



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
2013

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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 howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of China Bio Cassava Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The directors of the Company, 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

The Group recorded turnover of HK\$3,560,000 for the nine months ended 30 September 2013, representing an increase of 10.3% from the corresponding period of previous year.

The Group recorded HK\$577,000 of OEM licensing revenue for the nine months ended 30 September 2013, representing an increase of 9.5% from the corresponding period of previous year.

Packaged software sales of HK\$2,573,000 for the nine months ended 30 September 2013, representing a decrease of 4.8% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$410,000 from its new money lending business for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

The Group's total operating expenses for the nine months ended 30 September 2013 totalled HK\$9,962,000 representing an increase of 8.6% as compared with the nine months ended 30 September 2012.

The Group recorded a net loss attributable to owners of the Company for the nine months ended 30 September 2013 of HK\$6,519,000 (nine months ended 30 September 2012: HK\$6,271,000). Loss per share attributable to the owners of the Company for the nine months ended 30 September 2013 of HK\$0.27 cent (loss per share for the nine months ended 30 September 2012: HK\$0.31 cent).

The unaudited consolidated results for the nine months ended 30 September 2013 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 2013, together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Revenue	3	1,591	1,150	3,560	3,229
Cost of sales		(43)	(107)	(128)	(328)
Gross profit		1,548	1,043	3,432	2,901
Other revenue	4	9	-	11	-
Selling and distribution expenses		(541)	(498)	(1,217)	(1,688)
Research and development expenses		(676)	(723)	(2,164)	(2,156)
General and administrative expenses		(2,746)	(1,782)	(6,571)	(5,211)
Other operating expenses		(7)	(117)	(10)	(117)
Loss before income tax		(2,413)	(2,077)	(6,519)	(6,271)
Income tax expense	6	-	-	-	-
Loss for the period	5	(2,413)	(2,077)	(6,519)	(6,271)
		<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>	<i>HK cent</i>
Loss per share for the period	8				
- Basic		(0.10)	(0.10)	(0.27)	(0.31)
- Diluted		N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	(2,413)	(2,077)	(6,519)	(6,271)
Other comprehensive income				
Exchange differences arising on translating foreign operations	-	-	1	-
Total comprehensive expense for the period	<u>(2,413)</u>	<u>(2,077)</u>	<u>(6,518)</u>	<u>(6,271)</u>
Total comprehensive expense attributable to:				
- Owners of the Company	<u>(2,413)</u>	<u>(2,077)</u>	<u>(6,518)</u>	<u>(6,271)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Warrant reserve HK\$'000	Reorganisation reserve HK\$'000	Translation Reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2012	20,508	120,370	52,684	37	7,090	3,000	(145)	(191,670)	11,874
Loss for the period, representing total comprehensive expense for the period	-	-	-	-	-	-	-	(6,271)	(6,271)
At 30 September 2012	<u>20,508</u>	<u>120,370</u>	<u>52,684</u>	<u>37</u>	<u>7,090</u>	<u>3,000</u>	<u>(145)</u>	<u>(197,941)</u>	<u>5,603</u>
At 1 January 2013	20,508	120,370	50,841	37	7,090	3,000	(145)	(198,307)	3,394
Loss for the period	-	-	-	-	-	-	-	(6,519)	(6,519)
Other comprehensive income for the period	-	-	-	-	-	-	1	-	1
Total comprehensive expense for the period	-	-	-	-	-	-	1	(6,519)	(6,518)
Placement of new shares (Note a)	4,000	36,000	-	-	-	-	-	-	40,000
Transactions cost attributable to issue of shares (Note a)	-	(1,276)	-	-	-	-	-	-	(1,276)
Placement of new warrants (Note b)	301	-	-	-	6,797	-	-	-	7,098
At 30 September 2013	<u>24,809</u>	<u>155,094</u>	<u>50,841</u>	<u>37</u>	<u>13,887</u>	<u>3,000</u>	<u>(144)</u>	<u>(204,826)</u>	<u>42,698</u>

Notes:

- (a) On 18 January 2013, the Company entered into the conditional Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to a maximum of 400,000,000 Placing Shares to the placees who and whose ultimate beneficial owners was independent third parties at a price of HK\$0.10 per Placing Share. The condition of the Placing had been fulfilled and the completion of the Placing took place on 31 January 2013.
- (b) Since 15 February 2013, the subscription rights attached to the listed warrants of the Company (warrant code: 8187) to subscribe for new shares have been expired. Up to the date of warrants expiry, warrant subscription amounting to HK\$7,097,700 was received, representing 30,075,000 warrants convertible into 30,075,000 shares of the Company of HK\$0.01 each with the subscription price of HK\$0.236 per share. All remaining 169,925,000 warrants are not exercised and such warrants certificates have already ceased to be valid for any propose.

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, renewable energy and money lending business. There were no significant changes in the Group's operations during the nine months ended 30 September 2013.

The unaudited condensed consolidated third quarterly financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as 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 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include individual HKFRSs, Hong Kong Accounting Standards ("HKAS") 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 2012.

In the current period, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers to Financial Assets

The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle ¹
Amendments to HKFRS 1	Government Loans ¹
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ²
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 19 (as revised in 2011)	Employee Benefits ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁴
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ¹

¹ Effective for annual periods beginning on or after 1 January 2013.

² Effective for annual periods beginning on or after 1 January 2014.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 July 2012.

3 REVENUE AND SEGMENT INFORMATION

Revenue represents the total invoiced value of goods sold, licensing income and interest income from money lending. An analysis of the Group's revenue during the nine months ended 30 September 2013 and 30 September 2012 are as follows:

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of goods	975	949	2,573	2,702
Licensing income	206	201	577	527
Loan interest income	406	–	406	–
Handling and penalty income	4	–	4	–
	<u>1,591</u>	<u>1,150</u>	<u>3,560</u>	<u>3,229</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 and operating segments under HKFRS 8 are as follows:

- (a) Sales and licensing of software and embedded systems
- (b) Development of biotech renewable energy
- (c) Money lending

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the nine months ended 30 September 2013 and 30 September 2012:

	Unaudited							
	Nine months ended 30 September							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Money lending		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Revenue								
External sales	3,150	3,229	-	-	410	-	3,560	3,229
Segment profit (loss)	467	(152)	(1,321)	(1,591)	(480)	-	(1,334)	(1,743)
Interest income							2	-
Sundry income							9	-
Net fair value loss on financial assets at fair value through profit or loss							(45)	(130)
Loss on disposal of property, plant and equipment							(9)	(117)
Write-off of obsolete inventories							(1)	-
Unallocated expenses							(5,141)	(4,281)
Loss before income tax							(6,519)	(6,271)

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment for the nine months ended 30 September 2013 and 30 September 2012:

	Unaudited Nine months ended 30 September							
	Sales and licensing of software and embedded systems		Development of biotech renewable energy		Money lending		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	1,464	1,677	2,593	2,303	37,217	-	41,274	3,980
Unallocated assets							3,157	3,262
Total assets							<u>44,431</u>	<u>7,242</u>
Segment liabilities	(1,351)	(1,350)	(183)	(186)	(48)	-	(1,582)	(1,536)
Unallocated liabilities							(151)	(103)
Total liabilities							<u>(1,733)</u>	<u>(1,639)</u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated assets (mainly comprising prepayments, deposits and other receivables and bank balances and cash); and
- all liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising other payables and accrued expenses).

4 OTHER REVENUE

	Unaudited Three months ended 30 September		Unaudited Nine months ended 30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	-	-	2	-
Recovery of bad debt	1	-	1	-
Sundry income	8	-	8	-
	<u>9</u>	<u>-</u>	<u>11</u>	<u>-</u>

5 LOSS FOR THE PERIOD

	Unaudited		Unaudited	
	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before income tax is arrived at after charging (crediting):				
Depreciation of property, plant and equipment	38	28	78	123
Fair value (gain) loss on financial assets at fair value through profit or loss	(44)	(5)	45	130
Write-off of obsolete inventories*	-	-	1	-
Loss on disposal of property, plant and equipment*	7	117	9	117
	<u>7</u>	<u>117</u>	<u>9</u>	<u>117</u>

* included in other operating expenses

6 INCOME TAX EXPENSE

No Hong Kong profits tax has been provided in both periods as the Group did not generate any assessable profits arising in Hong Kong during the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

No profits taxes have been provided for the subsidiaries which are operating outside Hong Kong during the nine months ended 30 September 2013 as these subsidiaries have not generated any assessable profits in the respective jurisdictions (nine months ended 30 September 2012: Nil).

