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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8213)

FIRST QUARTERLY RESULTS REPORT FOR THE PERIOD ENDED 30 JUNE 2009

* *For identification purpose only*

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This report, for which the directors (the "Directors") of Armitage Technologies Holding Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FINANCIAL HIGHLIGHTS FOR THE THREE MONTHS ENDED 30 JUNE 2009

- Consolidated turnover for both continuing and discontinued operations (inclusive of hardware sales of HK$328,000) at HK$12.9 million was recorded for the reporting period. Excluding hardware sales, turnover decreased by 17% compared with HK$15.2 million recorded in the corresponding period last year.
- Turnover from Hong Kong and PRC's IT businesses, exclusive of hardware sales, decreased by 15% and 14% respectively over the corresponding period last year.
- Income from discontinued operations, magazine publication, was HK$107,000, representing a decrease of 74% over the corresponding period last year.
- Amortisation of development costs amounted to HK$572,000.
- Operating expenses decreased by 11% compared with the corresponding period last year was mainly resulted from various cost control schemes implemented by the Group.
- EBITDA from the Group's IT business for the reporting period was HK$686,000, representing a decrease of 36% over the corresponding period last year.
- Overall loss attributable to equity holders of the Company was HK$944,000 (improvement of 16% from HK$1.1 million compared with the corresponding period last year).

RESULTS

The board of directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the period ended 30 June 2009, together with the comparative unaudited consolidated figures for the corresponding period, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (UNAUDITED)

For the three months ended 30 June 2009

		Three months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Turnover	2	**12,793**	14,844
Cost of sales and services rendered		**(5,625)**	(6,723)
Gross profit		**7,168**	8,121
Other income		**387**	64
Operating expenses		**(7,613)**	(8,556)
Operating loss		**(58)**	(371)
Finance costs		**(245)**	(241)
Loss before income tax		**(303)**	(612)
Income tax expense	3	**(30)**	(31)
Loss for the period from continuing operations		**(333)**	(643)
Discontinued operations			
Loss for the period from discontinued operations		**(611)**	(482)
Loss for the period and attributable to equity holders of the Company		**(944)**	(1,125)
Other comprehensive income:			
Exchange gain arising from translation of foreign operations		**—**	614
Total comprehensive loss for the period and attributable to equity holders of the Company		**(944)**	(511)
Dividend		**—**	—
Loss per share (HK cents)	4		
From continuing and discontinued operations			
– Basic		**(0.1259)**	(0.1500)
– Diluted		**N/A**	N/A
From continuing operations			
– Basic		**(0.0444)**	(0.0857)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 30 June 2009

	Attributable to equity holders of the Company						
	Share Capital	**Accumulated losses**	**Share premium**	**Special reserve**	**Exchange reserve**	**Employee share-based compensation reserve**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2008 (Audited)	7,500	(27,248)	42,836	3,801	1,621	–	28,510
Total comprehensive income/(loss) for the period	–	(1,125)	–	–	614	–	(511)
At 30 June 2008 (Unaudited)	7,500	(28,373)	42,836	3,801	2,235	–	27,999
At 1 April 2009 (Audited)	7,500	(30,476)	42,836	3,801	2,236	181	26,078
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	99	99
Total comprehensive loss for the period	–	(944)	–	–	–	–	(944)
At 30 June 2009 (Unaudited)	**7,500**	**(31,420)**	**42,836**	**3,801**	**2,236**	**280**	**25,233**

Notes:

1. **Basis of preparation**

The unaudited consolidated quarterly financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretation ("Interpretation") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and are prepared under the historical cost convention as modified by revaluation of financial assets at fair value through profit or loss and the disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued some new HKFRSs, amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Except for the HKAS 1 (revised 2007) - Presentation of financial statements, the application of other standards or interpretations did not have material impact on the results and the financial position of the Group.

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

Except for the above mentioned, the accounting policies and basis of preparation used in preparing the unaudited consolidated results are consistent with those used in the audited financial statements for the year ended 31 March 2009.

