 10 and HKAS 28	Sales or Contributions of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁵
Amendments to HKAS 1	Disclosure Initiative ⁵
HKFRS 9	Financial Instruments ¹
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
- ³ Effective for annual periods beginning on or after 1 January 2017
- ⁴ Effective for annual periods beginning on or after 1 July 2014
- ⁵ Effective for annual periods beginning on or after 1 January 2016
- ⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3 Revenue and segment information

i. Revenue

Revenue represents the amounts received and receivables that are derived from sales of goods to customers, licensing income and interest income from provision of financing services.

An analysis of the Group's revenue by major products and services for the nine months ended 30 September 2015 and 30 September 2014 are as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of software and embedded system	720	826	1,843	2,460
Licensing income	399	242	983	713
Interest income	1,591	1,252	2,626	3,721
	<u>2,710</u>	<u>2,320</u>	<u>5,452</u>	<u>6,894</u>

ii. Segment information

The Group's operation segments, based on information reported to the board of directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance.

The Group's reportable and operating segments are as follows:

- (a) Sales and licensing of software and embedded systems
- (b) Development of biotech renewable energy
- (c) Provision of financing services

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by reportable and operating segments for the nine months ended 30 September 2015 and 30 September 2014:

	Unaudited Nine months ended 30 September							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
External sales	<u>2,826</u>	<u>3,173</u>	<u>-</u>	<u>-</u>	<u>2,626</u>	<u>3,721</u>	<u>5,452</u>	<u>6,894</u>
Result								
Segment results	<u>136</u>	<u>554</u>	<u>-</u>	<u>(1,090)</u>	<u>2,532</u>	<u>2,520</u>	<u>2,668</u>	<u>1,984</u>
Interest income							3	2
Equity-settled share-based payment							-	(17,398)
Unallocated expenses							<u>(7,249)</u>	<u>(6,424)</u>
Loss before taxation							<u>(4,578)</u>	<u>(21,836)</u>

Revenue reported above represents revenue generated from external customers.

There were no inter-segment sales during the nine months ended 30 September 2015 and 30 September 2014.

Segment result represents the profit or loss earned or incurred by each segment without allocation of central administration costs including interest income and other items not directly related to the relevant segments. This is the measure reported to CODM for the purposes of resource allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segments for the nine months ended 30 September 2015 and 30 September 2014:

	Unaudited							
	Nine months ended 30 September							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Provision of financing services		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment assets	2,435	2,202	-	1,110	32,429	34,088	34,864	37,400
Unallocated assets							3,434	8,328
Total consolidated assets							<u>38,298</u>	<u>45,728</u>
Segment liabilities	(1,315)	(1,288)	-	(187)	(478)	(142)	(1,793)	(1,617)
Unallocated liabilities							(2,170)	(1,071)
Total consolidated liabilities							<u>(3,963)</u>	<u>(2,688)</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable and operating segments other than assets of head office, including certain property, plant and equipment, prepayments, deposits and other receivables and bank balances and cash.
- All liabilities are allocated to reportable and operating segments other than liabilities of head office, including certain other payables and accrued expenses and income tax liability.

4 Other revenue

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	1	1	3	2
Recovery of bad debt	1,770	–	1,799	–
Sundry income	–	–	9	–
	<u>1,771</u>	<u>1</u>	<u>1,811</u>	<u>2</u>

5 Loss before taxation

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before taxation is				
arrived at after charging:				
Depreciation of property, plant				
and equipment	<u>27</u>	<u>37</u>	<u>86</u>	<u>108</u>

6 Income tax expense

No Hong Kong profits tax has been provided in both periods as the Group did not generate any assessable profits arising in or derived from Hong Kong during the nine months ended 30 September 2015 and 30 September 2014.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong during the nine months ended 30 September 2015 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (nine months ended 30 September 2014: Nil).

As at 30 September 2015, the Group has unused tax losses arising from the Group's subsidiaries approximately HK\$3,500,000 (At 31 December 2014: HK\$5,577,000) that are available for offsetting against future profits. No deferred tax assets have been recognised as these subsidiaries have been loss making for several years and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

7 Interim dividend

The Board do not recommend the payment of interim dividend for the nine months ended 30 September 2015 (nine months ended 30 September 2014: Nil).

8 Earnings/(Loss) per share

The calculation of the basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(Loss) attributable to owners of the Company	<u>605</u>	<u>(1,494)</u>	<u>(4,578)</u>	<u>(21,836)</u>
	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2015	2014	2015	2014
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating earnings per share				
Basic	2,482,150	2,480,900	2,482,150	2,480,900
Effect of dilutive potential ordinary shares on share options	607,580	607,580	607,580	607,580
Effect of dilutive potential ordinary shares on warrants	496,180	496,180	496,180	496,180
Diluted	<u>3,585,910</u>	<u>3,584,660</u>	<u>3,585,910</u>	<u>3,584,660</u>
Earnings/(Loss) per share	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
– Basic	0.02	(0.06)	(0.18)	(0.88)
– Diluted	Note	0.02	N/A	N/A

Note: Diluted loss per share for the three months ended 30 September 2014 and nine months ended 30 September 2014 and 30 September 2015 are not presented because of the existence of the outstanding share options and warrants during the periods has anti-dilutive effect on the basic loss per share.

BUSINESS REVIEW AND PROSPECTS

The consolidated turnover for the Company and its subsidiaries for the nine months ended 30 September 2015, amounted to HK\$5,452,000, representing a decrease of 20.9% from the corresponding period of previous year. Loss attributable to owners of the Company for the nine months ended 30 September 2015 was HK\$4,578,000 (nine months ended 30 September 2014: HK\$21,836,000). The fact that the loss attributable to the owners decreased 79.0% was due to the equity-settled share-based payment of HK\$17,398,000 from the corresponding period of previous year. Excluded this equity-settled share-based payment, the loss attributable to owners to the Company for the nine months ended 30 September 2015 increased 3.2% compared to the corresponding period of previous year. The loss per share for the nine months ended 30 September 2015 was HK0.18 cent (nine months ended 30 September 2014: loss per share of HK0.88 cent).

