



無縫綠色中國(集團)有限公司
Seamless Green China (Holdings) Ltd.

(Incorporated in Caymans Islands and re-domiciled and continued in Bermuda with limited liability)

Stock Code: 8150



Third Quarterly Report 2011



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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This report, for which the directors of Seamless Green China (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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.

HIGHLIGHTS

1. The Group has recorded total turnover of approximately HK\$37,817,000 for the nine months ended 30 September 2011.
2. The Group has recorded a net loss attributable to equity shareholders of the Company for the nine months ended 30 September 2011 of approximately HK\$16,270,000, representing a basic loss per share of HK\$9.10 cents.
3. The directors do not recommend the payment of a dividend for the nine months ended 30 September 2011.

QUARTERLY RESULTS (UNAUDITED)

The Board of Directors (the "Board") of Seamless Green China (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the nine months ended 30 September 2011 together with the unaudited comparative figures for the corresponding period in 2010, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Turnover	2	11,940	6,553	37,817	23,307
Cost of sales		(8,738)	(6,179)	(29,027)	(17,034)
Gross profit		3,202	374	8,790	6,273
Other revenue		184	46	2,475	555
Loss on disposal of marketable securities		(329)	–	(720)	–
Operating expenses					
Distribution costs		(1,592)	(638)	(2,623)	(1,501)
Administrative and other operating expenses		(10,438)	(1,989)	(24,156)	(7,736)



	Notes	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Operating loss		(8,973)	(2,207)	(16,234)	(2,409)
Finance costs		(1)	–	(28)	–
Loss before tax		(8,974)	(2,207)	(16,262)	(2,409)
Income tax	3	–	–	(8)	–
Loss for the period		(8,974)	(2,207)	(16,270)	(2,409)
Other comprehensive income:					
Exchange differences on translating foreign operations		375	247	432	1,240
Total comprehensive income for the period		(8,599)	(1,960)	(15,838)	(1,169)
Loss attributable to equity shareholders of the Company		(8,974)	(2,207)	(16,270)	(2,409)
Total comprehensive income attributable to equity shareholders of the Company		(8,599)	(1,960)	(15,838)	(1,169)
Loss per share	4				
Basic (in HK cents)		(5.02) cents	(2.60) cents	(9.10) cents	(2.84) cents
Diluted (in HK cents)		N/A	N/A	N/A	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)*For the nine months ended 30 September 2011*

	Share capital	Share premium	Exchange reserve	Share-based payment reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011	7,083	34,260	1,741	1,020	(24,989)	19,115
Issue of shares	3,150	65,265	–	–	–	68,415
Recognition of equity- settled share-based payments	–	–	–	1,316	–	1,316
Options exercised/ lapsed	354	6,075	–	(1,876)	1,876	6,429
Total comprehensive income for the period	–	–	432	–	(16,270)	(15,838)
At 30 September 2011	<u>10,587</u>	<u>105,600</u>	<u>2,173</u>	<u>460</u>	<u>(39,383)</u>	<u>79,437</u>
At 1 January 2010	4,240	7,985	1,504	–	(13,268)	461
Total comprehensive income for the period	–	–	1,240	–	(2,409)	(1,169)
At 30 September 2010	<u>4,240</u>	<u>7,985</u>	<u>2,744</u>	<u>–</u>	<u>(15,677)</u>	<u>(708)</u>



NOTES TO FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The unaudited condensed consolidated accounts have been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31 December 2010. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 January 2011. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

2. Turnover

Turnover comprised the net invoiced value (excluding value-added tax) of merchandise sold net of allowances for returns and discounts.

3. Income tax

- (a) The amount of taxation charged to the consolidated statement of comprehensive income (unaudited) represents:

	<i>Notes</i>	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
		2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong profit tax	(i)	–	–	8	–
Overseas taxation	(ii)	–	–	–	–
		<u>–</u>	<u>–</u>	<u>8</u>	<u>–</u>

Notes:

- (i) Hong Kong profits tax has been provided for in the financial statements at the rate of 16.5% (2010: Nil) on the estimated assessable profits arising in Hong Kong in the period.
- (ii) Overseas profits tax has not been provided as the overseas subsidiaries had no taxable income for the period.
- (b) There are no material unrecognized deferred tax assets and liabilities for the period.

