



**China Bio Cassava Holdings Limited**  
**中國生物資源控股有限公司**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 8129)

*Third Quarterly Report*  
**2011**

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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**FINANCIAL HIGHLIGHTS**

The Group recorded turnover of HK\$3,672,000 for the nine months ended 30 September 2011, representing a decrease of 17% from the corresponding period of previous year.

The Group recorded OEM licensing revenue of HK\$409,000 for the nine months ended 30 September 2011, representing an increase of 6% from the corresponding period of previous year.

Q9 CIS and Qcode CIS package sales and software licensing revenue from institution customers was approximately HK\$3,079,000 for the nine months ended 30 September 2011, representing a decrease of 13.7% from the corresponding period of previous year. Sales of third party products was approximately HK\$184,000 for the nine months ended 30 September 2011, representing a decrease of 60.9% from the corresponding period of previous year.

The Group's total operating expenses for the nine months ended 30 September 2011 increased by HK\$1,710,000, representing an increase of 22.7% compared to the nine months ended 30 September 2010. The increase in the Group's total operating expenses was mainly due to the increase in general and administrative expenses by 48.3% and the increase in research and development expenses by 37.6% for the nine months ended 30 September 2011 compared to the nine months ended 30 September 2010.

The Group recorded loss attributable to owners of the Company for the nine months ended 30 September 2011 of approximately HK\$5,763,000 (the nine months ended 30 September 2010: loss of HK\$3,041,000). Loss per share attributable to owners of the Company for the nine months ended 30 September 2011 of HK0.07 cent (the nine months ended 30 September 2010: loss per share of HK0.04 cent).

The unaudited consolidated results for the nine months ended 30 September 2011 and the comparison with last year are set out in the accompanying table.

**NINE MONTHS RESULTS (UNAUDITED)**

The board of directors (the "Board") of China Bio Cassava Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2011, together with the unaudited comparative figures for the corresponding periods in 2010 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	3	1,262	1,504	3,672	4,425
Cost of sales		<u>(120)</u>	<u>(158)</u>	<u>(332)</u>	<u>(459)</u>
<b>Gross profit</b>		<b>1,142</b>	<b>1,346</b>	<b>3,340</b>	<b>3,966</b>
Other revenue	4	132	(153)	138	523
Selling and distribution expenses		(716)	(526)	(2,053)	(2,283)
Research and development expenses		(823)	(735)	(2,182)	(1,586)
General and administrative expenses		(1,627)	(1,001)	(5,005)	(3,376)
Other operating expenses		<u>(1)</u>	<u>–</u>	<u>(1)</u>	<u>(285)</u>
<b>Operating loss</b>		<b>(1,893)</b>	<b>(1,069)</b>	<b>(5,763)</b>	<b>(3,041)</b>
Finance costs		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss before income tax</b>	5	<b>(1,893)</b>	<b>(1,069)</b>	<b>(5,763)</b>	<b>(3,041)</b>
Income tax expense	6	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Loss for the period</b>		<b><u>(1,893)</u></b>	<b><u>(1,069)</u></b>	<b><u>(5,763)</u></b>	<b><u>(3,041)</u></b>
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
<b>Loss per share for the period</b>	8				
– Basic		<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.07)</u>	<u>(0.04)</u>
– Diluted		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Nine months ended	
	30 September		30 September	
	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(1,893)	(1,069)	(5,763)	(3,041)
Other comprehensive (expense) income				
Exchange differences arising on translation of foreign operations	(2)	2	–	(510)
Total comprehensive expense for the period	<u>(1,895)</u>	<u>(1,067)</u>	<u>(5,763)</u>	<u>(3,551)</u>
Total comprehensive expense attributable to: – Owners of the Company	<u>(1,895)</u>	<u>(1,067)</u>	<u>(5,763)</u>	<u>(3,551)</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the nine months ended 30 September 2011

