



ThinSoft

THINSOFT (HOLDINGS) INC

博軟(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8096)

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of ThinSoft (Holdings) Inc 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 ThinSoft (Holdings) Inc. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of directors of ThinSoft (Holdings) Inc (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30th September 2009 together with the comparative figures for the corresponding periods in last financial year.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30th September		For the nine months ended 30th September	
	<i>Note</i>	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue	2	2,341	3,626	7,913	12,608
Cost of sales		(9)	(473)	(94)	(1,569)
Gross profit		2,332	3,153	7,819	11,039
Other income	2	157	119	478	446
Selling and distribution expenses		(152)	(151)	(485)	(505)
General and administrative expenses		(3,685)	(3,230)	(11,465)	(12,099)
Provision for impairment loss of available-for-sales financial assets		-	-	(736)	-
(Loss) before tax		(1,348)	(109)	(4,389)	(1,119)
Income tax expenses	3	(78)	(446)	(209)	(1,442)
(Loss) for the period		(1,426)	(555)	(4,598)	(2,561)
Other comprehensive income:					
Fair value adjustment recognised in the period		2,410	-	1,814	(439)
Currency translation differences		180	(1,075)	(9)	44
Other comprehensive income/(loss) for the period		2,590	(1,075)	1,805	(395)
Total comprehensive income/(loss) for the period		1,164	(1,630)	(2,793)	(2,956)
Loss attributable to equity holders of the Company		(1,426)	(555)	(4,598)	(2,561)
Total comprehensive income/(loss) attributable to equity holder of the Company		1,164	(1,630)	(2,793)	(2,956)
Loss per share attributable to the equity holder of the Company	6	HK\$(0.056) cent	HK\$(0.022) cent	HK\$(0.183) cent	HK\$(0.102) cent

NOTES

1. Principal accounting policies and basis of preparation

1.1 Basis of preparation

The condensed consolidated financial information for the nine months ended 30th September 2009 has been prepared in accordance with HKAS 34, "Interim financial reporting". The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2008, which have been prepared in accordance with HKFRSs.

1.2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31st December 2008, as described in those annual financial statements.

Taxes on Income in the periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st January 2009.

- HKAS 1 (revised), "Presentation of financial statements".

The Group has elected to present one performance statement under the revised disclosure requirements.

- HKFRS 8, "Operating segments". HKFRS 8 replaces IAS/HKAS 14. "Segment reporting"
- Amendment to HKFRS 7, "Financial instruments: disclosures".

The following new standards, amendments to standards and Interpretations are mandatory for the first time for the financial year beginning 1st January 2009, but are not currently relevant for the Group.

- HKAS 23 (amendment), "Borrowing costs".
- HKFRS 2 (amendment), "Share-based payment".
- HK(IFRIC) 9 (amendment), "Reassessment of embedded derivatives" and HKAS 39 (amendment), "Financial instruments: Recognition and measurement".
- HKAS 32 (amendment), "Financial instruments: presentation".
- HK(IFRIC) 13, "Customer loyalty programmes".
- HK(IFRIC) 15, "Agreements for the construction of real estate".
- HK(IFRIC) 16, "Hedges of a net investment in a foreign operation".
- HKAS 39 (amendment), "Financial instruments: Recognition and measurement".

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1st January 2009 and have not been early adopted:

- HKFRS 3 (revised), "Business combinations" and consequential amendments to HKAS 27, "Consolidated and separate financial statements", HKAS 28, "Investments in associates" and HKAS 31, "Interests In Joint Ventures".
- HK(IFRIC) 17, "Distributions of non-cash assets to owners".
- HK(IFRIC) 18, "Transfers of assets from customers".
- Amendment to HKFRS 2, "Share-based payments".
- Amendment to HKFRS 5, "Non-current Assets held for sale and discontinued operations".
- Amendment to HKFRS 8, "Operating segments".
- Amendment to HKAS 1, "Presentation of financial statements".
- Amendment to HKAS 7, "Statement of cash flows".
- Amendment to HKAS 17, "Leases".
- Amendment to HKAS 36, "Impairment of assets".
- Amendment to HKAS 38, "Intangible assets".
- Amendment to HKAS 39, "Financial instruments: recognition and measurement".
- Amendment to HK(IFRIC) 16, "Hedges of a net investment in a foreign operation".