2. Turnover

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

	For the three months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Provision of information solutions		
– System development and integration	**6,006**	7,107
– Maintenance and enhancement income	**230**	229
Sales of application software packages and related maintenance income	**6,557**	7,508
	12,793	14,844
Discontinued operations		
Publishing and advertising income	**107**	412
	12,900	15,256

3. Income tax expense

Income tax expense in the unaudited consolidated income statement represents:

	For the three months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Current tax	**—**	—
Deferred tax	**(30)**	(31)
Income tax expense from continuing operations	**(30)**	(31)
Discontinued operations		
Income tax expenses from discontinued operations	**—**	—
Income tax expenses	**(30)**	(31)

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

(ii) The Company's subsidiaries incorporated/established in Hong Kong and People's Republic of China ("PRC") are subject to Hong Kong Profits Tax and PRC Enterprise Income Tax ("EIT") at the rates of 16.5% and 25% respectively. No provision for Hong Kong Profits Tax and EIT has been made as the Group did not have assessable profits subject to Hong Kong Profits Tax and EIT for each of the two periods ended 30 June 2008 and 2009.

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

(a) As approved by the relevant PRC tax authority, Guangzhou Armitage Technologies Limited ("GZATL") was entitled to a two-year exemption from EIT followed by 50% tax exemption for the next three years, commencing from the first cumulative profit-making year in 2007. Therefore, GZATL was exempted from EIT for the fiscal years 2007 and 2008. For the following three fiscal years from 2009 to 2011, GZATL is subject to EIT at the rate of 12.5%. Starting from the fiscal year 2012, GZATL will be subject to EIT at the unified rate of 25% under the transitional arrangement of the New Tax Law.

(b) Armitage Technologies (Shenzhen) Limited ("ATL(SZ)") being engaged in the research and development of IT solutions and provision of customers services was granted a preferential EIT rate of 15%. ATL(SZ) enjoyed preferential policy in the form of reduced tax rate shall have five years from the time when the New Tax Law takes effect to transit progressively to the new statutory tax rate. During this period, ATL(SZ) enjoyed the EIT rate of 15% shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011 and 25% for the year 2012.

4. Loss per share

The calculation of basic loss per share for both periods is based on the Group's loss attributable to equity holders of the Company and 750,000,000 ordinary shares in issue during both periods.

No diluted loss per share has been presented as no dilutive potential ordinary shares outstanding during the three months period ended 30 June 2008 and the potential ordinary shares to be issued upon exercise of the outstanding options under the share option scheme are anti-dilutive for the three months ended 30 June 2009.

5. Discontinued operations

The Company passed an ordinary resolution on 1 August 2009 to discontinue all the businesses of magazine publication and provision of advertising services.

The comparative figures for the three months ended 30 June 2008 have been re-presented for the above discontinued operations.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the period ended 30 June 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the three months ended 30 June 2009, the Group's unaudited total turnover for both continuing and discontinued operations amounted to HK$12.9 million (2008: HK$15.3 million), a decrease of 16% when compared with the corresponding period last year. Excluding hardware sales of HK$328,000 (2008: HK$115,000), turnover decreased by 17% compared with the corresponding period last year. Net loss attributable to equity holders of the Company was narrowed down to HK$944,000 from HK$1.1 million compared with the corresponding period last year.

HONG KONG OPERATIONS

Outsourcing and Information Solutions

The total turnover generated from the outsourcing and information solutions sector for the three months ended 30 June 2009 was HK$6.2 million, representing a decrease of 15% when compared with the corresponding period last year.