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000 (Note a)	Warrant reserve HK\$'000 (Note b)	Reorganisation reserve HK\$'000 (Note c)	Translation Reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2010	20,508	120,370	33,514	37	-	3,000	291	(158,696)	19,024
Loss for the period	-	-	-	-	-	-	-	(3,041)	(3,041)
Other comprehensive expense for the period	-	-	-	-	-	-	(510)	-	(510)
Total comprehensive expense for the period	-	-	-	-	-	-	(510)	(3,041)	(3,551)
At 30 September 2010	<u>20,508</u>	<u>120,370</u>	<u>33,514</u>	<u>37</u>	<u>-</u>	<u>3,000</u>	<u>(219)</u>	<u>(161,737)</u>	<u>15,473</u>
At 1 January 2011	20,508	120,370	33,514	37	-	3,000	(145)	(164,121)	13,163
Loss for the period	-	-	-	-	-	-	-	(5,763)	(5,763)
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-	-	-	(5,763)	(5,763)
Issue of warrants	-	-	-	-	8,000	-	-	-	8,000
Warrant expenses	-	-	-	-	(906)	-	-	-	(906)
At 30 September 2011	<u>20,508</u>	<u>120,370</u>	<u>33,514</u>	<u>37</u>	<u>7,094</u>	<u>3,000</u>	<u>(145)</u>	<u>(169,884)</u>	<u>14,494</u>

### Notes:

- Capital redemption reserve of the Group represents repurchased 3,650,000 of its own shares at an aggregate consideration of HK\$174,000 during the year 2002. All the shares repurchased were subsequently cancelled.
- Warrant reserve represents the proceeds from the placing of 800,000,000 warrants ("Warrants") completed on 16 February 2011. The subscription period of the Warrant is from 18 February 2011 to 17 February 2013 (both days inclusive).
- The reorganisation reserve of the Group represent the difference between the nominal value of the shares of the subsidiaries acquired plus the HK\$7,500,000 loan capitalised and the nominal value of the shares issued by the Company as the consideration thereof.

Notes:

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in computer software and embedded systems development, sales and licensing of the software and systems, and development of biotech and renewable energy. There were no significant changes in the Group's operations during the nine months ended 30 September 2011.

The unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated third quarterly financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. The accounting policies and basis of preparation adopted in these third quarterly financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards and Interpretations).

The condensed consolidated third quarterly financial statements have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

The condensed consolidated third quarterly financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2010.

The Group has adopted new and amended standards and interpretations of HKFRS which are mandatory for the accounting periods beginning on or after 1 January 2011 and relevant to its operations. The adoption of such new and amended standards and interpretations does not have material impact on the condensed consolidated third quarterly financial information and does not result in substantial changes to the Group's accounting policies.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the total invoiced value of goods sold and licensing income. Revenue recognised during the nine months ended 30 September 2011 and 30 September 2010 are as follows:

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Sale of goods	1,101	1,351	3,263	4,039
Licensing income	161	153	409	386
	<u>1,262</u>	<u>1,504</u>	<u>3,672</u>	<u>4,425</u>

The Group's operation segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

Specially, the Group's reportable segments under HKFRS 8 are as follows:

- Sales and licensing of software and embedded systems.
- Development of biotech renewable energy.

In addition, the chief operating decision maker further evaluates the result on a geographical basis (Hong Kong, Mainland China and Macau).

#### Business segments

The following is an analysis of the Group's revenue and results by reportable segment for the nine months ended 30 September 2011 and 30 September 2010:

	Sales and licensing of software and embedded systems		Unaudited Nine months ended 30 September Development of biotech renewable energy		Consolidated	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
<b>Segment revenue:</b>						
Sales to external customers	<u>3,672</u>	<u>4,425</u>	<u>-</u>	<u>-</u>	<u>3,672</u>	<u>4,425</u>
<b>Segment results</b>	(318)	69	(1,829)	(321)	(2,147)	(252)
Bank interest income					1	1
Net fair value (loss) gain on financial assets at fair value through profit or loss					(495)	223
Gain on disposal of financial assets at fair value through profit or loss					5	-
Gain on disposal of subsidiary					132	299
Unallocated expenses					<u>(3,259)</u>	<u>(3,312)</u>
Operating loss					<u>(5,763)</u>	<u>(3,041)</u>
Finance costs					-	-
<b>Loss for the period</b>					<u><u>(5,763)</u></u>	<u><u>(3,041)</u></u>



## 4. OTHER REVENUE

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Interest income on financial assets stated at amortised cost	-	-	1	1
Gain on disposal of financial assets at fair value through profit or loss	-	-	5	-
Net fair value (loss) gain on financial assets at fair value through profit or loss	-	(153)	-	223
Gain on disposal of subsidiary	132	-	132	299
	<u>132</u>	<u>(153)</u>	<u>138</u>	<u>523</u>

