

iMerchants Limited

Third Quarterly Report 2010/2011

Stock Code : 8009

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 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.

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This report, for which the directors (the "Directors") of iMerchants 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 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 in this report or this report misleading.

SUMMARY

The Group's unaudited consolidated profit attributable to owners of the Company for the nine months ended 31 December 2010 was approximately HK\$36,907,000 compared to the unaudited consolidated loss attributable to owners of the Company of approximately HK\$23,855,000 for the corresponding period in 2009. No interim dividend is recommended for the period under review.

GROUP BUSINESS REVIEW

The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in manufacture and trading of ceramic sewage material as well as investment in listed securities. The turnover for the Group was approximately HK\$10,628,000 compared to approximately HK\$78,962,000 for the corresponding period last year.

We continue our objective of enhancing the value of the Company’s shares. We will cautiously make use of excess funds on investments in Hong Kong equity market. The investment strategy is reviewed and monitored frequently and we will take appropriate actions whenever necessary in response to changes in fundamental market situation. With adequate funds on hand, we will also continue to identify venture companies with growth potential and also possess the management ability to capture business opportunities.

References were made to the announcement of the Company dated 5 August 2010. The board of the Directors (the “**Board**”) announced that on 3 August 2010, a direct wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into the MOU with a company incorporated in the British Virgin Islands and beneficially owned by an Independent Third Party (the “**Vendor**”), the Vendor’s Guarantor and the Vendor’s PRC Co. for the possible acquisition of the entire issued share capital of the Target Company at a total consideration of not more than HK\$980 million, subject to the payment of the Adjusted Consideration. The Consideration and the Adjusted Consideration shall be satisfied in cash and by the Company allotting and issuing the Convertible Preference Shares and/or Convertible Bonds. Subject to the due diligence review to be conducted by the Company, based on the representation from the Vendor, the Project Company currently has the right to construct and operate a project relating to exploration and exploitation of natural gas in the People’s Republic of China (the “**PRC**”) and will acquire from a large oil and gas producer and supplier in the PRC the right to construct and operate three other projects relating to exploration and exploitation of natural gas in the PRC. The proposed Acquisition is still in negotiation and is subject to the entering into of the Sale and Purchase Agreement. The entering into of the Sale and Purchase Agreement, if it materialises, will constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement will be made by the Company when the Sale and Purchase Agreement is signed. The proposed Acquisition may or may not proceed and that no legally binding document has been executed. For details and the meanings of the capitalised terms used in this paragraph please refer to the announcement of the Company on 5 August 2010.

Looking forward, the Company intends to engage in natural gas undertakings, and seeks to develop related projects in collaboration with large oil and gas producers and suppliers in the PRC. Natural gas is an effective and quality green resource, the exploitation and application of which is significant to environmental protection. As such, the Group believes that the exploitation and sales of natural gas present huge market potential and room for development, which may help to expand the Group’s business and allow the Group to bring satisfactory rewards to its shareholders.

PENDING LITIGATION

On 26 May 2008, Shine Gain Holdings Limited, a direct wholly-owned subsidiary of the Company (the "**Purchaser**"), entered into an agreement (the "**Agreement**") to purchase the entire issued share capital of Plenty One Limited (the "**Acquisition**"), which in turn holds a 80% interest in the registered and paid-up capital of Ping Xiang City San He Lian Chuang Water Technology Company Limited (萍鄉市三和聯創水務科技有限公司) (the "**PRC Co.**"). Details of the Agreement and the Acquisition are disclosed in the circular of the Company dated 19 June 2008.

Pursuant to the Agreement, Da Luz, Sergio Augusto Josue Junior (the "**Vendor**") irrevocably and unconditionally warrants, guarantees and undertakes to and with the Purchaser that the consolidated net profit after tax of the PRC Co. (the "**Net Profit**") during the period from 1 June 2008 to 30 May 2009 ("**First Relevant Period**") and the period from 1 June 2009 to 30 May 2010 ("**Second Relevant Period**") as to be shown in the audited accounts of the PRC Co. for such period to be prepared by a certified public accountants acceptable to the Purchaser shall not be less than RMB6,000,000 and RMB10,000,000 respectively (the "**Guaranteed Profit**"). In the event that the Net Profit during the First and Second Relevant Period, as the case may be, is less than the Guaranteed Profit, the Purchaser shall be entitled to a cash sum which is equal to the amount of the difference between the Guaranteed Profit and the Net Profit (the "**Shortfall Payment**").

