Armitage Technologies Holding Limited
(萬 達 資 訊 科 技 控 股 有 限 公 司)*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

THIRD QUARTERLY RESULTS REPORT FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

* *For identification purpose only*

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 high 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.

This report, for which the directors (the “Directors”) of Armitage Technologies Holding 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 (the “GEM Listing Rules”) 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 herein or this report misleading.

FINANCIAL HIGHLIGHTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2010

- Consolidated turnover (for both continuing and discontinued operations) at HK$61.5 million was recorded for the reporting period, increased by 48% compared with HK$41.6 million recorded for the corresponding period last year.

- Turnover from information technology and food and beverage businesses is HK$43.5 million and HK$18.0 million respectively.

- Overall loss attributable to equity holders of the Company increased to HK$10.4 million from HK$2.3 million compared with the corresponding period last year.

- During the nine months period ended 31 December 2010, the Group acquired a group of companies as its wholly owned subsidiaries, at considerations for the investment cost and shareholder's loan of approximately HK$7.7 million and HK1.7 million respectively, which are currently running a Japanese restaurant franchise in Hong Kong.

- On 25 January 2011, Alpha Skill Holdings Limited ("Alpha") and Armitage Holdings Limited ("AHL"), which are wholly owned subsidiaries of the Company, entered into separate sale and purchase agreement and equity interest transfer agreement with Glorywin Holdings Limited ("Glorywin") respectively, pursuant to which Alpha and AHL conditionally agreed to sell the entire issued share capital and shareholder's loan of Armitage Technologies Limited ("ATL") and the entire equity interest and registered capital of Armitage Technologies (Shenzhen) Limited ("ATL(SZ)").

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 31 December 2010, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

Consolidated Statement of Comprehensive loss (Unaudited)
For the nine months ended 31 December 2010

		For the nine months ended 31 December		For the three months ended 31 December	
		2010	2009	**2010**	2009
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	2	**61,491**	41,530	**29,100**	13,318
Cost of sales and services rendered		**(22,340)**	(17,937)	**(10,551)**	(5,811)
Gross profit		**39,151**	23,593	**18,549**	7,507
Other income		**1,247**	751	**517**	376
Operating expenses		**(48,564)**	(24,487)	**(22,894)**	(8,063)
Operating loss		**(8,166)**	(143)	**(3,828)**	(180)
Finance costs		**(1,860)**	(741)	**(601)**	(255)
Loss before income tax		**(10,026)**	(884)	**(4,429)**	(435)
Income tax (expense)/credit	3	**(355)**	(69)	**493**	(113)
Loss for the period from continuing operations		**(10,381)**	(953)	**(3,936)**	(548)
Discontinued operations					
Loss for the period from discontinued operations		**—**	(1,379)	**—**	(69)
Loss for the period and attributable to equity holders of the Company		**(10,381)**	(2,332)	**(3,936)**	(617)
Other comprehensive income/(loss)					
Exchange gain/(loss) arising from translation of foreign operations		**91**	(9)	**107**	(5)
Total comprehensive loss for the period and attributable to equity holders of the Company		**(10,290)**	(2,341)	**(3,829)**	(622)
Dividend		**—**	—	**—**	—
Loss per share (HK cents)	4				
From continuing and discontinued operations					
- Basic		**(0.99)**	(0.31)	**(0.36)**	(0.08)
- Diluted		**N/A**	N/A	**N/A**	N/A
From continuing operations					
- Basic		**(0.99)**	(0.13)	**(0.36)**	(0.07)
- Diluted		**N/A**	N/A	**N/A**	N/A

Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended 31 December 2010

	Attributable to equity holders of the Company							
	Share capital	Accumulated losses	Share premium	Special reserve	Exchange reserve	Employee share-based compensation reserve	Convertible bonds equity reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2009 (Audited)	7,500	(30,476)	42,836	3,801	2,236	181	–	26,078
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	201	–	201
Total comprehensive loss for the period	–	(2,,332)	–	–	(9)	–	–	(2,341)
At 31 December 2009 (Unaudited)	7,500	(32,808)	42,836	3,801	2,227	382	–	23,938
At 1 April 2010 (Audited)	7,703	(45,301)	44,139	3,801	2,216	4	2,800	15,362
Conversion of convertible bonds	2,000	–	10,562	–	–	–	(700)	11,862
Placing of shares	1,100	–	20,392	–	–	–	–	21,492
Acquisition of subsidiaries	150	–	2,250	–	–	–	–	2,400
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	445	–	445
Total comprehensive loss for the period	–	(10,381)	–	–	91	–	–	(10,290)
At 31 December 2010 (Unaudited)	**10,953**	**(55,682)**	**77,343**	**3,801**	**2,307**	**449**	**2,100**	**41,271**

Notes:

1. Basis of preparation

These unaudited consolidated quarterly results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and are prepared under the historical cost convention as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The accounting policies and basis of preparation used in preparing the unaudited consolidated quarterly results are consistent with those used in the audited consolidated financial statements for the year ended 31 March 2010 except the application of HKFRS 8 – Operating Segments.