4. Loss per share

The calculation of basic loss per share for nine months ended 30 September 2011 is based on the Group's loss attributable to equity shareholders of the Company for the period of approximately HK\$16,270,000 (2010: approximately HK\$2,409,000) and on the weighted average number of 178,802,360 (2010: 84,800,000) ordinary shares in issue during the period.

Diluted loss per share for the nine months ended 30 September 2011 and 30 September 2010 has not been disclosed as the potential shares arising from the exercise the Company's share options would decrease the loss per share of the Group for the period and is regarded as anti-dilutive.

5. Commitments**(a) Capital commitments**

At 30 September 2011, the Group had capital commitments contracted but not provided for in the financial statements as follows:

	Unaudited	
	As at 30 September	
	2011	2010
	HK\$'000	HK\$'000
Capital contribution to		
a joint venture company	4,882	4,639
Proposed acquisition of subsidiaries	244	–
	5,126	4,639



(b) Commitments under operating leases

At 30 September 2011, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Unaudited	
	As at 30 September	
	2011	2010
	HK\$'000	HK\$'000
Within one year	1,589	681
In the second to fifth year inclusive	1,202	454
	<u>2,791</u>	<u>1,135</u>

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period the Group recorded an increase in turnover and an increase in loss attributable to equity shareholders of Company. The turnover was approximately HK\$37,817,000 (2010: approximately HK\$23,307,000), representing an increase of 62.25% as compared to the same period in last year. The increase in turnover was mainly due to increase in market demand in both sapphire watch crystals and optoelectronics products. Loss attributable to equity shareholders of the Company for the nine months ended 30 September 2011 was approximately HK\$16,270,000 while loss attributable to equity shareholders of the Company for the corresponding period in 2010 was approximately HK\$2,409,000. The loss was mainly attributable to the increase in staff costs and legal and professional fee.

During the period, the principal businesses of the Group are manufacturing and sale of synthetic sapphire watch crystals, optoelectronics products, trading of liquor products and wholesaling and retailing of fashions.

During the period, the Group recorded a loss on disposal of financial assets at fair value through profit or loss amounted to HK\$720,000 (2010: Nil).

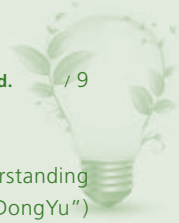


In order to improve and develop the business of replacement of energy efficient streets lamps business, the Company has granted a loan of RMB2.5 million (approximately HK\$2.9 million) to Bright City Corporation Limited (“Bright City”) (a company incorporated in Hong Kong which is an independent third party) pursuant to the SPA (as defined below) and the loan agreement dated 2 December 2010 (as amended by a supplemental agreement dated 20 December 2010) made between, inter alia, Boom Creation Limited (“Boom Creation”) (a wholly-owned subsidiary of the Company) and Bright City. The loan should be used as working capital of replacement of energy efficient streets lamps business. The loan was expected to be repaid to the Company by the end of 2011.

Pursuant to the sale and purchase agreement dated 2 December 2010 (as amended by several supplemental agreements signed in December 2010, March and June 2011) made between, inter alia, Boom Creation and an independent third party (“SPA”), subject to the completion of the reorganization of Top Prize Investments Limited (“Top Prize”) and its subsidiaries, Boom Creation has conditionally agreed to acquire and the independent third party has conditionally agreed to sell 1,180 shares of Top Prize, a company which will own the entire issued share capital of Bright City (Bright City will in turn own the entire equity interest in a PRC limited company whose principal businesses are the manufacturing, trading and installation of energy-efficient street lamps in the PRC) with a consideration of RMB200,000 (approximately HK\$235,440). Pursuant to the SPA, Boom Creation has also paid RMB1,256,950 (approximately HK\$1,479,682) to Top Prize as deposit for subscription of 8,000 new shares in Top Prize. The total number of 9,180 shares in Top Prize to be purchased and subscribed by Boom Creation will be equivalent to 51% of the total issued shares of Top Prize.

On 1 April 2011, the Group entered into an agreement for acquiring the entire issued share capital of Arnda Semiconductor Limited and the vendor's shareholders loans at the consideration of HK\$7,690,000 and HK\$3,410,000 respectively, totalling HK\$11,100,000. Details of the acquisition were disclosed in the Company's announcement dated 6 April 2011. The acquisition was completed on 25 July 2011.