On 28 July 2010, Plenty One Limited and the Vendor had come to an settlement which the Vendor agreed to procure the transfer of the 20% interested in the registered and paid-up capital of PRC Co. from the minority shareholder to Plenty One Limited as a compensation to the inability to fulfill the commitments on the Guaranteed Profit (the "**Share Transfer**"). The management of the Company had also considered that the Company may have to engage in lengthy litigation progress in order to recover damages from the Vendor. Upon obtaining opinion from legal advisor and reviewing of the current financial status of the Vendor, the prospect of recovering the full amount of the Guaranteed Profit as damages is low. The management of the Company is still in the consideration of accepting the said settlement proposal.

FINANCIAL REVIEW

The Group recorded a net profit of approximately HK\$36,401,000 for the nine months ended 31 December 2010, compared to a net loss of approximately HK\$24,007,000 for the corresponding period in 2009. The gain is mainly attributable to the accrued income arising from the signed management contract between Supreme Luck International Limited with Shenzhen Careall Capital Investment Co., Ltd. (深圳市康沃資本創業投資有限公司) (“**Careall**”) dated 19 August 2009. Based on the information available to the management as at the announcement date, the management of the Company believed that such accrual is adequate. The exact amount has been finalised after completion of the special audit conducted on the result of according to the cause 3.1 in the management contract.

The Group continues to be in a healthy financial situation. As at 31 December 2010, the Group holds current assets plus financial investments and deposits totaling approximately HK\$172,716,000 and has approximately HK\$3,990,000 of bank borrowings.

For the nine months ended 31 December 2010, the Group’s turnover was approximately HK\$10,628,000 compared to a turnover of approximately HK\$78,962,000 for the corresponding period in 2009.

As of 31 December 2010, the Group has disposed of all the long-term financial investments on hand (31 March 2010: approximately HK\$6,312,000). The management will continue its conservative approach. In general, the investment strategy will be reviewed frequently to take appropriate actions whenever necessary in response to changes in market situation.

RESULT

The Board presents the unaudited results of the Group for the three months and nine months ended 31 December 2010 together with the comparative unaudited figures for the corresponding period in 2009 as follows.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2010

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Turnover	2	–	24,292	10,628	78,962
Revenue		–	4,392	5,526	8,292
Cost of Sales		–	(1,325)	(1,776)	(3,466)
Gross Profit		–	3,067	3,750	4,826
Income from Management Contract	3	–	–	114,000	–
Investment income		–	7	22	29
Net gain (loss) on disposal of debt securities		–	(2,983)	3,220	(15,823)
Other income		6	5	3	36
Selling and distribution expenses		–	(2,709)	(781)	(4,286)
Administration expenses		(17,540)	(3,033)	(53,638)	(8,300)
Finance expenses		(3,045)	(305)	(10,175)	(377)
Profit (loss) before taxation	4	(20,579)	(5,951)	56,401	(23,895)
Taxation	5	–	(73)	(20,000)	(112)
Profit (loss) for the period		(20,579)	(6,024)	36,401	(24,007)

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Other comprehensive income/ (expense) for the period, net of tax				
Exchange difference arising on translation	(1)	(120)	4	(73)
Change in fair value of available-for-sale investments	–	7,369	–	57,672
Release of investment revaluation reserve upon disposal of available-for-sale investments	–	–	(4,452)	–
Total comprehensive income/ (expense) for the period, net of tax	(20,580)	1,225	31,953	33,592
Profit/(Loss) for the period attributable to:				
Owners of the Company	(20,579)	(5,945)	36,907	(23,855)
Minority interests	–	(79)	(506)	(152)
	(20,579)	(6,024)	36,401	(24,007)
Total comprehensive income/ (expense) for the period attributable to:				
Owners of the Company	(20,580)	1,331	32,459	33,759
Minority interests	–	(106)	(506)	(167)
	(20,580)	1,225	31,953	33,592
Earnings (loss) per share				
– basic (HK cent)	(0.33)	(0.20)	0.84	(0.82)
– and diluted (HK cent)	N/A	N/A	0.18	N/A

NOTES

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Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The financial statements are unaudited, but have been reviewed by the audit committee of the Group.

2. TURNOVER

Turnover represents revenue generated from manufacture and trading of ceramic sewage materials as well as revenue from investments, and is analysed as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Dividends from listed securities	–	7	22	29
Proceeds from debt and available-for-sale securities	–	19,893	5,080	70,641
Revenue from investments	–	19,900	5,102	70,670
Revenue from manufacture and trading of ceramic sewage materials	–	4,392	5,526	8,292
	–	24,292	10,628	78,962

3. INCOME FROM MANAGEMENT CONTRACT

The audited result of Careall for the 12 months period ended 31 August 2010 has shown a comprehensive income of approximately RMB143,122,000. Under the management contract where 70% of such income will become the management fee chargeable to Careall amounting approximately RMB100,185,000. The said management fee has been accrued in the second quarterly result of the Company.