2. Revenue and other income

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of the Group's activities. Revenue is shown net of allowance for return and trade discounts, and applicable goods and services taxes and after eliminating sales within the Group.

An analysis of the Group's revenue and other income is as follows:

	For the three months ended 30th September		For the nine months ended 30th September	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Revenue:				
Sale of goods	2,341	3,626	7,913	12,608
Other income:				
Interest income	157	119	478	446
	2,498	3,745	8,391	13,054

3. Income tax expenses

No provision for Hong Kong profits tax has been made as the Group had no estimated assessable profits arising in Hong Kong during the period (2008: Nil).

ThinSoft Pte Ltd, a wholly-owned subsidiary incorporated in Singapore, is subject to Singapore income tax. Singapore income tax has been provided at the rate of 18% (2008: 18%) on the estimated assessable profits arising in Singapore.

ThinSoft (USA) Inc is a wholly-owned subsidiary incorporated in the State of Delaware in the United States of America. During the period under review, it has been operating in the State of New York and California in the United States of America and is subject to the United States federal income tax at progressive rates ranging from 15% to 39% (2008: 15% to 39%), New York state corporate tax at a rate of 7.5% (2008: 7.5%) and California state corporate tax at a rate of 8.84% (2008: 8.84%), respectively, on its estimated assessable profits arising on a world wide basis.

4. Dividends

No dividend has been paid or declared by the Company or any of the companies comprising the Group during the nine months ended 30th September 2009 (2008: Nil).

5. Loan receivable

On 1st December 2008, the Group entered into a loan agreement with Kiu Hung Energy Holdings Limited ("Kiu Hung"), pursuant to which the Group agreed to advance to Kiu Hung a loan of HK\$5,500,000 for a period of 12 months. The loan is interest bearing at 11% per annum, unsecured, and repayable on 4th December 2009. At any time after 6 calendar months from the date of the drawdown of the loan, the Group shall have the right to require Kiu Hung to repay the loan in full or any part thereof as requested by the Group provided that the Group shall have given to Kiu Hung not less than 1 calendar month prior written notice. Kiu Hung shall repay the loan in the amount as specified in the written notice together with all interest accrued and all money payable under the loan agreement on the date specified in the written notice.

Kiu Hung may prepay all or part of the loan 6 calendar months after the date of the drawdown of the loan provided that it shall have given to the Group not less than 1 calendar month prior written notice and that the amount of any partial prepayment shall not be less than HK\$500,000 or any integral multiples thereof.

The carrying value of this asset approximated its fair value as at 30th September 2009.

As at 30th September 2009, Mr. Dennis Yu Won Kong, a director and a substantial shareholder of the Company, is interested in approximately 11.65% of the total issued share capital of Kiu Hung. Mr. Dennis Yu Won Kong is also interested in 50% of the total issued share capital of Top Advance Group Limited through Strong Choice Investments (Holdings) Limited, a company solely owned by Mr. Dennis Yu Won Kong. Top Advance is a company interested in 45% of the total issued share capital of Gold Dynasty Investments Limited ("Gold Dynasty"). As at 30th September 2009, Gold Dynasty held (i) convertible notes issued by Kiu Hung with principal amount of approximately HK\$254,065,000 ("Convertible Notes") which is convertible into 362,949,764 conversion shares of Kiu Hung at a conversion price of HK\$0.7; and (ii) a promissory note issued by Kiu Hung with the outstanding amount of HK\$35,415,633. Assuming the Convertible Notes are converted into ordinary shares of Kiu Hung, Mr. Dennis Yu Won Kong will be deemed to be interested in approximately 18.81% of the then enlarged share capital of Kiu Hung.

On 2nd October 2009, (i) Kiu Hung and Gold Dynasty entered into a deed to vary certain terms of the Convertible Notes; and (ii) Kiu Hung and Gold Dynasty entered into a subscription agreement pursuant to which Gold Dynasty has conditional agreed to subscribe or procure subscription by its nominee(s) for new convertible notes in the principal amount of HK\$35,415,633 with the rights to convert into 141,662,532 conversion shares at the initial conversion price of HK\$0.25 (subject to adjustments) per conversion share. The proposed amendments of terms of the Convertible Notes and the issue of the new convertible notes are subject to approvals by the independent shareholders (the "Shareholders") of Kiu Hung at an extraordinary general meeting of Kiu Hung to be held on 9th November 2009.