To facilitate the development in liquor and red wine market, on 6 May 2011, the Group entered into two agreements for acquiring two properties at the total consideration of HK\$3,550,000. The vendors were connected persons of the Group. The properties were acquired by the Group for the storage and as showrooms of red wines and liquor. The Directors expect that it will enhance the turnover and profits of red wines and liquor trading of the Group. The acquisition of the two properties was completed on 31 May 2011.



In additions, on 9 May, 2011, the Company entered into a memorandum of understanding with Shenzhen DongYu Investment Development Company Limited (“Shenzhen DongYu”) in relation to the formation of a sino-foreign joint venture company (“JV Company”). The principal business activities of the JV Company will be in the planting of jatropha curcas and the sale and production of biodiesel fuel. Jatropha curcas seeds contain oil that can be processed to produce a high-quality biodiesel fuel which is usable in standard diesel engines. The Board believes that the formation of the JV Company with Shenzhen DongYu, if successful, will diversify the revenue bases of the Group and will allow the Group to enter into the market of biodiesel fuel in which the Board trusts will be of substantial growth potential.

In order to diversify risk and broaden the sources of income of the Group, on 28 April 2011, the Group entered into a memorandum of understanding (“MOU”) with Goodeve Holdings Limited in relation to a possible acquisition of 51% of the issued share capital of Rosy Sino Holdings Limited (“Rosy Sino”) a company which would acquire 80% of the issued share capital of Abocom (China) Group Co. Limited (“Abocom”). Abocom is engaged in the development and production of mobiles phones in PRC. Although the parties to the MOU had undergone active negotiations, they were unable to reach a consensus on the terms of the formal agreement within 3 months from the date of the MOU. As a result, the MOU was expired and ceased to have any legal effect on 28 July 2011 and there is currently no further negotiation between the parties in relation to the acquisition of Rosy Sino.

During the period, in order to diversify the business risks, the Group started to engage in the wholesaling and retailing of fashions.

FINANCIAL REVIEW

For the nine months ended 30 September 2011 the Group recorded a turnover of approximately HK\$37,817,000 (2010: approximately HK\$23,307,000). Loss attributable to equity shareholders of Company for the nine months ended 30 September 2011 was approximately HK\$16,270,000 while loss attributable to equity shareholders of Company for the corresponding period in 2010 was approximately HK\$2,409,000.

Operating expenses for the nine months ended 30 September 2011 was approximately HK\$26,779,000 representing an increase of approximately HK\$17,542,000 or 190% for the same period of last year. Increase in operating expenses was mainly due to the fact that there was a recognition of share-based payment of approximately HK\$1,316,000 for the nine months ended 30 September 2011 and increase of approximately HK\$2,123,000, approximately HK\$2,802,000 and approximately HK\$7,242,000 in the directors’ remuneration, staff salaries and legal and professional fee as compared with the corresponding period in 2010 respectively.



Sapphire watch crystals division

The turnover of the sapphire watch crystals for the nine months ended 30 September 2011 was approximately HK\$29,455,000 (2010: approximately HK\$19,830,000) representing an increase of approximately HK\$9,625,000.

Optoelectronics products division

The Group's optoelectronics products division recorded a turnover of approximately HK\$4,535,000 for the nine months ended 30 September 2011 (2010: approximately HK\$3,476,000) representing an increase of approximately HK\$1,059,000.

Trading of liquor products division

The turnover of the liquor products for the nine months ended 30 September 2011 was approximately HK\$3,463,000 (2010: nil).

Wholesaling and retailing of fashions division

The Group recorded a turnover of approximately HK\$292,000 for the nine months ended 30 September 2011 (2010: nil).

Foreign Exchange

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in United States dollars, Swiss Franc, Chinese Renminbi, Japanese Yen, Euro, New Taiwan dollars and Hong Kong dollars. While the Group does not currently engage in hedging to manage its currency risk, as it considers the cost associated with such hedging arrangements would exceed the benefits, management will continue to monitor the relevant circumstances and will take such measures as it deem prudent.

Material acquisitions and disposal of subsidiaries and affiliated companies

During the period, the Group acquired the entire issued share capital of Arnda Semiconductor Limited at a consideration of HK\$7,690,000. Save as above, the Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the nine months ended 30 September 2011.



