



眾彩科技股份有限公司*
CHINA VANGUARD GROUP LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)



*Third Quarterly Report
2009/2010*



*For identification purposes only

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

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This report, for which the board of directors of China Vanguard Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange 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.

RESULTS

The board of directors (the "Board") of China Vanguard Group Limited (the "Company") announces that the unaudited consolidated results of the Company and its subsidiaries (together the "Group") for the three months and nine months ended 31 March 2010, together with the comparative unaudited figures for the corresponding periods in 2009, are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2010

	Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
		2010 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000	2009 HK\$'000 (Restated)
CONTINUING OPERATIONS					
Revenue	2	20,041	18,155	68,343	66,132
Cost of sales		(7,149)	(6,100)	(26,217)	(33,336)
Gross profit		12,892	12,055	42,126	32,796
Other revenue		4,125	368	15,912	3,825
Selling and distribution costs		(2,464)	(2,036)	(7,946)	(5,600)
Administrative expenses		(37,108)	(20,189)	(100,728)	(54,005)
Gain on partial disposal of a subsidiary	10	32,039	-	55,497	-
Gain on deemed disposal of a subsidiary	11	-	-	33,028	-
Gain on disposal of a subsidiary held by a jointly controlled entity		-	-	-	1,163
Loss on changes in fair value for derivative financial instruments		-	-	(31,646)	-
Impairment loss on goodwill	8	-	-	(96,176)	-
Finance costs		(6,157)	(13,793)	(31,765)	(43,957)
PROFIT/(LOSS) BEFORE TAXATION		3,327	(23,595)	(121,698)	(65,778)
Income tax expenses	3	(128)	(203)	(1,731)	(1,532)
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		3,199	(23,798)	(123,429)	(67,310)
DISCONTINUED OPERATIONS					
Profit/(loss) for the period from discontinued operations	7	-	106	189,148	(2,302)
PROFIT/(LOSS) FOR THE PERIOD		3,199	(23,692)	65,719	(69,612)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
OTHER COMPREHENSIVE INCOME				
Exchange difference on translation of financial statements of foreign operations				
Continuing operations	96	(345)	547	(637)
Discontinued operations	–	(272)	–	(393)
Release of translation reserve due to disposal of jointly controlled entities				
Continuing operations	–	–	–	–
Discontinued operations	–	–	(19,990)	–
	96	(617)	(19,443)	(1,030)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD				
	3,295	(24,309)	46,276	(70,642)
Profit/(loss) for period attributable to:				
Equity holders of the Company				
Continuing operations	8,443	(25,536)	(156,861)	(70,931)
Discontinued operations	–	106	189,148	(2,302)
	8,443	(25,430)	32,287	(73,233)
Non-controlling interests				
Continuing operations	(5,244)	1,738	33,432	3,621
Discontinued operations	–	–	–	–
	(5,244)	1,738	33,432	3,621
PROFIT/(LOSS) FOR THE PERIOD				
	3,199	(23,692)	65,719	(69,612)

Notes	(Unaudited) Three months ended 31 March		(Unaudited) Nine months ended 31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000 (Restated)	HK\$'000	HK\$'000 (Restated)
Total comprehensive income for the period attributable to: Equity holders of the Company				
Continuing operations	8,567	(25,844)	(156,368)	(71,493)
Discontinued operations	-	(166)	169,158	(2,695)
	8,567	(26,010)	12,790	(74,188)
Non-controlling interest				
Continuing operations	(5,272)	1,701	33,486	3,546
Discontinued operations	-	-	-	-
	(5,272)	1,701	33,486	3,546
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,295	(24,309)	46,276	(70,642)
EARNINGS/(LOSS) PER SHARE	5			
From continuing and discontinued operations:				
Basic	0.263 HK cent	(0.791) HK cent	1.005 HK cents	(2.272) HK cents
From continuing operations:				
Basic	0.263 HK cent	(0.795) HK cent	(4.884) HK cents	(2.200) HK cents

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2010

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited consolidated results have been prepared in accordance with accounting principles generally accepted in Hong Kong which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The principal accounting policies used in the unaudited consolidated results are consistent with those followed in the preparation of the Group's financial statements for the year ended 30 June 2009. The financial statements are unaudited but have been reviewed by the Audit Committee.