As stated in the Group's Annual Report 08-09, the logistic and transportation industry had been hit severely by the financial tsunami. It is expected that after completing all current projects for our client, the largest airline operator in Hong Kong, almost all cooperations will be temporarily suspended for the time being. Business for a reputable telecom company in Hong Kong continues to be strong. We have successfully completed the installation of Integrated Customer Enquiry System ("ICES") Phase II in the first fiscal quarter, and our outstanding performance had led to the client's invitation to bid for the Human Capital Management System project in which, we believed, possess a very high chance of winning. Meanwhile, regarding Gasoline Management System ("GMS") as a possible future revenue driver for the Group, much attention and effort were spent on studying and analysing the cashless payment solutions for fuel and petroleum systems. We have completed GMS Phase II in the first fiscal quarter and are now working on GMS Phase II enhancement, expected to be completed in the next fiscal quarter.

In addition, our Shenzhen subsidiary has concluded, during the reporting period, a contract with one of the major electronic logistic infrastructure service hubs in Shenzhen that involves us to develop a web portal for them. A contract was also concluded with a Gasoline Discount Club card issuance company, in which we are responsible for designing an Enterprise Information Management System that will centralise all management, client and employee information for the betterment of the company's operations. Both projects started in April 09, and are expected to live-run in the second fiscal quarter.

Applications Software Packages

Turnover generated from the Group's proprietary ERP application software package Armitage Industrial Management System ("***AIMS***"), together with its previous version ***Konto 21***, decreased to HK$1.1 million, a 39% decrease when compared with HK$1.8 million of the corresponding period last year. Although two new contracts, one with a house-ware manufacturing firm and another with an automobile components OEM manufacturer, were concluded, the payment will not be received and booked until the second fiscal quarter. The Group expects that figures from this business unit will improve significantly by next quarter. On the other hand, the sister version of ***AIMS Express***, ***Konto Express***, was launched in the reporting period. The Group believes that this simpler budget version of ***Konto*** will be able to attract new client sectors, especially in the current business environment.

PRC OPERATIONS

Pegasus Hotel Management System *("Pegasus")*

The total turnover of ***Pegasus*** under Guangzhou Armitage Technologies Limited was HK$4.5 million (exclusive of hardware sale of HK$328,000), representing a decrease of 5% compared with the same period last year.

The first fiscal quarter has been difficult. Influenced by the financial crisis and the global economic downturn, a number of hotel development projects were postponed or cancelled and, subsequently, the license sale of ***Pegasus PMS*** (Property Management System) was affected. However, the Group had concluded two group solution projects, thus turnover can still be maintained at almost the same level as the like period last year.

During the reporting period, a new version of the Food and Beverage System that targets on restaurants not attached to hotels was launched. This new version included a more sophisticated reservation and delivery functions, and user-friendliness interface is also greatly improved. The Group will direct more resources to market this new version of the Food & Beverage System in the coming quarters.

Magazine Publication

The effect of the financial tsunami has hit the luxury market particularly hard and directly affected our advertising income significantly in the first half of 2009. After months of careful consideration and thorough analysis of the current business environment, the Group decided to cease the operations of Eastern Express Solutions Limited starting from August 1, 2009. Management will make sure all committed contracts and agreements are taken care of by August 31, 2009.

FUTURE PROSPECTS

Outsourcing and Information Solutions

Seeing the possibility that GMS may be one of the Group's major future revenue drivers, we will continue to pay much attention and effort to study the possibility to revamp it so that it can fit the needs of other container terminal operators or similar enterprises. Meanwhile, the Group's strategy will focus on strengthening relationships with existing clients rather than new ones. For example, having seen the success of ICES, both our Hong Kong and shenzhen teams are studying the possibility to develop an outsourcing development model for our client, a reputable telecoms company in Hong Kong. With the economy currently stabilising and a number of prospects under negotiation, our Shenzhen subsidiary is expecting additional contracts to be signed in the second half of our fiscal year.

Application Software Packages

The Group is currently developing a Customs Management (關務管理) and Supply-Chain Management system which is targeted to be launched in the coming fiscal quarter. With the two new ***AIMS*** contracts of large amounts concluded in the first quarter, the Group firmly believes that the future for ***AIMS*** is very optimistic, and we will continue to exert efforts into researching and redeveloping this product to expand our customer base and market share in the Pearl River Delta region.