In the past, the Group managed its businesses by two geographical divisions, Hong Kong and People's Republic of China ("PRC"). These divisions were the basis on which the Group reported its segment information. After the completion of acquiring a new business, food and beverage business, at the end of June 2010, the most senior executive management of the Group believes that it is the best interests to the shareholders of the Company to assess the operating results of the Group in terms of resource allocation and performance assessment by business segments which are information technology business and food and beverage business. The comparative figures have been restated as a result of the change of segment information presented.

2. Turnover

The Group is engaged in the provision of information solutions and design, development, sales of application software packages and food and beverage business. Turnover, for both continuing and discontinued operations, represents revenue recognised in respect of the provision of information solutions, application software packages sold, food and beverage business and publishing and advertising income, net of discounts and business tax, during the period. An analysis of the turnover, for both continuing and discountinued operations, recorded for the period is set out below:

	Continuing operations For the nine months ended 31 December		**Discontinued operations For the nine months ended 31 December**		**Total For the nine months ended 31 December**	
	2010	2009	**2010**	2009	**2010**	2009
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*	***(unaudited)***	*(unaudited)*
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Provision of information solutions						
- System development and integration	**13,399**	16,850	**–**	–	**13,399**	16,850
- Maintenance and enhancement income	**1,819**	1,085	**–**	–	**1,819**	1,085
Sales of application software packages and related maintenance income	**28,264**	23,595	**–**	–	**28,264**	23,595
Food and beverage	**18,009**	–	**–**	–	**18,009**	–
Publishing and advertising income	**–**	–	**–**	107	**–**	107
	61,491	41,530	**–**	107	**61,491**	41,637

3. Income tax (expense)/credit

Income tax (expense)/credit in the unaudited consolidated statement of comprehensive loss represents:

	For the nine months ended 31 December	
	2010	2009
	(unaudited)	*(unaudited)*
	HK$'000	*HK$'000*
Current tax	**(976)**	(136)
Deferred tax	**621**	67
Income tax (expense)/credit	**(355)**	(69)

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The Company's subsidiaries incorporated/established in Hong Kong and PRC are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 25% respectively.

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which was effective on 1 January 2008. As a result of the New Tax Law, the statutory income tax rate adopted by the PRC entities, other than the aforesaid subsidiaries below, changed from 33% to 25% with effect from 1 January 2008.

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 15%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the transitional arrangement of the New Tax Law.

(b) ATL(SZ) enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. Therefore, ATL(SZ) enjoyed the EIT rate of 18% for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

4. Loss per share

(a) The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK$10,381,000 (2009: HK$2,332,000) and the weighted average number of ordinary shares of 1,053,500,000 (2009: 750,000,000) in issue during the period for the nine months ended 31 December 2010, calculated as follows:

	2010		2009	
	Loss attributable to equity holders *HK$'000*	**Weighted average number of ordinary shares**	Loss attributable to equity holders *HK$'000*	Weighted average number of ordinary shares
Continuing operations	**(10,381)**	**1,053,500,000**	(953)	750,000,000
Discontinued operations	**—**	**1,053,500,000**	(1,379)	750,000,000
	(10,381)	**1,053,500,000**	(2,332)	750,000,000

Weighted average number of ordinary shares

	2010 *'000*	2009 *'000*
Issued ordinary shares at the beginning of the period	**770,300**	750,000
Effect of conversion of convertible bond	**185,455**	—
Effect of placing of shares	**87,600**	—
Effect of consideration shares upon acquisition of subsidiaries	**10,145**	—
Weighted average number of ordinary shares at the end of the period	**1,053,500**	750,000

(b) The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK$3,936,000 (2009: HK$617,000) and the weighted average number of ordinary shares of 1,095,300,000 (2009: 750,000,000) in issue during the period for the three months ended 31 December 2010, calculated as follows:

	2010		2009	
	Loss attributable to equity holders	**Weighted average number of ordinary shares**	Loss attributable to equity holders	Weighted average number of ordinary shares
	HK$'000		*HK$'000*	
Continuing operations	**(3,936)**	**1,095,300,000**	(548)	750,000,000
Discontinued operations	**—**	**1,095,300,000**	(69)	750,000,000
	(3,936)	**1,095,300,000**	(617)	750,000,000

Weighted average number of ordinary shares

	2010	2009
	'000	*'000*
Issued ordinary shares at the beginning of the period	**770,300**	750,000
Effect of conversion of convertible bond	**200,000**	—
Effect of placing of shares	**110,000**	—
Effect of consideration shares upon acquisition of subsidiaries	**15,000**	—
Weighted average number of ordinary shares at the end of the period	**1,095,300**	750,000

Diluted loss per share has not been disclosed as no dilutive potential equity shares in existence as at 31 December 2009 and 2010.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 31 December 2010 (2009: Nil).

BUSINESS REVIEW

The Group's unaudited total turnover for both continuing and discontinued operations for the nine months ended 31 December 2010 amounted to HK$61.5 million (2009: HK$41.6 million), representing an increase of 48% compared with the corresponding period last year. Net loss attributable to the equity holders of the Company was increased to HK$10.4 million from HK$2.3 million.

INFORMATION TECHNOLOGY BUSINESS

Outsourcing and Information Solutions and Applications Software Packages Solutions

The total turnover generated from the Outsourcing and Information Solutions and Applications Software Package Solutions for the nine months ended 31 December 2010 was HK$19.3 million, representing a decrease of 20% when compared with HK$24.1 million recorded for the corresponding period last year.

During the reporting period, we continued providing of information technology ("I.T.") services via insourcing contracts with the Hong Kong largest airline operator, the largest private container terminal operator in Hong Kong and Shenzhen, and the development team built for the Hong Kong's largest air cargo terminal operator in our Shenzhen subsidiary have been continuing.

The contract concluded in last quarter by our Shenzhen subsidiary with the private container terminal operator in Yantian to develop a system catering for their revenue management and interfacing with the terminal operating system has commenced in accordance with the agreed schedule, whilst the contract concluded with the container terminal operator in Baoan, Shenzhen for the barge control and planning system has successfully completed and the services under the contract have satisfactiorily been delivered.

For the nine months ended 31 December 2010, turnover generated from the Group's proprietary ERP application software package Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, decreased to HK$3.4 million, representing a 32% decrease when compared with HK$5.0 million of the corresponding period last year. In the third fiscal quarter, the operating environment for the I.T. industry remains difficult, as we were facing with a shrinking ERP market while competition in the Pearl River Delta region continued to be highly competitive. Notwithstanding this, we have managed to conclude one contract with a new customer which is a food-stuff manufacturing company. On the other hand, we have also entered into a number of contracts for system enhancements and additional services with our existing ***AIMS/Konto 21*** clients.

Hospitality Software Solutions and Online Distribution Services

For the nine months ended 31 December 2010, turnover from hospitality software solutions and online distribution services amounted to HK$24.2 million, representing an increase of 39% when compared with HK$17.4 million recorded for the corresponding period last year.

In the first half of this fiscal year, strong interest in fixed asset investment has led to the continuous growth in the hospitality industry in the PRC. The number of contracts concluded for our hotel management systems ("***Pegasus***") has reached a record high during the reporting period. However, since the beginning of the third fiscal quarter, due to the Chinese government's tightening of its credit control over property investment and rising interest rates since the beginning of this fiscal quarter, the investment sentiment began to slowing down. As a result, the business volume of the third fiscal quarter decreased as compared with the first half of this fiscal year.

In order to strengthen our distribution channels, we have set up the Channel Division and have assigned a specialist to deal with channel management since the first quarter of this fiscal year, we have also established business relationships with a number of new business partners, especially in the northern and remote regions in China such as Xinjiang. It is our long term strategy to build up the trust-worthy distribution channels and partnerships in order to generate more business opportunities through these connections.

For our online booking services, we have around twenty hotel customers have joined our online booking website www.fangcoo.com (房庫). We target to enlarge our online platform up to 50 hotel customers within this fiscal year. This online service connects hotels using ***Pegasus*** Property Management System (PMS) to online booking tools, whereby real time availability of rooms, rates of hotels can be obtained on line and confirmation can be sent to guests instantaneously.

