



XING LIN MEDICAL INFORMATION TECHNOLOGY COMPANY LIMITED

杏林醫療信息科技有限公司*

(formerly known as Brilliant Arts Multi-Media Holding Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8130)

Third Quarterly Report **2009**

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This report, for which the directors (“Directors”) of Xing Lin Medical Information Technology Company 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Highlights

1. Revenue of Group from continuing operations for the nine months ended 31 December 2009 was approximately HK\$3,476,000 (2008: HK\$1,142,000) representing an increase of approximately 304.4% as compared to the corresponding period in 2008.
2. Loss attributable to owners of the Company for the nine months ended 31 December 2009 was approximately HK\$28,546,000 (2008: HK\$3,568,000).
3. Loss per share for the nine months ended 31 December 2009 was HK4.54 cents (2008: HK28.38 cents).
4. The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2009 (2008: Nil).

Quarterly Results

The board of Directors (the “Board”) of Xing Lin Medical Information Technology Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2009, together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

Condensed Consolidated Income Statement

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Continuing operations					
Revenue	2	2,766	337	3,476	1,142
Cost of sales		(1,343)	-	(1,343)	-
Gross profit		1,423	337	2,133	1,142
Other income	2	14	400	1,614	1,131
Other operating expenses		(7,652)	(2,520)	(10,183)	(5,984)
Changes in fair value in respect of conversion option embedded in convertible notes receivables		-	-	(1,610)	-
Loss from operations	3	(6,215)	(1,783)	(8,046)	(3,711)
Finance costs	4	(17,683)	(29)	(17,736)	(105)
Loss before taxation		(23,898)	(1,812)	(25,782)	(3,816)
Taxation	5	-	-	-	-
Loss for the period from continuing operations		(23,898)	(1,812)	(25,782)	(3,816)
Discontinued operations					
(Loss)/profit for the period from discontinued operations	6	(10)	90	(2,764)	248
Loss for the period		(23,908)	(1,722)	(28,546)	(3,568)
Loss attributable to:					
Owners of the Company		(23,908)	(1,722)	(28,546)	(3,568)
Minority interest		-	-	-	-
		(23,908)	(1,722)	(28,546)	(3,568)
Dividend		-	-	-	-
(Loss)/earnings per share (HK cents)	7				
- Basic					
- From continuing operations		(1.47)	(14.42)	(4.10)	(30.36)
- From discontinued operations		-	0.71	(0.44)	1.97
		(1.47)	(13.71)	(4.54)	(28.39)

Condensed Consolidated Statement of Comprehensive Income

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Loss for the period	(23,908)	(1,722)	(28,546)	(3,568)
Other comprehensive income for the period				
Exchange differences on translation of financial statements of foreign operations	311	(1,485)	1,807	(1,847)
	311	(1,485)	1,807	(1,847)
Total comprehensive income for the period	(23,597)	(3,207)	(26,739)	(5,415)
Attributable to:				
Owners of the Company	(23,597)	(3,207)	(26,739)	(5,415)
Minority interest	-	-	-	-
	(23,597)	(3,207)	(26,739)	(5,415)

Notes

1. Basis of Preparation and Principal Accounting Policies

The unaudited consolidated results have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (collectively as “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under historical cost convention except for investment properties and certain financial instruments, which are measured at fair values.

The unaudited consolidated results do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2009, which have been prepared in accordance with HKFRSs. The accounting policies used in the unaudited consolidated results are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2009, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2010. Details of these changes in accounting policies are set out below.

The HKICPA has issued a number of new standards, amendments and interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s unaudited consolidated results.

HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKFRSs (Amendments)	Improvements to HKFRSs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the quarterly consolidated financial statements, and has resulted in a number of changes in presentation and disclosures.

The adoption of other new standards, amendments and interpretations has no material impact on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior year adjustment is required.