4. PROFIT/LOSS BEFORE TAXATION

	Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Profit/loss before taxation has been arrived at after charging (crediting):		
Operating lease charges in respect of rented premises	931	777
Staff cost		
Salaries and allowances	2,365	1,774
Retirement benefit scheme contributions	168	56
	2,533	1,830
Amortisation of intangible asset	46,279	2
Depreciation Expenses	140	120
Interest income from bank deposits	(2)	(2)
Sundries	165	71

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group incurred tax losses in Hong Kong for both periods.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiary in the PRC reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiary in the PRC is 25%.

6. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Earnings/(loss) for the purposes of basic earnings/(loss) per share (profit/(loss) for the period attributable to owners of the Company)	(20,579)	(5,945)	36,907	(23,855)
	Number	Number	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	6,330,119,113	2,908,457,346	4,415,442,512	2,908,457,346
Weighted average number of ordinary shares for the purpose of diluted earnings per shares	22,982,708,333	7,849,456,818	20,668,031,712	7,849,456,818

Diluted loss per share was same as the basic loss per share for the three months ended 31 December 2010, as the effect of the conversion of the Company's convertible bonds and non-redeemable convertible preference shares were anti-dilutive for the period ended 31 December 2010.

Diluted loss per share was same as the basic loss per share for the three months and nine months ended 31 December 2009 as there were no diluting events existed.

The weighted average number of ordinary shares for the purpose of basic loss per share has been adjusted for the share subdivision on 2 November 2009.

7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2010 (2009: Nil).

8. MOVEMENT OF RESERVES

	Attributable to owners of the Company										
	Share premium	Capital	Merger reserve	Investment revaluation reserve	Special capital reserve	Translation reserve	Equity component of		Sub-total	Minority interests	Total
		redemption reserve					Accumulated profits (losses)	convertible bonds			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2009	-	3,297	45,918	(54,073)	60,592	(104)	-	8,619	64,249	1,151	65,400
Total comprehensive income (expense) for the period	-	-	-	57,672	-	(58)	-	(23,855)	33,759	(167)	33,592
At 31 December 2009	-	3,297	45,918	3,599	60,592	(162)	-	(15,236)	98,008	984	98,992

	Attributable to owners of the Company										
	Share premium	Capital	Merger reserve	Investment revaluation reserve	Special capital reserve	Translation reserve	Equity component of		Sub-total	Minority interests	Total
		redemption reserve					Accumulated profits (losses)	convertible bonds			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2010	46,142	3,297	45,918	4,452	40,022	(52)	84,045	(83,884)	139,940	511	140,451
Total comprehensive (expense) income for the period	-	-	-	(4,452)	-	4	-	36,907	32,459	(506)	31,953
At 31 December 2010	46,142	3,297	45,918	-	40,022	(48)	84,045	(46,977)	172,399	5	172,404

9. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure the other loans of the Group:

	The Group	
	31 December 2010 HK\$'000	31 December 2009 HK\$'000
Property, plant and equipment	-	2,514
Prepaid lease payments	2,529	2,664
	2,529	5,178

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2010, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of GEM Listing Rules were as follows:

Long positions in ordinary shares of HK\$0.04 each of the Company (the "Shares")

No long positions of Directors in the Shares were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long positions in the shares of associated corporation

Name of Director	Number of shares Name of associated corporation	Approximate held in the associated corporation	percentage of shareholding
Yang Bin	China Water Industry Group Limited (" China Water ")	450,479,000 (<i>Note</i>)	15.15%

Note: These shares are held by Boost Skill Investments Limited (as to 265,479,000 shares of China Water) and its wholly-owned subsidiaries, Favor Jumbo Investments Limited (as to 130,000,000 shares of China Water) and Sure Ability Limited (as to 55,000,000 shares of China Water). Mr. Yang Bin is interested in 60% of the equity interest in Boost Skill Investments Limited.

Save as disclosed above, no long positions of the Directors in the shares of the associated corporations was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long positions in underlying shares – share options granted by the Company

No long positions of Directors in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long positions in debentures

No long positions of Directors in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in the Shares

No short positions of Directors in the Shares and the shares of its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in underlying shares

No short positions of Directors in the underlying shares of the equity derivatives of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short positions in debentures

No short positions of Directors in the debentures of the Company and its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, at 31 December 2010, none of the Directors had any interests in any shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

At 31 December 2010, the following persons or companies (other than the interests disclosed above in respect of certain Directors) had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Long positions in the Shares