PROSPECTS

The global economies seems to be getting worse. But the Board will continue to keep its effort on those watches markets that have less competition and controlling its labor and production costs. The Group will continue its effort in developing its existing business. In the meantime, with the leadership of our management team, the Company is actively exploring for business opportunities in other sectors to diversify risk and broaden the sources of income of the Company. The Company will continue to centralize corporate objective of developing current businesses in order to strengthen the competitiveness, integrate its capital resources and contribute a maximum wealth to our equity holders.

PLACING OF SHARES

On 17 March 2011, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 28,000,000 placing shares at HK\$0.70 per placing share. All the placing shares were issued and allotted on 30 March 2011.

On 2 June 2011, a placing agreement was entered into between the Company and the placing agent, pursuant to which the Company appointed the placing agent to procure altogether not less than six placees, who were independent third parties, on a best effort basis, for subscribing up to an aggregate of 35,000,000 placing shares at HK\$1.45 per placing share. All the placing shares were issued and allotted on 17 June 2011.



VOLUNTARY CONDITIONAL CASH OFFERS (“OFFERS”)

On 2 August, 2011, the Company was notified by Equity Reward Limited (“Offeror”) that it intended to make the voluntary conditional cash offer (in compliance with the Takeovers Code) to acquire all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Details of the offers were set out in the offeror’s announcement, circular and supplementary circular dated 16 August 2011, 5 September 2011 and 12 September 2011 respectively.

The conditions of the Offers were not satisfied and the Offers had not become unconditional and lapsed on 3 October 2011.

RATIFICATION OF POSTPONEMENT FOR ISSUE OF NON-LISTED WARRANTS

Reference is made to the Circular dated 21 February 2011 in relation to the subscription of 28,000,000 non-listed warrants by the Subscriber. The Board proposed to convene a special general meeting of the Company for the Shareholders to consider and, if thought fit, pass the resolutions (i) to ratify the Second Supplemental Agreement dated 31 March 2011 made between the Company and the Subscriber which amended the Warrant Subscription Agreement for the purpose of postponing the Completion Date from a date not later than 31 March 2011 to a date not later than 31 August 2011 and (ii) to conditionally approve the a supplemental agreement to be offered by the Company to the Subscriber which may be signed between the Company and the Subscriber. Details of the above were set out in the Company’s announcement dated 2 September 2011 and 31 October 2011.



SHARE OPTION SCHEME

The Previous Share Option Scheme was adopted by the Company on 21 July 2001 and was terminated during the period. A New Share Option Scheme was adopted on 8 March 2011. Upon termination of the Previous Share Option Scheme, no further Options will be granted thereunder, but the provisions of the Previous Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of Options (to the extent not already exercised) granted prior to its termination or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination will continue to be valid and exercisable in accordance with the Existing Share Option Scheme. Details of the above and the principal terms of the New Share Option Scheme were set out in the Company's circular and its appendix I dated 21 February 2011. Details of the principal terms of the Previous Share Option Scheme were set out in appendix IV to the Company's prospectus dated 27 July 2001.

The following table disclosed movements of the Company's share options held by employees and directors during the period ended 30 September 2011:

Participant	Date of grant	Exercise price HK\$	Exercisable period	At 1/1/2011	Number of options					At 30/9/2011
					Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Redescription during the period	
Directors	23/11/2010	0.772	23/11/2010 – 21/7/2011	7,083,290	-	4,249,974	-	1,416,658	(1,416,658)	-
Employees	23/11/2010	0.772	23/11/2010 – 21/7/2011	1,416,658	-	1,416,658	-	1,416,658	1,416,658	-
	24/3/2011	1.45	24/3/2011 – 23/3/2021	-	1,816,658	1,416,658	-	-	-	400,000
				<u>8,499,948</u>	<u>1,816,658</u>	<u>7,083,290</u>	<u>-</u>	<u>2,833,316</u>	<u>-</u>	<u>400,000</u>

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 30 September 2011, the interests and short positions of the Directors and Chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporations are as follows:–

Name of director	Capacity	No. of shares	Underlying Shares	Long/Short Position	Approximate percentage of total relevant class of shares in shares
Chan Chung Keung Jackon	Beneficial owner	1,416,658	–	Long position	0.67%
Chan Yim Kum	Beneficial owner	1,416,658	–	Long position	0.67%