FOOD AND BEVERAGE BUSINESS

After the completion of the acquisition of a group of companies which are operating a Japanese restaurant franchise at the end of the first fiscal quarter, our food and beverage business achieved a satisfactory result with a turnover of HK$12.6 million in this fiscal quarter. A new outlet of the Japanese restaurant franchise was opened in Shatin, Hong Kong in this fiscal quarter. To test the market, we have also opened an outlet of Japanese ramen and izakaya in Hong Kong under a short term lease during this fiscal quarter. Since the performance of this outlet is satisfactory, the Group will further study the business potential of establishing a new permanent chain in this new business initiative. As the financial result of our food and beverage operation has contributed a positive result to the Group, the Board is optimistic that our food and beverage business will continue to enhance the future prospect for the Group's sustainable development.

FUTURE PROSPECTS

INFORMATION TECHNOLOGY BUSINESS

Outsourcing and Information Solutions and Application Software Packages Solutions

Due to the ever increasing competition in pricing in the information technology servicing industry and the difficult operating environment in Hong Kong, the Group has been making continuous losses in the business of outsourcing and information solutions and application software packages solutions since the financial year ended 31 March 2004. At the end of this fiscal quarter, a potential buyer approached the Group and expressed an interest in acquiring part of the Group's I.T. business. After thorough consideration, the Board believes that it is to the best interest of the Group and our shareholders to proceed with the disposal transaction as it provides an opportunity to the Group to streamline the operations of the Group, so that the resources of the Group can be better allocated with a view to optimising the productivity of the Group's operation.

Subsequent to the end of this fiscal quarter, the Group has entered into the agreements with the potential buyer to dispose of the two subsidiaries of the Group's I.T. business which focus on outsourcing and information solutions and application software packages solutions in Hong Kong and PRC, and we expect to complete the transactions for the disposal in the coming few months.

Hospitality Software Solutions and Online Distribution Services

The stringent control measures by the Chinese government to cool down property investment sentiment will have a definite impact on our hospitality application business, but we expect the overall effect on the Group will be moderate within this fiscal year. However, faced with the continuous fierce price competition from our competitors, rising staff costs, pressure from Renminbi appreciation and the new tightening cycle of credit control starting in the October last year, the Group anticipates that all these factors will pose a severe challenge to our I.T. business in servicing the hospitality industry in the foreseeable future.

The Group has established a very good reputation in the industry during the past twenty years. Nonetheless, we have to cope with a number of challenges in the future, in particular the difficulty in recruiting top notch I.T. professionals with hospitality industry knowledge. In order to stay competitive, we must consider and evaluate our pricing strategy. Even though the long term prospect still looks promising, we will strive to achieve the difficult but challenging target of maintaining a reasonable profit margin for our operations.

Our attempt to enter the hotel distribution business (B2C) by leveraging on the relationship with our existing customers faced obstacles we did not expect previously. Although a lot of efforts were made to recruit hotel customers joining our service, we have so far only managed to conclude contracts with around twenty existing hotel customers to join our www.fangcoo.com (房庫) platform and use our online booking service. This is mainly because we still need time to build up our experience and reputation in hotel distribution business. Due to the growth limitation on traditional software sales and services, the Group's future expansion would very much rely on the success of this online distribution initiative. In order to expedite progress in this business, it is necessary for us to recruit experts in the distribution area and put extra efforts in stengthening our sales and marketing strategies. The Board will work hard to balance the substantial investments that would be required to realise this strategic business plan and the potential return that could be gained from this business.

FOOD AND BEVERAGE BUSINESS

Apart from the outlet in Shanghai for the Japanese restaurant franchise which is planned to open in the coming fiscal quarter, the Group is continuously looking for other suitable locations in Hong Kong and PRC for running the Japanese restaurant franchise. Depending on the market condition, we target to double the number of outlets of Japanese restaurant franchise by the end of year 2011. In addition, the Group is reviewing the market condition and is in the process of planning to set up a new restaurant brand in Japanese ramen and izakaya.

With the growth in operation and the expansion of the management team, it will lower the overall marginal operating costs and enhance the brand image development. With the continuous expansion, the Group is also studying the feasibility of setting up a central kitchen, servicing for both its own restaurants and to outside restaurants, and in the meantime, searching for other opportunities in the food and beverage business which will enhance the Group's income. The Group believes that the long term development of the food and beverage business is highly promising and will become an important core of the Group's business operation.

FINANCIAL REVIEW

Consolidated results of operations

For the nine months ended 31 December 2010, the Group recorded a total turnover of HK$61.5 million (2009: HK$41.6 million for both continuing and discontinued operations).The total turnover increased by 48% compared with the corresponding period last year.