In the current period, the Group has newly adopted, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year commencing on 1 July 2009.

HKFRSs (Amendments)	Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled (Amendments) Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

¹ Improvements to HKFRSs 2009 in relation to the amendments to HKFRS 2, HKAS 18, HKAS 38, paragraph 80 of HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16

HKAS 1 (Revised) has introduced a number of terminology changes, including revised titles for the quarterly consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRS 7 (Amendment) does not contain any additional disclosure requirements specifically applicable to the quarterly consolidated financial statements.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The adoption of other new HKFRSs has no material effect on the reported results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

For those HKFRSs which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

2. REVENUE

The principal activities of the Group are (i) provision of the karaoke content management service system and license fee collection business, a technology platform for intellectual property protection and value-added services for the karaoke industry (in the entertainment sector) in the PRC via Grand Promise International Limited; (ii) provision of lottery-related businesses in the PRC via our subsidiary Shenzhen Bozone IT Co., Ltd. and its subsidiaries; (iii) trading business via Apts Holdings Limited, an indirect non-wholly owned subsidiary listed on GEM; (iv) distribution of natural supplementary products and food related and other operations.

Revenue represents invoiced value of sales, net of returns, discounts allowed or sales taxes where applicable.

3. INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits arising in Hong Kong for the three months and nine months ended 31 March 2010 (three months and nine months ended 31 March 2009: HK\$nil).

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

4. DIVIDEND

The Board does not recommend the payment of any dividend for the three months and nine months ended 31 March 2010 (three months and nine months ended 31 March 2009: HK\$nil).

5. EARNINGS/(LOSS) PER SHARE

For continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings/(loss)

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings/(loss) for the purposes of basic and diluted earnings/(loss) per share	8,443	(25,430)	32,287	(73,233)

Number of shares

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	3,211,894	3,213,135	3,211,894	3,223,467

No diluted earnings/(loss) per share has been presented for continuing and discontinued operations for both periods as the outstanding share options, warrants and convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings or a decrease in loss per share.

5. EARNINGS/(LOSS) PER SHARE (Continued)

From continuing operations

The calculation of the basic earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data.

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period attributable to equity holders of the Company	8,443	(25,430)	32,287	(73,233)
Less: Profit/(loss) for the period from discontinued operations	–	106	189,148	(2,302)
Profit/(loss) for the purposes of basic loss per share from continuing operations	8,443	(25,536)	(156,861)	(70,931)

The denominator used is the same as those detailed above for basic earnings/(loss) per share.

No diluted earnings/(loss) per share has been presented for continuing operations for both periods as the outstanding share options, warrants and convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings or a decrease in loss per share.

From discontinued operations

Basic earnings per share for the discontinued operations for the three months and nine months ended 31 March 2010 are HKnil cent and approximately HK5.889 cents per share respectively (three months and nine months ended 31 March 2009: profit of approximately HK0.003 cent and loss of approximately HK0.071 cent per share respectively) based on the profit of HK\$nil and HK\$189,148,000 respectively (three months and nine months ended 31 March 2009: profit of approximately HK\$106,000 and loss of approximately HK\$2,302,000 respectively) and the denominators used are the same as those detailed above earnings/(loss) per share.

No diluted earnings/(loss) per share has been presented for discontinued operations for both periods as the outstanding share options, warrants and convertible bonds of the Company are anti-dilutive since their exercise or concession would result in an increase in earnings or a decrease in loss per share.