On 22nd October 2009, Mr. Dennis Yu Won Kong was appointed as executive director of Kiu Hung. As a result, Mr. Dennis Yu Won Kong serves the common directorship of the Company and Kiu Hung.

As at 30th September 2009, Mr. Yue Wai Keung, another director and a substantial shareholder of the Company, is also interested in approximately 4.37% of the total issued share capital of Kiu Hung.

As at 30th September 2009, the loan receivable was neither past due nor impaired. There were no collateral held as security and other credit enhancement against the loan receivable. The maximum exposure to credit risk at the reporting date is the fair value of loan receivable mentioned above.

6. Loss per share

Pursuant to the Extraordinary General Meeting held on 4th November 2009, it is resolved to subdivide the Company shares, each of the issued and unissued shares of HK\$0.05 in the share capital of the Company be and is hereby subdivided into five shares of HK\$0.01 each will effect from 5th November 2009.

As at 30th September 2009, the authorized share capital of the Company is HK\$100,000,000, divided into 2,000,000,000 shares, of which 501,255,000 shares were in issue and fully paid. Immediately upon the share subdivision become effect in 5th November 2009, the authorized share capital of the Company are HK\$100,000,000 divided into 10,000,000,000 shares of which 2,506,275,000 share are in issue and fully paid.

The calculation of basic loss per share for the three months and nine months ended 30th September 2009 are based on the share split effective in 5th November 2009 and the loss for the period attributable to ordinary equity holders of the Company of HK\$1,426,000 (2008: loss of HK\$555,000) and HK\$4,598,000 (2008: loss of HK\$2,561,000), and the 2,506,275,000 (2008: 2,506,275,000) and 2,506,275,000 (2008: 2,506,275,000) ordinary shares in issue during the period respectively.

No diluted (loss)/earnings per share for the three months and nine months ended 30th September 2009 and 2008 are presented as there are no outstanding share options as at 30th September 2009 and 2008.

7. Reserves

	Share capital HK\$'000	Share Premium HK\$'000	Capital Reserve HK\$'000	Currency Translation HK\$'000	Available- for-sale- financial assets HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1st January 2008	25,063	11,347	6,840	3,652	439	(8,585)	38,756
Loss for the period	-	-	-	-	-	(2,006)	(2,006)
Other comprehensive income/(loss)							
Reverse fair value adjustment recognised in previous year	-	-	-	-	(439)	-	(439)
Currency translation differences	-	-	-	1,119	-	-	1,119
Total comprehensive income/(loss) for the period ended 30th June 2008	-	-	-	1,119	(439)	(2,006)	(1,326)
Balance at 30th June 2008	25,063	11,347	6,840	4,771	-	(10,591)	37,430
Loss for the period	-	-	-	-	-	(555)	(555)
Other comprehensive loss	-	-	-	-	-	-	-
Reverse fair value adjustment recognised in previous year	-	-	-	-	-	-	-
Currency translation differences	-	-	-	(1,075)	-	-	(1,075)
Total comprehensive income for the period ended 30th September 2008	-	-	-	(1,075)	-	-	(1,075)
Balance at 30th September 2008	25,063	11,347	6,840	3,696	-	(11,146)	35,800
Balance at 1st January 2009	25,063	11,347	6,840	3,624	-	(13,031)	33,843
Loss for the period	-	-	-	-	-	(3,171)	(3,171)
Other comprehensive (loss)/income							
Fair value adjustment recognised in the period	-	-	-	-	1,814	-	1,814
Currency translation differences	-	-	-	(9)	-	-	(9)
Total comprehensive (loss)/income for the period ended 30th June 2009	-	-	-	(9)	1,814	(3,171)	(1,366)
Balance at 30th June 2009	25,063	11,347	6,840	3,615	1,814	(16,202)	32,477
Loss for the period	-	-	-	-	-	(1,426)	(1,426)
Other comprehensive income							
Fair value adjustment recognised in period	-	-	-	-	2,410	-	2,410
Currency translation differences	-	-	-	180	-	-	180
Total comprehensive income for the period ended 30th September 2009	-	-	-	180	2,410	-	2,590
Balance at 30th September 2009	25,063	11,347	6,840	3,795	4,224	(17,628)	33,641

MANAGEMENT DISCUSSION AND ANALYSIS

Operation review

Maintaining viable global operations in today's economic environment is challenging for businesses of any size. It is not surprising that sales to the Group's target customer base, particularly small to medium sized enterprises which comprise the most significant portion, have softened when compared to a year ago.