Turnover generated from information technology business was HK$43.5 million (2009: HK$41.5 million), representing an increase of 5% compared with the corresponding period last year.

Turnover generated from the new business, food and beverage business, was HK$18.0 million.

The gross profit margin from the continuing operations of the Group was 64% (2009: 57%). It was resulted from the new business, food and beverage business, contributed a higher gross profit margin to the Group.

Net loss attributable to the equity holders of the Company was HK$10.4 million (2009: HK$2.3 million).

The realised and unrealised gains on financial assets at fair value through profit or loss were HK$159,000 (2009: HK$662,000). Excluding the realised and unrealised gains on financial assets, the loss attributable to equity holders of the Company was HK$10.5 million (2009: HK$3.0 million).

During the reporting period, First Glory Holdings Limited ("First Glory") converted 25% of its convertible bonds issued by the Company, equivalent to the principal amount of HK$13,000,000 to 200,000,000 ordinary shares of the Company at a conversion price of HK$0.065 per share.

The Company received net proceeds from a top-up placing and subscription of shares in the Company during the reporting period amounted to approximately HK$21.5 million.

During the reporting period, the Group acquired a group of companies as its wholly owned subsidiaries, at considerations for the investment cost and shareholder's loan of approximately HK$7.7 million and HK$1.7 million respectively, which are running a Japanese restaurant franchise in Hong Kong.

On 25 January 2011, Alpha and AHL, which are wholly owned subsidiaries of the Company, entered into separate sale and purchase agreement and equity interest transfer agreement with Glorywin respectively, pursuant to which Alpha and AHL conditionally agreed to sell the entire issued share capital and shareholder's loan of ATL and the entire equity interest and registered capital of ATL(SZ).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, save and except the following:–

On 20 May 2010, a placing was completed under a placing agreement dated 18 May 2010 entered into among First Glory as the vendor, the Company and a placing agent. Pursuant to the placing, an aggregate of 110,000,000 shares in the Company have been successfully placed to not less than six placees at the placing price of HK$0.20 per placing share. On 27 May 2010, a subscription was completed under a subscription agreement dated 18 May 2010 entered into between First Glory as the subscriber and the Company as the issuer. Pursuant to the subscription, an aggregate of 110,000,000 shares in the Company (which is equivalent to the number of shares actually placed under the placing) have been issued and allotted by the Company to First Glory at a subscription price of HK$0.20 per share. The net proceeds received by the Company from the subscription amounted to approximately HK$21.5 million.

On 17 May 2010, Marvel Success Limited ("Marvel Success"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Caddell Investments Limited ("Caddell"), pursuant to which Marvel Success agreed to acquire from Caddell 250 shares in Netaria Limited ("Netaria"), representing 25% of the issued share capital of Netaria at the consideration of HK$3,000,000. Pursuant to the terms of the sale and purchase agreement, the total consideration in the sum of HK$3,000,000 shall be satisfied by Marvel Success procuring the Company to allot and issue 15,000,000 shares in the Company as the consideration shares. The transaction was completed on 29 June 2010 ("Completion Date") and an aggregate of 15,000,000 shares in the Company have been issued and allotted by the Company to Caddell on the Completion Date. As at the Completion Date, the closing share price of the Company was HK$0.16 per share, and the total value of the shares paid to Caddell based on such closing share price was HK$2.4 million. Netaria together with its subsidiaries are currently running a Japanese restaurant franchise.

DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2010, the interests or short positions of the directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), 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 or short positions which they are 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, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang Sing Ming Sherman	Corporate	632,845,290 *(Note 1)*	57.78%
Mr. Lee Shun Hon, Felix	Personal	100,000	0.01%

Notes:

1. These shares are held by First Glory which is wholly and beneficially owned by Mr. Tang Sing Ming Sherman ("Mr. Tang"). First Glory also holds convertible bonds ("Convertible Bonds") issued by the Company in the aggregate principal amount of HK$39 million pursuant to which a total of 600,000,000 shares of the Company will be issued upon full conversion assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. Mr. Tang is the sole legal and beneficial owner of First Glory. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the said 632,845,290 shares and the Convertible Bonds which First Glory is interested in.