At 30 September 2013, 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\$6,800,000 and HK\$1,077,000 (At 31 December 2012: HK\$6,563,000 and HK\$1,053,000) 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 do not recommend the payment of interim dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

8 LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the unaudited consolidated loss for the three months and nine months ended 30 September 2013 attributable to the owners of the Company of approximately HK\$2,413,000 and HK\$6,519,000 respectively (three months and nine months ended 30 September 2012: HK\$2,077,000 and HK\$6,271,000 respectively) and the weighted average number of shares of 2,431,876,374 (three months and nine months ended 30 September 2012: 2,050,825,000) ordinary shares of the Company in issue during the periods.

Diluted loss per share for the three months and nine months ended 30 September 2013 and 30 September 2012 are not presented because the existence of the outstanding share options during the periods has anti-dilutive effect on the basic loss per share.

BUSINESS REVIEW AND PROSPECTS

The consolidated turnover of the Company and its subsidiaries for the nine months ended 30 September 2013, amounted to HK\$3,560,000, representing an increase of 10.3% from the corresponding period of previous year. Loss attributable to owners of the Company for the nine months ended 30 September 2013 of HK\$6,519,000 compared to a loss of HK\$6,271,000 for the corresponding period of previous year. The loss per share was HK\$0.27 cent (nine months ended 30 September 2012: loss per share of HK\$0.31 cent).

The Group recorded HK\$577,000 of OEM licensing revenue for the nine months ended 30 September 2013, representing an increase of 9.5% from the corresponding period of previous year.

Packaged software sales of HK\$2,573,000 for the nine months ended 30 September 2013, representing a decrease of 4.8% from the corresponding period of previous year.

The Group recorded loan interest income of HK\$410,000 from its new money lending business for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

The Group's total operating expenses for the nine months ended 30 September 2013 totalled HK\$9,962,000 representing an increase of 8.6% as compared with the nine months ended 30 September 2012.

The Group continue to promote its existing products, and diversified into money lending business during the third quarter of 2013. The Group currently does not have any commitment or future plans for material investments and capital assets.

PLACING OF NEW SHARES

On 18 January 2013, the Company entered into a conditional placing agreement with Pinestone Securities Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 400,000,000 Placing Shares to the places who and whose ultimate beneficial owners is independent third parties at a price of HK\$0.10 per Placing Shares (the "Placing").

The condition of the Placing has been fulfilled and the completion of the Placing took place on 31 January 2013. The net proceeds from the Placing, after deducting the placing commission and other related expenses payable by the Company, are approximately HK\$39.7 million.

EXPIRY OF SUBSCRIPTION RIGHTS ATTACHED TO THE WARRANTS

Since 15 February 2013, the subscription rights attached to the listed warrants of the Company to subscribe for new shares have been expired. Up to the date of warrants expiry, warrant subscription amounting to HK\$7,097,700 was received, representing 30,075,000 warrants convertible into 30,075,000 shares of the Company of HK\$0.01 each with the subscription price of HK\$0.236 per share.

All remaining 169,925,000 warrants are not exercised and such warrants certificates have already ceased to be valid for any purpose.