Microsoft reported a sales decline for the third quarter of 2009 as PC users anticipated the release of the new operating platform, Windows 7. ThinSoft's customer base thus forestalled purchases of applications tethered to prior Microsoft operating systems such as Vista.

The much anticipated release of Windows 7 came in October and simultaneously ThinSoft announced the release of its new, Windows 7-ready software which again demonstrated the Group's market leadership in new-product development. And there is much optimism about good but gradual future PC sales now that Windows 7 has been released.

The Group will continue to monitor the results of its operations in all market segments and will concentrate efforts toward cost efficiencies and new product developments in order to be best positioned for growth as the economies of the world begin to improve and as new PC sales are once again stimulated by the Windows 7 release.

Financial review

Turnover for the nine months ended 30th September 2009 decreased by approximately 37% to HK\$7.91 million when compared to the corresponding previous period of approximately HK\$12.61 million as the result of financial downturn and the delay of Window 7 release.

Gross profit margin for the period ended 30th September 2009 increased to approximately 98.9% as compared with approximately 87.5% in the corresponding previous period. The increase in gross margin was attributable to sales which was mainly resulting from the software products which have relatively higher margins.

Selling and distribution expenses in the period under review decreased to HK\$0.49 million when compared to approximately HK\$0.51 million incurred in the corresponding previous period.

General and administrative expenses in the period under review decreased to approximately HK\$11.47 million when compared to approximately HK\$12.1 million incurred in the corresponding previous period.

The Group consequently registered a loss attributable to shareholders for the nine months ended of approximately HK\$4.60 million.

The Group continues to be in a healthy financial position. Cash and bank balances as at 30th September 2009 totalled approximately HK\$19.8 million (2008: approximately HK\$30.6 million). There were no bank borrowings as at 30th September 2009 (2008: Nil).

Employees

As at 30th September 2009, the Group had 14 employees. The aggregate remuneration of the Group's employees, including that of the directors, for the period under review and the previous period amounted to approximately HK\$6.81 million and approximately HK\$5.58 million respectively. The Group remunerates its employees based on their performance, experience and the prevailing industry practice.

Each of the executive and non-executive directors has entered into a service contract with the Company respectively for the term of two years commencing from 11th August 2008 and expiring on 10th August 2010, being terminable by not less than 3-month and 1-month respective notice in writing served by either party.

As at the date of this report, no share options have been granted under the post-IPO share option scheme adopted by the Company on 2nd February 2002.

Other remuneration and benefits, including retirement benefits scheme, remained at appropriate level.

Save as disclosed hereof, no information on relation to the Group's performance has changed materially from information disclosed in the Company's 2008 annual report.

OTHER INFORMATION

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

As at 30th September 2009, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Name of Directors	Beneficial owner	No. of shares held by controlled corporation	Total	Percentage of the issued share capital of the Company
Mr. Dennis Yu Won Kong (Notes 1 & 2)	3,150,000*	1,875,000,000*	1,878,150,000*	74.94
Mr. Yue Wai Keung (Notes 1 & 3)	–	1,875,000,000*	1,875,000,000*	74.81

Notes:

1. Inno Smart Group Limited is beneficially owned 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Limited. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Limited is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.
2. Daylight Express Investments Limited is wholly owned by Strong Choice Investments (Holding) Limited, which is in turn wholly owned by Mr. Dennis Yu Won Kong, an executive Director. For the purpose of the Part XV of SFO, Daylight Express Investments Limited is deemed to be interested in the shares of the Company which Strong Choice Investments (Holding) Limited is interested in. Mr. Dennis Yu Won Kong is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in.
3. Billion Sky Resources Limited is wholly owned by Mr. Yue Wai Keung, an executive Director. For the purpose of Part XV of SFO, Mr. Yue Wai Keung is deemed to be interested in the shares of the Company which Billion Sky Resources Limited is interested in.

Save as disclosed above, as at 30th September 2009, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or 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 and short positions in 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 to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of GEM Listing Rules relating to securities transactions by Directors.