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of ordinary shares in the Company held	Percentage of issued share capital of the Company
Bonus Raider Investments Limited (<i>Note 1</i>)	Beneficial owner	2,406,117,500	36.57%
China Water Industry Group Limited (<i>Note 1</i>)	Interest of a controlled corporation	2,406,117,500	36.57%
Will Success Holdings Limited (<i>Note 2</i>)	Beneficial owner	5,400	0.00%
Even Glory Holdings Limited (<i>Note 2</i>)	Beneficial owner	153,805,400	2.34%
Chen Lixue (<i>Note 2</i>)	Interest of a controlled corporation	153,810,800	2.34%
Wang Hongjun (<i>Note 2</i>)	Interest of a controlled corporation	153,805,400	2.34%

Notes:

1. These shares are registered in the name of Bonus Raider Investments Limited, which is a wholly-owned subsidiary of China Water Industry Group Limited.
2. These Shares are held by Will Success Holdings Limited ("**Will Success**") (as to 5,400 Shares), the wholly-owned subsidiary of Chen Lixue and Even Glory Holdings Limited ("**Even Glory**") (as to 153,805,400 Shares). Chen Lixue owns 50% equity interest of Even Glory.

Long positions in underlying shares

(a) *Convertible preference shares of HK\$0.04 each of the Company ("Convertible Preference Shares")*

Name of holder	Capacity	Number of Shares entitled pursuant to the full exercise of the Convertible Preference Share held as at 31 December 2010 <i>(Note 3)</i>
Will Success Holdings Limited <i>(Note 1)</i>	Beneficial Owner	4,106,394,600
Even Glory Holdings Limited <i>(Note 2)</i>	Beneficial Owner	7,146,194,600
Chen Lixue <i>(Note 1&2)</i>	Interest of a controlled corporation	11,252,589,200
Wang Hongjun <i>(Note 2)</i>	Interest of a controlled corporation	7,146,194,600

Note:

1. Will Success is a company wholly-owned by Mr. Chen Lixue.
2. Even Glory is a company owned by Mr. Chen Lixue and Mr. Wang Hongjun respectively. Each of them holds 50% of the interests of Even Glory.
3. The number of Shares is adjusted by the share subdivision effect from 2 November 2009.

(b) *Convertible bonds*

Name of holder	Capacity	Number of Shares entitled pursuant to the full exercise of the Convertible bonds held as at 31 December 2010 <i>(Note 3)</i>
Will Success Holdings Limited <i>(Note 1)</i>	Beneficial Owner	2,500,000,000
Even Glory Holdings Limited <i>(Note 2)</i>	Beneficial Owner	2,500,000,000
Chen Lixue <i>(Note 1&2)</i>	Interest of a controlled corporation	5,000,000,000
Wang Hongjun <i>(Note 2)</i>	Interest of a controlled corporation	2,500,000,000

Note:

1. Will Success is a company wholly-owned by Mr. Chen Lixue.
2. Even Glory is a company owned by Mr. Chen Lixue and Mr. Wang Hongjun respectively. Each of them holds 50% of the interests of Even Glory.
3. The number of Shares is adjusted by the share subdivision effect from 2 November 2009.

Short positions in the Shares

No short positions of other persons and substantial shareholders in the Shares were recorded in the register.

Short positions in underlying shares

No short positions of other persons and substantial shareholders of the Company in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, at 31 December 2010, the Directors were not aware of any other person who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

AUDIT COMMITTEE

The Company has an audit committee (the “**Audit Committee**”) which was established with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee had three members comprising three independent non-executive Directors, namely, Mr. Chang Kin Man (Chairman of the Audit Committee), Mr. Wu Tak Lung and Mr. Lam Tze Chung.

The primary duties of the Audit Committee are to review the financial information of the Group and supervise the financial reporting process and internal control procedures of the Group. The Group's third quarterly results for the nine months ended 31 December 2010 have been reviewed by the members of the Audit Committee, who are of the opinion that such statements comply with the applicable accounting standards, the Stock Exchange listing requirements and legal requirements and that adequate disclosures have been made.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and senior management are committed to the principles of corporate governance and have dedicated significant efforts to provide transparency, accountability and independence.

During the period under review, the Company has applied the principles and complied with all the applicable code provisions in the Code of Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Group adopted the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the period under review, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

COMPETING INTERESTS

During the period under review, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business that competed with the Group or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
iMerchants Limited
Yau Yan Ming Raymond
Chairman

Hong Kong
10 February 2011

The Directors as at the date of this report are as follows:

Executive Directors

Mr. Yau Yan Ming Raymond
Mr. Chan Wai Keung
Mr. Yang Bin
Mr. Li Wen Jun
Mr. Wong Ka Chun Carson

Independent non-executive Directors

Mr. Chang Kin Man
Mr. Wu Tak Lung
Mr. Lam Tze Chung