PRC OPERATIONS

Pegasus Hotel Management System ("*Pegasus*")

We have been observing the prevalent trend in the PRC that individuals who own personal computers/personal mobile devices are gaining more and more access to the Internet and this is rapidly growing year after year. Management is now considering that it is vital for our future business prospects to develop web-base systems that fulfill market demands. Consequently, having completed the first stage of development for our own hotel room booking engine, we are readying the launch our Internet distribution platform. This ***Pegasus*** Internet distribution platform connects hotels using ***Pegasus PMS*** to the booking engine by a two-way interface. Hotels can connect their websites to our platform whereby reservations coming through their websites can be processed electronically. This platform will be used as a means to provide added value service to our customers. Initial plans have also been made to develop a table reservation website connecting restaurants using our Food & Beverage System. The Group will continue on studying and developing our businesses in this direction.

FINANCIAL REVIEW

For the three months ended 30 June 2009, the Group recorded a total turnover of HK$12.9 million, of which HK$12.8 million from continuing operations and HK$107,000 from discontinued operations. For the continuing operations, exclusive of hardware sales of HK$328,000 (2008: HK$115,000), the turnover decreased by 15% compared with the corresponding period last year.

Turnover generated from Hong Kong continuing operations was HK$8.3 million (2008: HK$9.8 million), representing a decrease of 15% compared with the corresponding period last year.

Turnover generated from PRC continuing operations was HK$4.5 million (2008: HK$5.0 million). Exclusive of hardware sales of HK$328,000 (2008: HK$115,000), representing a decrease of 14% compared with the corresponding period last year.

The gross profit margin from the continuing operations of the Group was 56% (2008: 55%), a slight increase compared with the corresponding period last year.

Net loss attributable to the equity holders of the Company was HK$944,000 (2008: HK$1.1 million), representing an improvement of 16% compared with the corresponding period last year. Losses for the period from continuing and discontinued operations were HK$333,000 and HK$611,000 respectively (2008: HK$643,000 and HK$482,000 respectively). The loss for the period from continuing operations had a huge improvement of 48% compared with the corresponding period last year.

The realised and unrealised gains on financial assets at fair value through profit or loss were HK$363,000 (2008: losses of HK$30,000). Excluding the realised and unrealised gain or loss on financial assets at fair value through profit or loss, the loss attributable to equity holders of the Company and loss for the period from continuing operations were adjusted to HK$1.3 million and HK$696,000 respectively (2008:HK$1.1 million and HK$613,000 respectively), representing a deterioration of 18% and 14% compared with the corresponding period last year.

The Group's core business is provision of IT services and sales of application software packages ("IT business"). The EBITDA (earnings before interest, income tax, depreciation and amortisation) for the three months ended 30 June 2009 from its IT business was HK$686,000 (2008: HK$1.1 million).

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

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

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

As at 30 June 2009, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 4)*
Mr. Lee Shun Hon, Felix	Personal	206,778,740	27.57%
	Family	55,807,651 *(Note 1)*	7.44%
	Corporate	34,373,452 *(Note 2)*	4.58%
Ms. Jim Sui Fun	Personal	3,034,786	0.40%
Mr. Lee Wai Yip, Alvin	Personal	29,190,595	3.89%
Dr. Liao, York	Corporate	29,988,007 *(Note 3)*	4.00%

Notes:

1. These shares are held by Mr. Lee Shun Hon, Felix's wife, Ms. Leung Mee Chun, Stella and his daughter, Ms. Lee Sze Yee, Joyce and therefore Mr. Lee Shun Hon, Felix is deemed to have interests in these shares in which Ms. Leung Mee Chun, Stella and Ms. Lee Sze Yee, Joyce are interested.

2. These shares are held by Kingspecial Investments Limited ("Kingspecial"), which is owned as to 30% by Mr. Lee Shun Hon, Felix and therefore Mr. Lee Shun Hon, Felix is deemed to have an interest in these shares in which Kingspecial is interested.