6. MOVEMENT OF RESERVES

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders of the Company									
	Employee									
	Share premium	Convertible bonds reserve	Capital redemption reserve	Share-based compensation reserve	Share option reserve	Translation reserve	Special reserve	Accumulated losses	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2009	2,155,574	10,712	234	35,572	11,282	14,314	(1)	(144,993)	19,990	2,102,684
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	493	-	-	-	493
Profit for the period	-	-	-	-	-	-	-	32,287	-	32,287
Release of convertible bonds reserve	-	(10,712)	-	-	-	-	-	10,712	-	-
Release due to disposal of jointly controlled entities	-	-	-	-	-	-	-	-	(19,990)	(19,990)
Total comprehensive income for the period	-	(10,712)	-	-	-	493	-	42,999	(19,990)	12,790
Transfer from share option reserve to accumulated losses due to lapse of share option	-	-	-	-	(190)	-	-	190	-	-
At 31 March 2010	2,155,574	-	234	35,572	11,092	14,807	(1)	(101,804)	-	2,115,474

6. MOVEMENT OF RESERVES (Continued)

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Attributable to equity holders of the Company									
	Employee									
	Share premium	Convertible bonds reserve	Capital redemption reserve	Share-based compensation reserve	Share option reserve	Translation reserve	Special reserve	Accumulated losses	Discontinued operations	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2008	2,166,728	10,712	-	35,572	11,282	35,095	(1)	(44,116)	-	2,215,272
Exchange differences arising from translation of financial statements of overseas operations	-	-	-	-	-	(955)	-	-	-	(955)
Loss for the period	-	-	-	-	-	-	-	(73,233)	-	(73,233)
Total comprehensive income for the period	-	-	-	-	-	(955)	-	(73,233)	-	(74,188)
Repurchase of shares	(11,176)	-	234	-	-	-	-	(234)	-	(11,176)
Exercise of warrants	22	-	-	-	-	-	-	-	-	22
At 31 March 2009	2,155,574	10,712	234	35,572	11,282	34,140	(1)	(117,583)	-	2,129,830

7. DISCONTINUED OPERATIONS

On 24 April 2009, the Group entered into agreements relating to the termination of the Profit Sharing Rights for return of monies provided to China Huayou Group Corporation and compensatory interest for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000) and the disposals by Aptus of the equity interest in Changde Huayou Gas Co. Limited ("Changde Joint Venture") and Hunan Huayou Natural Gas Transportation and Distribution Co., Limited ("Hunan Joint Venture") for the consideration of approximately RMB255,000,000 (approximately HK\$289,350,000) and approximately RMB100,144,000 (approximately HK\$113,634,000) respectively.

The disposal of 48.33% interest in Changde Joint Venture and 33% interest in Hunan Joint Venture had completed on 10 September 2009 and 11 September 2009 respectively.

7. DISCONTINUED OPERATIONS (Continued)

The combined results of the discontinued operations (i.e. holding of the oilfield's profit sharing right and the gas related business) included in the consolidated statement of comprehensive income are set out below:

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	31 March		31 March	
	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) for the period from discontinued operations				
Revenue and other revenue	–	26,354	18,346	73,723
Expenses	–	(25,885)	(18,360)	(75,662)
Gain on disposal of jointly controlled entities	–	–	197,707	–
Gain on termination of profit sharing rights	–	–	11,031	–
Profit/(loss) before taxation	–	469	208,724	(1,939)
Income tax	–	(363)	(19,576)	(363)
Profit/(loss) for the period from discontinued operations	–	106	189,148	(2,302)

8. IMPAIRMENT LOSS ON GOODWILL

The impairment loss on goodwill was related to the Company's acquisition of shares in Aptus in 2006 at market prices which were above Aptus' net asset value at the time. The Aptus share acquisitions were made on the basis that the Company was positive regarding the business outlook for Aptus after the latter's expansion into the oil and gas related businesses. However, since Aptus had disposed of and terminated its interests in the oil and gas related businesses, this resulted in the basis of the share purchases no longer being valid and thus this crystallised an impairment loss on goodwill of approximately HK\$96,176,000.