The Group has not early applied any new standards, amendments and interpretations that have been issued but are not yet effective for the nine months ended 31 December 2009. The directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

2. Revenue and Other Income

The principal activities of the Group are the development and provision of medical information digitalization system (“MIDS”), the provision of film production services, production of television movies, investment in film productions and worldwide film distribution (“Film Distribution”) and properties investment. For the nine months ended 31 December 2008, the principal activities of the Group were the Film Distribution and properties investment. As a result of disposal of a subsidiary, Creative Formula Limited, the Film Distribution operation was re-classified as discontinued operations.

Notes

An analysis of the revenue and other income of the Group during the periods is as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue				
MIDS	2,270	-	2,270	-
Gross rentals from investment properties	496	337	1,206	1,142
	2,766	337	3,476	1,142
Other income				
Bank interest income	-	400	3	1,131
Imputed interest income	10	-	1,607	-
Sundry income	4	-	4	-
	14	400	1,614	1,131

3. Loss from Operations

Loss from operations has been arrived at after charging/(crediting):

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Loss arising on early repayment of promissory note	672	-	672	-
Depreciation of property, plant and equipment	73	72	238	214
Net foreign exchange loss/(gain)	69	688	(489)	872
Staff costs including directors' emoluments	3,701	1,128	5,356	3,276

4. Finance Costs

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Interests on:				
Bank loans not wholly repayable within five years	34	27	87	97
Effective interest expenses on convertible bonds wholly repayable within five years	-	2	-	8
Effective interest expenses on convertible bonds repayable over five years	6,439	-	6,439	-
Effective interest expenses on promissory note	11,210	-	11,210	-
	17,683	29	17,736	105

5. Taxation

- (i) No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the nine months ended 31 December 2009 (2008: Nil).
- (ii) No provision for overseas income tax was made as the Company's overseas subsidiaries did not have taxable income for the nine months ended 31 December 2009 (2008: Nil).
- (iii) The Group had no significant unprovided deferred tax assets and liabilities as at 31 December 2009 (2008: Nil).

Notes

6. Discontinued operations

Analysis of the result of discontinued operations is as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue	-	-	6,265	-
Other income	-	93	-	253
Expenses	(10)	(3)	(9,029)	(5)
(Loss)/Profit before tax of discontinued operations	(10)	90	(2,764)	248
Taxation	-	-	-	-
(Loss)/profit for the period from discontinued operations	(10)	90	(2,764)	248

7. (Loss)/earnings Per Share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company for the three months ended 31 December 2009 of approximately HK\$23.9 million (2008: HK\$1.7 million) and loss attributable to equity holders of the Company for the nine months ended 31 December 2009 of approximately HK\$28.5 million (2008: HK\$3.6 million) and on the weighted average of 1,625,161,954 shares in issue during the three months 31 December 2009 (2008: 12,568,971 shares, as adjusted) and 628,867,032 shares in issue during the nine months ended 31 December 2009 (2008: 12,568,971 shares, as adjusted). The comparative figure of basic (loss)/earnings per share for the three months and nine months ended 31 December 2009 had been re-calculated to reflect the share consolidation taken place on 11 May 2009.

The conversion of all potential ordinary shares arising from share options granted by the Company and convertible bonds would have an anti-dilutive effect on the loss per share for the three months and nine months ended 31 December 2009.

No diluted (loss)/earnings per share has been presented for the three months and nine months ended 31 December 2009 as the conversion of all potential ordinary shares arising from share options granted by the Company and convertible bonds would have an anti-dilutive effect on the loss per share for the three months and nine months ended 31 December 2009.