## 5. LOSS FOR THE PERIOD

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Loss for the period has been arrived at after charging (crediting):				
Depreciation of property, plant and equipment	57	76	170	170
Net fair value loss (gain) on financial assets at fair value through profit or loss	192	153	495	(223)
Gain on disposal of financial assets at fair value through profit or loss	-	-	(5)	-
Write off of prepaid lease payment*	-	-	-	285
	<u>-</u>	<u>-</u>	<u>-</u>	<u>285</u>

\* included in other operating expenses

## 6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No Hong Kong profits tax has been provided in both periods as the Group did not generate any assessable profits arising in Hong Kong for the nine months ended 30 September 2011 and 2010.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong as these subsidiaries have not generated any assessable profits in the respective jurisdictions during the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

At 30 September 2011, the Group has deferred tax assets mainly arising from tax losses of the subsidiaries operating in Hong Kong and in the PRC of approximately HK\$5,500,000 and HK\$1,190,000 (31 December 2010: HK\$5,254,000 and HK\$1,159,000) respectively. However, deferred tax assets have not been recognised as it is uncertain whether sufficient future taxable profits will be available for utilising the accumulated tax losses. The tax losses of the subsidiary which is operating in the PRC can be carried forward for five years and tax losses of the companies within the Group which are operating in Hong Kong will not be expired under the current tax legislation.

## 7. INTERIM DIVIDEND

The board of directors of the Company does not recommend the payment of interim dividend for the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

## 8. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the Group's unaudited consolidated loss attributable to owners of the Company for the three months and nine months ended 30 September 2011 of HK\$1,893,000 and HK\$5,763,000 respectively (three months and nine months ended 30 September 2010: HK\$1,069,000 and HK\$3,041,000 respectively) and on the weighted average number of shares of 8,203,300,000 (three months and nine months ended 30 September 2010: 8,189,073,041) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and nine months ended 30 September 2011 and 30 September 2010 are not presented as the impacts of the exercise of the outstanding share options and warrants were anti-dilutive.

## **BUSINESS REVIEW AND PROSPECTS**

The consolidated turnover of the Company and its subsidiaries for the nine months ended 30 September 2011, amounted to HK\$3,672,000, representing a decrease of 17% from the corresponding period of previous year. Loss attributable to owners of the Company for the nine months ended 30 September 2011 amounted to HK\$5,763,000 compared to a loss of HK\$3,041,000 for the corresponding period of previous year. The loss per share was HK0.07 cent (nine months ended 30 September 2010: loss per share of HK0.04 cent).

The Group's total operating expenses for the nine months ended 30 September 2011 was increased by 22.7% compared to the nine months ended 30 September 2010. The increase in the Group's total operating expenses was mainly due to increase in general and administrative expenses and research and development for the nine months ended 30 September 2011 compared to the nine months ended 30 September 2010.

The OEM licensing revenue HK\$409,000 for the nine months ended 30 September 2011, representing an increase of 6% from the corresponding period of previous year.

Q9 CIS and Qcode CIS package sales and software licensing revenue from institution customers was approximately HK\$3,079,000 for the nine months ended 30 September 2011, representing a decrease of 13.7% from the corresponding period of previous year. Sales of third party products was approximately HK\$184,000 for the nine months ended 30 September 2011, representing a decrease of 60.9% from the corresponding period of previous year.

The Group continues to promote its existing products, while seeking to diversify its business to new business areas. The Group currently does not have any commitment or future plans for material investments and capital assets.

## **OTHER MAJOR EVENT**

On 16 September 2010, the Company entered into a non-binding letter of intent (the "Letter of Intent") with Mr. Li Gaohua (the "Vendor") as proposed vendor and Chengdu Chenming Electric Vehicles Manufacturing Co., Ltd. (成都晨明電動車輛製造有限公司) ("Chengdu Chenming") in relation to the possible acquisition of the entire share capital of Asia World Capital Investment Holdings Limited (the "Target") ("Possible Acquisition"). It is expected that the Target, through its wholly owned subsidiary, will enter into a sino-equity joint venture with Chengdu Chenming for production and manufacturing of electric vehicles in the People's Republic of China. On 18 January 2011, the Company entered into a letter of confirmation with the Vendor and Chengdu Chenming where, it was agreed, among other things, that the validity of the Letter of Intent was extended to 16 April 2011. As no legally-binding formal agreement has been reached by the parties, the Letter of Intent has lapsed on 16 April 2011.