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

As at 30 September 2013, 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 2013, there were a total of 17,750,000 outstanding share options of the Company granted to the directors of the Company, details of which are summarised in the following table:

Director	Date of grant	Options to subscribe for shares of the Company				Outstanding as at 30 September 2013	Option exercise period	Exercise price per share	Approximate percentage of shareholding
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period				
Kwan Kin Chung	29/5/2007	4,000,000	-	-	-	4,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.21%
	21/9/2011	1,250,000	-	-	-	1,250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tam Kam Biu William	29/5/2007	5,000,000	-	-	-	5,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.21%
	21/9/2011	250,000				250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Leung Lap Yan	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.09%
	21/9/2011	250,000				250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Leung Lap Fu Warren	29/5/2007	2,000,000	-	-	-	2,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.09%
	21/9/2011	250,000				250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Ip Chi Wai	29/5/2007	1,000,000	-	-	-	1,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.05%
	21/9/2011	250,000				250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tse Wang Cheung Angus	29/5/2007	1,000,000	-	-	-	1,000,000	29/5/2007 to 28/5/2017	HK\$0.450	0.05%
	21/9/2011	250,000				250,000	21/9/2011 to 20/9/2021	HK\$0.172	
Tsang Wai Wa	21/9/2011	250,000	-	-	-	250,000	21/9/2011 to 20/9/2021	HK\$0.172	0.01%
Former Director:									
Wan Xiaolin (Note (i))	29/5/2007	3,000,000	-	-	(3,000,000)	-	29/5/2007 to 28/5/2017	HK\$0.450	-
	21/9/2011	250,000			(250,000)	-	21/9/2011 to 20/9/2021	HK\$0.172	
Total		21,000,000	-	-	(3,250,000)	17,750,000			

Notes:

- (i) Mr. Wan Xiaolin has resigned as an executive director of the Company with effect from 26 June 2013.
- (ii) 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 2013, all options have been vested.

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 2013.

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 2013, options to subscribe for up to an aggregate of 371,940,000 shares of HK\$0.01 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				Outstanding as at 30 September 2013	Option exercise period	Exercise price per share
		Outstanding as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period			
Directors of the Company	29/5/2007	18,000,000	-	-	(3,000,000)	15,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	3,000,000	-	-	(250,000)	2,750,000	21/9/2011 to 20/9/2021	HK\$0.172
Employees other than the directors of the Company	29/5/2007	3,000,000	-	-	-	3,000,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	1,375,000	-	-	-	1,375,000	21/9/2011 to 20/9/2021	HK\$0.172
Consultants	29/5/2007	163,190,000	-	-	-	163,190,000	29/5/2007 to 28/5/2017	HK\$0.450
	21/9/2011	186,625,000	-	-	-	186,625,000	21/9/2011 to 20/9/2021	HK\$0.172
Total		<u>375,190,000</u>	<u>-</u>	<u>-</u>	<u>(3,250,000)</u>	<u>371,940,000</u>		

Notes:

- (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 2013, all options have been vested.
- (ii) During the period, there were no options being exercised and cancelled, but 3,250,000 options were lapsed.

Details of options granted to directors of the Company under the Share Option Scheme are set out in the sub-section headed "Long Position 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 2013, 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

Name of shareholders holding	Number of shares	Approximate percentage
Winway H.K. Investments Limited	524,622,500	21.15%
Culturecom Holdings Limited (Note)	524,622,500	21.15%

Note:

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 524,622,500 shares through its controlling interest (100%) in Winway H.K. Investments Limited.

Save as disclosed above, as at 30 September 2013, the directors of the Company 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.

INTERESTS IN COMPETING BUSINESS

None of the directors, the controlling shareholders of the Company and their respective associates (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 2013. Neither the Company nor any of its subsidiaries purchased or sold of the Company's listed securities during the nine months ended 30 September 2013.

CORPORATE GOVERNANCE

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 2013 under review, the Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules.

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 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 2013 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 four independent non-executive directors, namely Mr. Tsang Wai Wa, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Chow Wing Tung. Mr. Tsang Wai Wa 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 results for the nine months ended 30 September 2013 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 2013.

By order of the Board
Leung Lap Yan
Chairman

Hong Kong, 11 November 2013

As of the date of this report, the Board of the Company comprises Mr. Kwan Kin Chung, Mr. Yu Huaguo, Mr. Tam Kam Biu William, Mr. Poon Yu Keung and Mr. Hung Ching Fung as executive Directors, Mr. Leung Lap Yan and Mr. Leung Lap Fu Warren as non-executive Directors, Mr. Tsang Wai Wa, Mr. Ip Chi Wai, Mr. Tse Wang Cheung Angus and Mr. Chow Wing Tung as independent non-executive Directors.