Notes

8. Changes in Equity

	Share capital	Share premium	Contributed surplus	Share-based compensation reserve	Convertible bonds reserve	Translation reserve	Distributable capital reduction reserve	Retained profits/(Accumulated losses)	Total	Minority interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 April 2008	125,690	65,568	10	2,671	250	(292)	-	(29,928)	163,969	-	163,969
Total comprehensive income for the period	-	-	-	-	-	(1,847)	-	(3,568)	(5,415)	-	(5,415)
Capital reduction	(124,433)	-	-	-	-	-	87,244	37,189	-	-	-
Recognition of equity-settled share-based payment	-	-	-	1,804	-	-	-	-	1,804	-	1,804
Cancellation/Lapsed of share options	-	-	-	(1,799)	-	-	-	1,799	-	-	-
At 31 December 2008	1,257	65,568	10	2,676	250	(2,139)	87,244	5,492	160,358	-	160,358
At 1 April 2009	12,569	98,535	87,254	4,200	-	(2,288)	-	(9,594)	190,676	-	190,676
Total comprehensive income for the period	-	-	-	-	-	1,807	-	(28,546)	(26,739)	-	(26,739)
Capital reduction	(11,538)	(89,135)	110,673	-	-	-	-	-	-	-	-
Recognition of equity-settled share-based payment	-	-	-	2,972	-	-	-	-	2,972	-	2,972
Capital contribution by minority interest	-	-	-	-	-	-	-	-	-	542	542
Issue of new shares	50,000	450,000	-	-	-	-	-	-	500,000	-	500,000
Issue of convertible bonds	-	-	-	-	527,530	-	-	-	527,530	-	527,530
Share issues expenses	-	(15,993)	-	-	-	-	-	-	(15,993)	-	(15,993)
Conversion of convertible bonds	21,800	197,834	-	-	(153,335)	-	-	-	66,299	-	66,299
Share issue upon exercise of share options	416	10,053	-	(2,862)	-	-	-	-	7,607	-	7,607
At 31 December 2009	73,247	641,294	197,927	4,310	374,195	(481)	-	(38,140)	1,252,352	542	1,252,894

Interim Dividend

The Board does not recommend the payment of any interim dividend for the nine months ended 31 December 2009 (2008: Nil).

Business Review

For the nine months ended 31 December 2009, the Group recorded a revenue of approximately HK\$3.5 million (2008: HK\$1.1 million). The increase was contributed by the revenue derived from the launching of new business of MIDS.

On 2 October 2009, the Company received HK\$100 million from China Star Film Group Limited (“China Star”) for the repayment of the convertible bonds issued by China Star to the Company on 28 April 2009. Such proceeds had been utilised by the Company as part of the consideration relating to the acquisition of Sunny Chance Limited (“Sunny Chance”) as detailed in the paragraph below.

On 6 October 2009, the Company completed the acquisition of the entire issued share capital of Sunny Chance at a consideration of HK\$1,500 million. Sunny Chance and its subsidiary (“Sunny Chance Group”) are principally engaged in the development and provision of custom built wireless radio frequency identification (“RFID”) application system in both local area network (“LAN”) and metropolitan area network (“MAN”) to the healthcare sector in the PRC. Sunny Chance Group is already contributing revenue to the Group during the quarter under review.

On 8 October 2009, the Company disposed of its 100% subsidiary, Creative Formula Limited, at a consideration of HK\$8.2 million. The principal activities of the subsidiary was the provision of film production and film distribution.

On 10 December 2009, the Company completed the placement of 5,000,000,000 new shares at a price of HK\$0.10 per share. The net proceeds from the placement amounted to approximately HK\$484 million. A substantial portion of such proceeds will be applied toward the rollout of MIDS to client hospitals and part of the proceeds, if and as appropriate, would be employed for business expansion and general working capital of the Group.

Management Discussion and Analysis

MIDS, which unifies wireless Wi-Fi and RFID technology to eliminate paper-based workflow in hospitals, is a complete digitalization solution for hospitals and it enables the hospitals to eliminate manual errors and upgrade medical efficiency and accuracy. For example, after embedding MIDS's intravenous injection management module into the workflow of Tianjin Dagang Oil Field General Hospital, outpatient capacity has increased to a peak of 800 per day. The development and provision of MIDS to hospitals in the Tianjin area and outside have accelerated after our working capital has been strengthened by the share placement and the rollout of various MIDS modules is in full swing. As of the date of this report we are engaging 6 hospitals in 3 cities in various stages of MIDS rollout.