As at 30th September 2009, the following person had interests and/or short positions in the shares and underlying shares of the Company which was recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

* The number of ordinary shares held has been revised to reflect the subdivision of Company shares effective from 5th November 2009. Refer to NOTE 6 for details.

Long position in ordinary shares of the Company

Name	Capacity	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Inno Smart Group Limited (Note 1)	Beneficial interest	1,875,000,000*	74.81%
Strong Choice Investments (Holding) Limited (Notes 1 & 2)	Interest of controlled corporation	1,875,000,000*	74.81%
Mr. Dennis Yu Won Kong (Notes 1 & 2)	Beneficial interest	3,150,000*	0.13%
	Interest of a controlled corporation	1,875,000,000*	74.81%
Ms. Ho Siu Lan Sandy (Notes 1 & 2)	Family interest	1,878,150,000*	74.94%
Billion Sky Resources Limited (Notes 1 & 3)	Interest of a controlled corporation	1,875,000,000*	74.81%
Mr. Yue Wai Keung (Notes 1 & 3)	Interest of a controlled corporation	1,875,000,000*	74.81%
Ms. Man Wing Tuen (Notes 1 & 3)	Family interest	1,875,000,000*	74.81%

Notes:

1. Inno Smart Group Limited is owned as to 50% by Daylight Express Investments Limited and 50% by Billion Sky Resources Limited. For the purpose of Part XV of the SFO, each of Daylight Express Investments Limited and Billion Sky Resources Limited is deemed to be interested in the shares of the Company held by Inno Smart Group Limited.
2. Daylight Express Investments Limited is wholly owned by Strong Choice Investments (Holding) Limited which is in turn wholly owned by Mr. Dennis Yu Won Kong. Ms. Ho Siu Lan Sandy is the spouse of Mr. Dennis Yu Won Kong. For the purpose of Part XV of the SFO, Daylight Express Investments Limited is deemed to be interested in the shares of the Company which Strong Choice Investments (Holding) Limited is interested in. Mr. Dennis Yu Won Kong is deemed to be interested in the shares of the Company which Daylight Express Investments Limited is interested in and Ms. Ho Siu Lan Sandy is deemed to be interested in the shares of the Company which Mr. Dennis Yu Won Kong is interested in.
3. Billion Sky Resources Limited is wholly owned by Mr. Yue Wai Keung. Ms. Man Wing Tuen is the spouse of Mr. Yue Wai Keung. For the purpose of Part XV of the SFO, Mr. Yue Wai Keung is deemed to be interested in the shares of the Company which Billion Sky Resources Limited is interested in and Ms. Man Wing Tuen is deemed to be interested in the shares of the Company which Mr. Yue Wai Keung is interested in.

Save as disclosed above, as at 30th September 2009, there was no person had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

- * The number of ordinary shares held has been revised to reflect the subdivision of Company shares effective from 5th November 2009. Refer to NOTE 6 for details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the nine-month period ended 30th September 2009, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed securities.

COMPLIANCE WITH RULES 5.48 TO 5.67 OF THE GEM LISTING RULES

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, the Company's directors have complied with the required standard of dealings and the Company's code of conduct regarding securities transactions by the directors throughout the nine-month period ended 30th September 2009.

COMPETING INTEREST

None of the directors or the management shareholders and their respective associates of the Company (as defined in the GEM Listing Rules) had any business or interest which competes or may compete with the business of the Group nor any other conflicts of interest with the Group during the period under review.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group. The audit committee comprises three members, Mr Chen Tzyh-Trong, Mr Lee Chung Mong, and Mr Yeung Chi Hung. All of them are independent non-executive directors of the Company.

The Group's unaudited condensed consolidated financial information for the nine months ended 30th September 2009 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

DIRECTORS OF THE COMPANY

Executive directors of the Company as at the date of this report are Mr Dennis Yu Won Kong and Mr Yue Wai Keung; the non-executive directors are Mr Chan Kwan Pak and Mr Lam Kit Sun; and the independent non-executive directors are Mr Chen Tzyh-Trong, Mr Lee Chung Mong and Mr Yeung Chi Hung.

ON BEHALF OF THE BOARD

Dennis Yu Won Kong

Chairman

Hong Kong
10th November 2009