2. Based on 1,095,300,000 shares of the Company in issue as at 31 December 2010.

(b) Interests and short positions in underlying shares of equity derivatives of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 2)*
Mr. Tang Sing Ming Sherman	Corporate	600,000,000 *(Note 1)*	54.78%

Notes:

1. The said 600,000,000 shares represent the total number of shares which will be issued upon full conversion of the Convertible Bonds held by First Glory in the aggregate principal amount of HK$39 million, assuming that there is no adjustment to the initial conversion price of HK$0.065 per share. According to the terms of the Convertible Bonds, conversion of the Convertible Bonds is subject to compliance with the GEM Listing Rules and the Code on Takeovers and Mergers, and any such conversion shall not result in the shareholding of the Company held by the public being less than the then minimum public float requirements as stipulated in the GEM Listing Rules at the time of such conversion. Mr. Tang is deemed to be interested, within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), in the Convertible Bonds held by First Glory.

2. Based on 1,095,300,000 shares of the Company in issue as at 31 December 2010.

(c) Long positions in underlying shares of equity derivatives of the Company

Outstanding options granted to the Directors under the share option scheme adopted on 26 February 2003:

Name	Date of grant	Exercise price per share *HK$*	Exercise period	Approximate percentage of the issued share capital *(Note 1)*	Number of share options outstanding
Mr. Bhanusak Asvaintra	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chan Kam Fai Robert	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000
Mr. Chung Kwok Keung Peter	13 August 2010	0.142	13 August 2011 to 12 August 2020	0.09%	1,000,000

Note:

1. Based on 1,095,300,000 shares of the Company in issue as at 31 December 2010.

(d) Interests in the shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares	Percentage of interest held
Mr. Tang Sing Ming Sherman	First Glory Holdings Limited	Beneficial owner	1	100%

(e) Interests in debentures of the Company

Name	Type of interests	Amount of Debentures
Mr. Tang Sing Ming Sherman	Corporate	HK$39 million *(Note 1)*

Note:

1. The said HK$39 million represents the aggregate outstanding principal amount of the Convertible Bonds held by First Glory, which is wholly-owned by Mr. Tang. Assuming that there is no adjustment to the initial conversion price of HK$0.065 per share, a total of 600,000,000 shares will be issued upon full conversion of the Convertible Bonds.

Save as disclosed herein, as at 31 December 2010, none of the directors of the Company had any interests or short positions in the shares, underlying shares and 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 or short positions 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, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

PERSONS WHO HAVE AN INTEREST OR A SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed under the section headed "Directors' interests in the securities of the Company or any associated corporations", so far as is known to the directors and chief executive of the Company, as at 31 December 2010, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

COMPETING INTERESTS

None of the directors, the controlling shareholders or any of their respective associates (as defined in the GEM Listing Rules) had any interests in any business which competes with or may compete with the business of the Group or any other contracts of interests with the Group.

SHARE OPTIONS

The Company operates a share option scheme, namely Share Option Scheme, adopted on 26 February 2003.

As at 31 December 2010, options under Share Option Scheme to subscribe for an aggregate of 17,000,000 shares have been granted to 3 directors and 5 employees of the Group, details as follows:

				Number of share options		
Grantee	**Date of grant**	**Exercisable period**	**Exercise price per share**	**Outstanding at 1.4.2010**	**Granted during the period**	**Outstanding at 31.12.2010**
			HK$			
Employee	23.3.2010	23.3.2011 to 22.3.2020	0.216	2,000,000	—	**2,000,000**
Directors:						
Mr. Bhanusak Asvaintra	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	1,000,000	**1,000,000**
Mr. Chan Kam Fai Robert	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	1,000,000	**1,000,000**
Mr. Chung Kwok Keung Peter	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	1,000,000	**1,000,000**
Employees	13.8.2010	13.8.2011 to 12.8.2020	0.142	—	6,000,000	**6,000,000**
Employees	13.8.2010	13.8.2012 to 12.8.2020	0.142	—	6,000,000	**6,000,000**
				2,000,000	15,000,000	**17,000,000**

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 the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The audit committee comprises three independent non-executive directors, namely Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.

Up to the date of approval of the Group's unaudited results for the nine months ended 31 December 2010, the audit committee has held three meetings and has reviewed the draft quarterly report and accounts for the nine months ended 31 December 2010 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Tang Sing Ming Sherman
Chairman

Hong Kong, 14 February 2011

As at the date of this report, the Company's executive directors are Mr. Tang Sing Ming Sherman and Mr. Lee Shun Hon, Felix; independent non-executive directors are Mr. Bhanusak Asvaintra, Mr. Chan Kam Fai Robert and Mr. Chung Kwok Keung Peter.