New requirements have also emerged during engagement with IT and healthcare professionals in client hospitals. Many of these new requirements have evolved into additional functionalities as well as new modules under MIDS, although in some cases they would make an impact on the rollout schedule.

Financial Review

For the nine months ended 31 December 2009, revenue of the Group was approximately HK\$3.5 million, of which HK\$2.3 million (2008: Nil) was generated from rollout of MIDS, and HK\$1.2 million (2008: HK\$1.1 million) was generated from the leasing of an investment property located at Canada.

Loss attributable to owners of the Company for the nine months ended 31 December 2009 amounted to approximately HK\$28.6 million (2008: HK\$3.6 million). The increase in loss was mainly attributed to significant increase in other operating expenses and financial costs as explained below.

Other income mainly comprise of interest income amounted to approximately HK\$1.6 million, representing an increase of 42.7% over the same period of last year.

Other operating expenses increased by 70.1% to approximately HK\$10.1 million from HK\$6.0 million in prior period. Such increase was mainly attributed to start-up expense in relation to launching of new business of MIDS of HK\$1.8 million and share-based payment expenses of HK\$2.5 million.

Management Discussion and Analysis

Finance costs increased by 169 times to approximately HK\$17,736,000 from HK\$105,000 in the nine months ended 31 December 2008. The increase was mainly attributed to effective interest expenses on the promissory note and convertible bonds issued during the period.

Prospect

As China's Healthcare Reform mandates the digitalization of hospitals and medical system to minimize medical errors and improve medical efficiency and accuracy, the space for information technology systems in the healthcare sector will be expanded in a very significant manner. Under this backdrop, the Group will continue with its strategy to focus on the medical IT area in China.

The Company's MIDS system was demonstrated in the Greater Bohai Hospital Association 2009 Annual Conference where hundreds of hospitals attended and we have since received favourable response and the hospitals are either evaluating or have constructive advice on further development. At the same time more modules under MIDS are being developed to meet the various emerging needs of the hospitals, such as RFID based logistics management system and picture archiving and communication systems (PACS). We are targeting to complete or engage a total of 10 hospitals in MIDS rollout by the first quarter of 2010, though from our experience potential new and emerging functionalities and modules may also become a consideration factor in the rollout. Together with our technology partners, we are progressing with research and development work regarding upgrades as well as next phase MIDS products including the enhancement of network and data sharing among hospitals.

Management Discussion and Analysis

On 21 January 2010, the Company entered via its wholly owned subsidiary into a sale and purchase agreement (the “Proposed Acquisition”) pursuant to which the Company shall purchase 20% of the total registered capital of Redart Digital Technology Co., Ltd. (the “Target”). The total consideration of HK\$145,000,000, subject to post-valuation adjustment, was settled in cash to the Vendor as deposit (the “Deposit”) and payment of the Consideration. An independent professional valuer shall perform valuation on the Target’s assets and business (the “Valuation”) and in the event that the Valuation is less than HK\$725,000,000, the Vendor shall refund to the Company the difference between the Deposit and 20% of the Valuation or transfer to the Company an additional percentage of registered capital of the Target equivalent to such difference divided by the Valuation. The main asset of the Target is the Co-operation Agreement and the MOU. The Co-operation Agreement set out the framework for the digitalization programme of the medical and healthcare system in Chengde city in the PRC. The digitalization programme will be implemented in four stages including (1) establishing network for medical and healthcare data transmission amongst the villages, counties and the cities area so as to enable distant medical consultation; (2) upgrading and improving the network of each hospital; (3) establishing various data centres for storage of electronic medical records and (4) introducing “medical card” to individuals. The MOU, tentative term of five years, covers the construction, maintenance and operation of aforementioned digitalization programme and the marketing of the healthcare digitalized products. Under the MOU, the Tianjin Microsoft Technology Centre has agreed to procure not less than five cities in the PRC for co-operation during the term of the MOU and not less than two cities for co-operation in 2010.