The details are set out in the announcements of the Company dated 21 September 2010, 17 December 2010, 18 January 2011 and 21 April 2011.

## **PRIVATE PLACING OF LISTED WARRANTS**

In February 2011, the Company issued 800,000,000 listed warrants (the "Warrants") by the way of private placing at the issue price of HK\$0.01 each conferring the rights to subscribe for one new share of the Company at the subscription price of HK\$0.059 up to an aggregate amount of HK\$47,200,000 during the period from 18 February 2011 to 17 February 2013 (both days inclusive). During the period under review, none of the Warrants had been exercised.

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

As at 30 September 2011, save for the interest of the directors in share options as below, neither of the directors nor the chief executive of the Company had interests and or short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

### Share Option

As at 30 September 2011, there were a total of 101,000,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

	Date of grant	Options to subscribe for shares of the Company					Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed/ Transferred to other category during the period	Outstanding as at 30 September 2011			
<b>Former Director:</b>									
Shiu Kwok Keung (Note(i))	29/5/2007	4,000,000	-	-	(4,000,000)	-	29/5/2007 to 28/5/2017	HK\$0.1125	-
<b>Directors:</b>									
Kwan Kin Chung	29/5/2007	16,000,000	-	-	-	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.26%
	21/9/2011	-	5,000,000	-	-	5,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Tam Kam Biu William	29/5/2007	20,000,000	-	-	-	20,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.26%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Wan Xiaolin	29/5/2007	12,000,000	-	-	-	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.16%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Chen Man Lung	29/5/2007	16,000,000	-	-	-	16,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.21%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Leung Lap Yan	29/5/2007	8,000,000	-	-	-	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.11%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Leung Lap Fu Warren	29/5/2007	8,000,000	-	-	-	8,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.11%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	

Options to subscribe for shares of the Company									
		Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed/ Transferred to other category during the period	Outstanding as at 30 September 2011	Option exercise period	Exercise price per share	Approximate percentage of shareholding
Ip Chi Wai	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.06%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Tse Wang Cheung Angus	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125	0.06%
	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	
Tsang Wai Wa (Note(iii))	21/9/2011	-	1,000,000	-	-	1,000,000	21/9/2011 to 20/9/2021	HK\$0.0430	0.01%
Total		<u>92,000,000</u>	<u>13,000,000</u>	<u>-</u>	<u>(4,000,000)</u>	<u>101,000,000</u>			

## Notes:

- (i) Mr. Shiu Kwok Keung resigned as independent non-executive director of the Company with effect from 14 May 2011. The options granted to Mr. Shiu were re-classified from the category of "Directors of the Company" to the category of "Other participants".
- (ii) Mr. Tsang Wai Wa was appointed as independent non-executive director of the Company with effect from 12 August 2011.
- (iii) The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2011, all options have been vested.
- (iv) The above share options were granted pursuant to the Company's share option scheme adopted on 27 April 2007.

Save as disclosed above, none of the directors or the chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 30 September 2011.

## SHARE OPTION SCHEMES

On 27 April 2007, a new share option scheme (the “New Share Option Scheme”) was adopted by the shareholders of the Company and the share option scheme adopted by the Company on 30 April 2002 (the “Old Share Option Scheme”) was terminated accordingly on the same date. No share option was outstanding under the Old Share Option Scheme.

As at 30 September 2011, options to subscribe for up to an aggregate of 1,521,760,000 shares of HK\$0.0025 each had been granted by the Company under the New Share Option Scheme. Details of the share options which had been granted under the Share Option Scheme are as follows:

Category of participant	Date of grant	Options to subscribe for shares of the Company							Option exercise period	Exercise price per share
		Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Lapsed during the period	Transferred from other category during the period	Transferred to other category during the period	Outstanding as at 30 September 2011		
Directors of the Company	29/5/2007	92,000,000	-	-	-	-	(4,000,000)	88,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
	21/9/2011	-	13,000,000	-	-	-	-	13,000,000	21/9/2011 to 20/9/2021	HK\$0.0430
Employees other than the directors of the Company	29/5/2007	12,000,000	-	-	-	-	-	12,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
	21/9/2011	-	5,500,000	-	-	-	-	5,500,000	21/9/2011 to 20/9/2021	HK\$0.0430
Consultants	29/5/2007	652,760,000	-	-	-	-	-	652,760,000	29/5/2007 to 28/5/2017	HK\$0.1125
	21/9/2011	-	746,500,000	-	-	-	-	746,500,000	21/9/2011 to 20/9/2021	HK\$0.0430
Other participants	29/5/2007	-	-	-	-	4,000,000	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.1125
Total		<u>756,760,000</u>	<u>765,000,000</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>(4,000,000)</u>	<u>1,521,760,000</u>		