3. These shares are held by Winbridge Company Limited ("Winbridge"), which is owned as to 99% by Dr. Liao, York and therefore Dr. Liao, York is deemed to have an interest in these shares in which Winbridge is interested.

4. Based on 750,000,000 shares of the Company in issue as at 30 June 2009.

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

A summary of the share option granted to the directors pursuant to the share option scheme adopted on 26 February 2003 is as follow:

Name	Type of interests	Exercisable period	Exercise price	Number of underlying shares
Ms. Jim Sui Fun	Personal	10 October 2009 to 25 February 2013	HK$0.055	7,400,000
Mr. Lee Wai Yip, Alvin	Personal	10 October 2009 to 25 February 2013	HK$0.055	5,500,000
				12,900,000

Save as disclosed herein, as at 30 June 2009, none of the directors had any interests or short positions in the shares and underlying shares of the Company or any of 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 or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as is known to any directors of the Company, as at 30 June 2009, other than the directors as disclosed above, the persons or companies who had an interest or short position in the shares and underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Long positions in the ordinary shares of the Company

Name	Type of interests	Number of shares	Approximate percentage of the issued share capital *(Note 3)*
Kingspecial Investments Limited	Corporate	114,578,176 *(Note 1)*	15.28%
Mr. Lee Shun Kwong	Corporate	34,373,452 *(Note 2)*	4.58%
	Personal	22,212,000	2.96%

Notes:

1. The issued share capital of Kingspecial Investments Limited is beneficially owned as to 30% by Mr. Lee Shun Hon, Felix, as to 30% by Mr. Lee Shun Kwong and as to 30% by Dr. Lee Shun Hung, Kelvin (both of whom are brothers of Mr. Lee Shun Hon, Felix) and as to 10% by Mrs. So Li Hang Lin, the sister of Mr. Lee Shun Hon, Felix.

2. Mr. Lee Shun Kwong has an attributable interest of 34,373,452 shares through his shareholding interest of 30% in Kingspecial Investments Limited.

3. Based on 750,000,000 shares of the Company in issue as at 30 June 2009.

Save as disclosed herein, so far as is known to the directors of the Company, as at 30 June 2009, no other persons or companies had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed under provisions of Divisions 2 and 3 of Part XV of the SFO or were interested in, directly or indirectly, 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

SHARE OPTIONS

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

As at 30 June 2009, options under Share Option Scheme to subscribe for an aggregate of 20,700,000 shares have been granted to a total of 16 directors and employees of the Group, details as follows:

Grantee	Date of grant	Exercisable period	Exercise price per share *HK$*	Number of share options outstanding at 1.4.2009 and 30.6.2009
Category 1: Director				
Ms. Jim Sui Fun	10.10.2008	10 October 2009 to 25 February 2013	0.055	7,400,000
Mr. Lee Wai Yip, Alvin	10.10.2008	10 October 2009 to 25 February 2013	0.055	5,500,000
Category 2:				
Employees	10.10.2008	10 October 2009 to 25 February 2013	0.055	7,800,000
Total of all categories				20,700,000

COMPETING INTERESTS

None of the directors, the substantial shareholders or the management shareholders (as defined in the GEM Listing Rules) had any interests in any business which competed with or might compete with the business of the Group.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's draft annual, interim and quarterly financial reports and accounts and to provide advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive directors, namely Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.

Up to the date of approval of the Group's unaudited results for the three months ended 30 June 2009, the Audit Committee has held one meeting and has reviewed the draft quarterly report and accounts for the three months ended 30 June 2009 prior to recommending such report and accounts to the Board for approval.

On behalf of the Board
Lee Shun Hon, Felix
Chairman

Hong Kong, 12 August 2009

As at the date of this report, the executive directors of the Company are Mr. Lee Shun Hon, Felix, Ms. Jim Sui Fun and Mr. Lee Wai Yip, Alvin, the non-executive director of the Company is Dr. Liao, York and the independent non-executive directors of the Company are Mr. Anthony Francis Martin Conway, Mr. Chan Hang and Mr. Li Pak Ki.