The Board considers the opportunity for the Group to accelerate the pilot of MIDS Phase 2 – healthcare collaboration platform in Chengde city and to leverage the relationship and connection of the Target to provide MIDS to over 200 hospitals/clinics in the Chengde city, plus the large number of potential hospitals in the five cities which rides on the same uniformed healthcare platform will speed up the pace of becoming the market leader in medical information digitalisation, presents large business prospect and profitability thereof, is in the interests of the Company and the Shareholders as a whole. The Proposed Acquisition has not yet completed and the long stop date is on 31 March 2010.

Change of Company Name

Pursuant to a special resolution by the shareholders of the Company at the special general meeting held on 5 October 2009, the name of the Company was changed from “Brilliant Arts Multi-Media Holding Limited” to “Xing Lin Medical Information Technology Company Limited”.

Management Discussion and Analysis

Liquidity, Financial Resources and Capital Structure

At 31 December 2009, the Group had total assets of approximately HK\$1,997 million (31 March 2009: HK\$198.9 million), including mainly intangible assets of HK\$1,452 million and cash and bank balances of approximately HK\$489 million (31 March 2009: HK\$142.4 million). During the period under review, the Group financed its operations with internally generated cash flows and proceeds from new issue.

At 31 December 2009, the Group has pledged its investment property located at Canada to secure a mortgage loan amounted to approximately HK\$1.8 million (31 March 2009: HK\$1.9 million).

At 31 December 2009, save as the mortgage loan, the Group did not have any bank borrowings nor any banking facilities.

Treasury Policies

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need rise.

Contingent liabilities

At 31 December 2009, the Group had no contingent liabilities.

Material Acquisition, Disposal and Significant Investments.

Save as disclosed under the heading of “Business Review” relating to the acquisition of Sunny Chance and disposal of Creative Formula Limited, during the nine months period under review, the Group had no material acquisition, disposal or any significant investments.

Employees and Remuneration Policies

At 31 December 2009, the Group had 20 full time employees (31 March 2009: 6), including executive directors. The Group remunerated its employees in accordance with their work performance and experience. The Directors had their discretions in granting share options and bonuses to the Group’s employees depending upon the work performance of particular employee and the financial performance of the Group. For the period under review, total staff costs, including directors’ emoluments, amounted to approximately HK\$5.4 million (2008: HK\$3.2 million).

Other Information

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debenture and Its Associated Corporations

As at 31 December 2009, the interests and short position of the directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO); or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, are as follows:

Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of director	Interest in shares	Percentage of the Company's issued share capital
Mr. Au Ho Chuen, Bonny	1,780,000	0.02%

Share Option Scheme

The Company adopted two share option schemes on 2 August 2002, namely, the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme ("Share Option Scheme"). The principal terms of the two share option schemes have been set out in the note 39 to the financial statements as included in the annual report of the Company for the year ended 31 March 2009.

Other Information

Details of the Company's share options granted under the Share Option Scheme are as follows:

Date of grant	Category of eligible persons	Exercise price (Note 1)	Exercise period	Outstanding at 1/4/2009 (Note 1)	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 31/12/2009 (Note 1)
25/02/2008	Consultants	HK\$10.91	25/02/2008 to 24/02/2011	65,820	-	-	-	-	65,820
	Employees	HK\$10.91	25/02/2008 to 24/02/2011	65,820	-	-	-	-	65,820
28/04/2008	Consultants	HK\$9.74	28/04/2008 to 27/04/2011	549,334	-	-	-	-	549,334
	Employees	HK\$9.74	28/04/2008 to 27/04/2011	370,881	-	-	-	-	370,881
27/03/2009	Consultants	HK\$0.20	27/03/2009 to 26/03/2010	626,897	-	(626,897)	-	-	-
	Employees	HK\$0.20	27/03/2009 to 26/03/2010	630,000	-	(630,000)	-	-	-
09/04/2009	Consultants	HK\$0.25	09/04/2009 to 08/04/2010	-	3,770,691	(3,770,691)	-	-	-
	Employees	HK\$0.25	09/04/2009 to 08/04/2010	-	2,251,158	(2,251,158)	-	-	-
09/11/2009	Directors	HK\$0.50	09/11/2009 to 08/11/2010	-	1,780,000	(1,780,000)	-	-	-
	Consultants	HK\$0.50	09/11/2009 to 08/11/2010	-	6,150,000	(5,610,000)	-	-	540,000
	Employees	HK\$0.50	09/11/2009 to 08/11/2010	-	4,890,000	(4,310,000)	-	-	580,000
				<u>2,308,752</u>	<u>18,841,849</u>	<u>(18,978,746)</u>	<u>-</u>	<u>-</u>	<u>2,171,855</u>

Note:

- (1) The exercise prices and numbers of share options have been adjusted due to the completion of the share consolidation on 11 May 2009.

Other Information

Directors and Chief Executives' Rights to Acquire Shares or Debentures

Save as disclosed above, at 31 December 2009, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

Substantial Shareholders

At 31 December 2009, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Percentage of the Company's issued share capital
Growth Harvest Limited	Beneficial owner (Note 1)	2,180,000,000	5,320,000,000	7,500,000,000	102.39%
Success Portal Limited	Interest of controlled Corporation (Note 1)	2,180,000,000	5,320,000,000	7,500,000,000	102.39%
Treasure Bonus Limited	Interest of controlled Corporation (Note 1)	2,180,000,000	5,320,000,000	7,500,000,000	102.39%
Mr. Lum Chor Wah, Richard	Interest of controlled Corporation (Note 1)	2,180,000,000	5,320,000,000	7,500,000,000	102.39%
Ms. Tan Ting Ting	Interest of controlled Corporation (Note 1)	2,180,000,000	5,320,000,000	7,500,000,000	102.39%

Note:

- (1) Growth Harvest Limited (“Growth Harvest”) is deemed to be interested in 7,500,000,000 shares pursuant to the conditional sale and purchase agreement dated 29 June 2009 entered into between Growth Harvest and the Company. Each of Success Portal Limited (“Success Portal”) and Treasure Bonus Limited (“Treasure Bonus”) own 36% of the issued share capital of Growth Harvest and Success Portal and Treasure Bonus are wholly and beneficially owned by Mr. Lum Chor Wah, Richard and Ms. Tan Ting Ting respectively. Success Portal, Treasure Bonus, Mr. Lum Chor Wah, Richard and Ms. Tan Ting Ting are deemed to be interested in such 7,500,000,000 shares.

Save as disclosed above, at 31 December 2009, the Company has not been notified of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who 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.

Competing Interests

At 31 December 2009, none of the directors, management shareholders and substantial shareholders, or their respective associates had any interests in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Purchase, Sale or Redemption of Listed Securities of the Company

The Company has not redeemed any of its listed securities during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the nine months ended 31 December 2009.

Corporate Governance

For the nine months ended 31 December 2009, the Company complied with provisions set out in Appendix 15 of the Code of Corporate Governance Practices of the GEM Listing Rules.

Other Information

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 and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprised the three independent non-executive directors namely, Mr. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic. The audit committee has reviewed the Group's unaudited consolidated financial statements for the nine months ended 31 December 2009.

Board of Directors

As at the date of this report, the executive directors of the Company are Mr. Ho Ka Wai (Chairman) and Mr. Au Ho Chuen, Bonny and the independent non-executive directors are Mr. Leung Wai Man, Mr. Man Kong Yui and Mr. Kwok Chuen Hung, Dominic.

By Order of the Board
Xing Lin Medical Information Technology Company Limited
Au Ho Chuen, Bonny
Executive Director

Hong Kong, 11 February 2010