Note:

- (i) The option exercise period is commenced from the date of grant for ten years. The options may be exercised at any time within the option period provided that the options have been vested. As at 30 September 2011, all options have been vested.
- (ii) During the period, there were no options being exercised, cancelled or lapsed.

Details of options granted to directors of the Company under the Share Option Scheme are set out in the sub-section headed “Long Positions in Underlying Shares of the Company” under the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures”.

## **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 30 September 2011, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the directors and chief executives) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### **Long positions in shares of the Company**

<b>Name of shareholders</b>	<b>Number of shares</b>	<b>Approximate percentage holding</b>
Winway H.K. Investments Limited	2,098,490,000	25.58%
Culturecom Holdings Limited ( <i>Note (i)</i> )	2,098,490,000	25.58%
L & W Holding Limited	479,430,000	5.84%
Ms. Chow Lai Wah Livia ( <i>Note (ii)</i> )	669,700,000	8.16%
Mr. Basilio Dizon ( <i>Note (iii)</i> )	669,700,000	8.16%

#### *Notes:*

- (i) Winway H.K. Investments Limited is a wholly-owned subsidiary of Culturecom Investments Limited, which is, in turn, a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited. Culturecom Holdings (BVI) Limited is a wholly-owned subsidiary of Culturecom Holdings Limited. Each of Culturecom Investments Limited, Culturecom Holdings (BVI) Limited and Culturecom Holdings Limited is deemed to be interested in 2,098,490,000 shares through its controlling interest (100%) in Winway H.K. Investments Limited.
- (ii) Ms. Chow Lai Wah Livia ("Ms. Chow") is beneficially interested in 162,690,000 shares in the Company. Ms. Chow is a wife of Mr. Basilio Dizon ("Mr. Dizon") and has controlling interests (65%) in L & W Holding Limited ("L & W"). Accordingly, she is deemed to be interested in 507,010,000 shares in the Company under SFO.
- (iii) Mr. Dizon is a husband of Ms. Chow and has controlling interests 35% and 90.77% in L & W and Harvest Smart Overseas Limited ("Harvest Smart") respectively. Harvest Smart is beneficially interested in 27,580,000 shares in the Company. Accordingly, he is deemed to be interested in 669,700,000 shares in the Company under SFO.

Save as disclosed above, as at 30 September 2011, the directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.



### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

### **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company has not redeemed any of its shares during nine months ended 30 September 2011. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 2011.

### **CORPORATE GOVERNANCE**

The Code on Corporate Governance Practices set out in Appendix 15 of the GEM Listing Rules ("Code") takes effect from 1 January 2005. The Company is committed to maintain a high standard of corporate governance. To maintain a good and solid framework of corporate governance will ensure the Company to run its business in the best interests of the shareholders. Throughout the nine months ended 30 September 2011 under review, the Company has complied with the Code.

### **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of the directors of the Company and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors for the nine months ended 30 September 2011 under review.

### **AUDIT COMMITTEE**

The Audit Committee, with written terms of reference in compliance with code provision C.3.3 of the Code as set out in Appendix 15 of the GEM Listing Rules, currently comprises three independent non-executive directors, namely Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Tsang Wai Wa. Mr. Ip Chi Wai is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control procedures. The Group's unaudited condensed consolidated third quarterly results for the nine months ended 30 September 2011 have been reviewed by the Audit Committee together with management, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## **APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved by the Board of Directors on 11 November 2011.

By order of the Board  
**Leung Lap Yan**  
*Chairman*

Hong Kong, 11 November 2011

*As of the date of this report, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Tam Kam Biu William, Mr. Wan Xiaolin and Mr. Chen Man Lung as executive directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive directors, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Tsang Wai Wa as independent non-executive directors.*