As at 30 September 2011, save as disclosed above and the paragraph headed “Share Option Scheme” above, none of the directors and chief executive of the Company has any interests and short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions in which they are taken or deemed to have under such provisions of the SFO) or 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 the minimum standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed under the paragraph headed “Directors’ and chief executive’s interests in securities” above, at no time during the period under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2011, so far as the Directors were aware the persons who had an interest or short position in the shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances of general meetings of the Company or substantial shareholders as recorded in the register required to be kept by the Company under section 336 of the SFO, are as follows:

Name of shareholders	Capacity	Number of shares	Underlying Shares	Long/Short Position	Percentage of issued shares (Note 4)
Good Capital Resources Limited (Note 1)	Beneficial owner	16,645,882	–	Long position	7.86%
Tang Man Lai (Note 1)	Beneficial owner and interest in a controlled corporation	16,648,235	–	Long position	7.86%
iReady360 Media Networks Limited (Notes 2 & 3)	Beneficial owner	15,202,800	–	Long position	7.18%
Ng Wai Lok, Raylot (Notes 2 & 3)	Interest in a controlled corporation	15,202,800	–	Long position	7.18%
Vong Kuoc Meng	Beneficial owner and interest in a controlled corporation	10,830,000	–	Long position	5.11%



Notes:

1. Good Capital Resources Limited, a company incorporated in the British Virgin Islands, which is beneficially owned by Tang Man Lai.
2. Pursuant to the order granted by the High Court of Hong Kong on 8 December 2009, JMM Business Network Investments (China) Limited, iReady360 Media Networks Limited, Evening Triumph Holdings Limited, Mr. Ng Wai Lok, Raylot (as the controlling shareholder of iReady360 Media Networks Limited) and Miss Kwok Sze Nga (as the controlling shareholder of Evening Triumph Holdings Limited) are restrained and prohibited, until further order of the court, from exercising any voting right in and from disposing of, selling transferring, mortgaging, assigning, charging or otherwise dealing with any of the ordinary shares of the Company registered in the name of JMM Business Network Investments (China) Limited, iReady360 Media Networks Limited and Evening Triumph Holdings Limited except in accordance with the instructions of consent of Good Capital Resources Limited.
3. Mr. Ng Wai Lok, Raylot is the controlling shareholder of iReady360 Media Networks Limited.
4. The percentage is calculated based on 211,749,172 shares in issue as at 30 September 2011.

So far as is known to any director or supervisor, there was no person other than a Director or supervisor or chief executive who, as at 30 September 2011, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or would be directly or indirectly interested in 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 or any other substantial shareholders whose interest or short position were recorded in the register required to be kept by the Company under section 336 of the SFO.



PURCHASE, SALE, REDEMPTION OR CANCELLATION OF SHARES BY THE COMPANY AND/OR SUBSIDIARIES

Neither the Company nor its subsidiaries has purchased, sold, redeemed or cancelled any of the Company's shares during the nine months ended 30 September 2011.

DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all directors, all directors of the Company have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period ended 30 September 2011.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE PRACTICE

For the nine months ended 30 September 2011, the Company fully complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules.

COMPETING INTERESTS

During the nine months ended 30 September 2011, none of the directors or the management shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in a business that competed with or might compete with the business of the Group.



AUDIT COMMITTEE

As required by Rule 5.28 of the GEM Listing Rules, the Company established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's principal duties are the review and supervision of the Company's financial reporting process and internal control systems. The audit committee comprises three independent non-executive directors, namely Mr. Tsui Siu Hung, Mr. Lee Tao Wai and Mr. Ng Kai Shing.

The Company's financial statements for the nine months ended 30 September 2011 have been reviewed by the audit committee. The audit committee considered that the relevant financial statements have been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

By Order of the Board
Chan Chung Keung Jackon
Chairman

Hong Kong, 14 November 2011

As at the date of this report, the Board comprises:

- (1) Mr. Chan Chung Keung Jackon, as an executive director;
- (2) Ms. Chan Yim Kum, as an executive director;
- (3) Mr. Nee, Henry Pei Ching, as an executive director;
- (4) Mr. Chan Ka Ming, as an executive director;
- (5) Mr. Tsui Siu Hung, as an independent non-executive director;
- (6) Mr. Lee Tao Wai, as an independent non-executive director; and
- (7) Mr. Ng Kai Shing, as an independent non-executive director.