The Group recorded loan interest income of HK\$2,626,000 from provision of financing services for the nine months ended 30 September 2015, representing a decrease of 29.4% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$3,721,000). The decrease in interest income was due to the decrease in loan granted during nine months ended 30 September 2015. The average balance of loan and interest receivables for the period ended 30 September 2015 was HK\$17,595,000 (year ended 31 December 2014: HK\$26,796,000).

The Group recorded HK\$983,000 of OEM licensing revenue for the nine months ended 30 September 2015, representing an increase 37.9% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$713,000).

Packaged software sales for the nine months ended 30 September 2015 was HK\$1,843,000, representing a decrease of 25.1% from the corresponding period of previous year (nine months ended 30 September 2014: HK\$2,460,000).

The Group's total operating expenses for the nine months ended 30 September 2015 totaled HK\$11,746,000 representing an increase of 4.7% as compared to nine months ended 30 September 2014.

Although the financial performance of the Group was not within management's expectation, the Company experienced a slight turnaround in the third quarter of 2015. The third quarter's result marked a profit of HK\$605,000 which is encouraging to the Company. The Company expects the improvement to continue into fourth quarter of 2015 and further into 2016. Management will continue to explore more opportunities for growth in all segments of businesses and provide all necessary supports to all existing businesses.

The Group currently does not have any commitment or future plans for material investments and capital assets.

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

As at 30 September 2015, 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 provisions 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 Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Share Option

As at 30 September 2015, there were a total of 14,300,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

Directors	Date of grant	Options to subscribe for shares of the Company					Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 September 2015			
Kwan Kin Chung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.26%
	21/9/2011	1,250,000	-	-	-	1,250,000	21/9/2011 to 20/9/2021	HK\$0.172	
	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	
Yu Huaguo	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Poon Yu Keung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Hung Ching Fung	10/1/2014	1,200,000	-	-	-	1,200,000	10/1/2014 to 9/1/2024	HK\$0.147	0.05%
Leung Lap Yan	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.13%
	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	
	10/1/2014	1,000,000	-	-	-	1,000,000	10/1/2014 to 9/1/2024	HK\$0.147	
Chow Wing Tung	10/1/2014	1,000,000	-	-	-	1,000,000	10/1/2014 to 9/1/2024	HK\$0.147	0.04%
Total		<u>14,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,300,000</u>			

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 2015, 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 2015.

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.

As at 30 September 2015, options to subscribe for up to an aggregate of 607,580,000 shares of HK\$0.01 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:

Category of participant	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 September 2015	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2015	Granted during the period	Exercised during the period	Lapsed during the period			
Directors	29/5/2007	6,000,000	-	-	-	6,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,500,000	-	-	-	1,500,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	6,800,000	-	-	-	6,800,000	10/1/2014 to 9/1/2024	HK\$0.147
Employees other than the directors	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,375,000	-	-	-	1,375,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	2,000,000	-	-	-	2,000,000	10/1/2014 to 9/1/2024	HK\$0.147
Consultants	29/5/2007	163,190,000	-	-	-	163,190,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	186,625,000	-	-	-	186,625,000	21/9/2011 to 20/9/2021	HK\$0.172
	10/1/2014	237,090,000	-	-	-	237,090,000	10/1/2014 to 9/1/2024	HK\$0.147
Total		<u>607,580,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,580,000</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 2015, 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 2015, 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 shareholders	Number of shares	Approximate percentage holding
Winway H.K. Investments Limited	524,622,500	21.14%
Culturecom Holdings Limited (<i>Note</i>)	524,622,500	21.14%

Note:

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 524,622,500 shares through its controlling interest (100%) in Winway H.K. Investments Limited.

Save as disclosed above, as at 30 September 2015, the directors of the Company 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.

INTERESTS IN COMPETING BUSINESS

Mr. Chow Wing Tung, an independent non-executive director of the Company, held share interests in Great Harvest Finance Limited which is principally engaged in the business of hire purchase car financing. Mr. Chow is therefore considered to have interests in businesses which compete or are like to compete with the businesses of the Group pursuant to the GEM Listing Rules.

As the businesses of the Company and the above entity are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operate its businesses independently of, and at arm's length from the competing entity.

Saved as disclosed above, none of the directors, the controlling shareholders of the Company and their respective associates (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 the nine months ended 30 September 2015. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 2015.

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 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 2015 under review.

CORPORATE GOVERNANCE

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 2015 under review, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules.

AUDIT COMMITTEE

The Audit Committee, 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, currently comprises three independent non-executive directors, namely Mr. Chow Wing Tung, Mr. Ko Wai Lun Warren and Mr. Tse On Kin. Mr. Chow Wing Tung 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 2015 have been reviewed by the Audit Committee together with management, which was of the opinion that the preparation of such results were 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 of directors on 10 November 2015.

By order of the Board
Kwan Kin Chung
Managing Director

Hong Kong, 10 November 2015

As of the date of this report, the Board comprises Mr. Kwan Kin Chung, Mr. Yu Huaguo, Mr. Poon Yu Keung and Mr. Hung Ching Fung as executive directors, Mr. Leung Lap Yan as non-executive director, Mr. Tse On Kin as Chairman and independent non-executive director and Mr. Chow Wing Tung and Mr. Ko Wai Lun Warren as independent non-executive Directors.