9. SUBSEQUENT EVENTS

- (i) On 13 April 2010, the Group entered into a placing agreement in placing 280,000,000 shares in Aptus Holdings Limited at the price of not less than HK\$0.28 per share. 140,000,000 shares out of the 280,000,000 shares of Aptus were successfully placed on 11 May 2010. The remaining portion may be placed on or before 13 May 2010, after which, the placing agreement will expire.
- (ii) On 19 March 2010, a wholly-owned subsidiary of Aptus entered into the supplemental agreement to amend certain terms and conditions of the sale and purchase agreement dated 20 November 2009 to conditionally acquire the entire issued share capital of Casdon Management Limited ("Casdon") for a revised consideration of HK\$1,085,000,000. Casdon and its subsidiaries are to be engaged in operating and managing the owned properties that provides and sells approximately 69,000 boxes for the storage of deceased cremated ashes and other ancestral property. At the extraordinary general meetings of the shareholders of the Company and Aptus on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. For further details, please refer to the announcement issued by Aptus on 30 October 2009, the joint announcements issued by the Company and Aptus on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and Aptus on 22 April 2010 for further details.

10. GAIN ON PARTIAL DISPOSAL OF A SUBSIDIARY

The Group has completed the placing of 54,080,000, 65,920,000 and 140,000,000 shares of Aptus on 15 December 2009, 16 December 2009 and 25 February 2010 respectively, and market disposal of 1,300,000 and 1,200,000 shares of Aptus on 30 March 2010 and 31 March 2010 respectively, giving rise from holding 971,746,428 Aptus shares to 709,246,428 Aptus shares, holding of 34.37% of Aptus as at 31 March 2010. As a result of the Group's partial disposal of its interest in Aptus, the Group recorded a gain on partial disposal of approximately HK\$55,497,000. Aptus is still an indirect non-wholly owned subsidiary of the Group.

11. GAIN ON DEEMED DISPOSAL OF A SUBSIDIARY

On 10 December 2009, Aptus had completed a placing of 160,000,000 new shares of Aptus at HK\$0.25 per share. On 16 December 2009, Aptus had also completed the loan capitalisation, pursuant to which Aptus allotted and issued 122,160,000 shares to the allottees at the price of HK\$0.3172 per subscription share. As a result of the Group's deemed disposal of approximately 4.5% and 2.8% of its interest in Aptus on 10 December 2009 and 16 December 2009 respectively, the Group recorded a total gain on deemed disposal of approximately HK\$33,028,000.

12. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Major developments

The Company and its wholly-owned subsidiary Grand Promise International Company Limited (“Grand Promise”) have entered into various amendment and undertaking agreements with the holders of the Grand Promise convertible bond (“GPIL Bonds”) to allow all the parties more time to continue the negotiation on the restructuring and/or repayment of all amounts outstanding under the GPIL Bonds. The Company and Grand Promise have successfully redeemed the GPIL Bonds partially, reducing the aggregate outstanding principal amount together with interest accrued from approximately HK\$327,710,000 on 3 July 2009 to approximately HK\$79,027,000 as of 30 April 2010. Pursuant to the restatement and amendment agreement dated 30 April 2010, amongst other things, (i) the Company’s redemption timeline has been effectively extended to 16 July 2010 and (ii) the Company agreed to pay the step-up fees and the final fees relating to the GPIL Bonds to the holders of the GPIL Bonds either in cash or by way of issue of the Warrants at the election of holders of the GPIL Bonds.

With regards to the convertible bonds issued by the Company’s indirect non-wholly owned subsidiary, which securities are listed on GEM, Aptus Holdings Limited (“Aptus” and “Aptus Bonds” respectively), Aptus have entered into various amendments and undertakings with the sole beneficial owner of the Aptus Bonds (“Sole Beneficial Owner”). In effect, the amendment deed and the undertakings make certain that once Aptus receives the considerations from the disposals of the natural gas joint ventures (“Natural Gas Joint Ventures”) in cleared HK\$, it will use them to redeem the Aptus Bonds on the put option date and the holder of Aptus Bonds has undertaken not to exercise their conversion rights. As of 12 February 2010, interest in the amount of approximately HK\$94,424,000 was accrued to the Aptus Bonds, the principal amount of which was HK\$234,000,000 on the date of its issue (i.e. 22 November 2006), the total interest and principal of which has been subsequently reduced to approximately HK\$31,538,000 as of 29 April 2010. Pursuant to the deed of undertaking dated 12 February 2010 between the Sole Beneficial Owner and Aptus, as altered by various letters from the Sole Beneficial Owner, the redemption timeline for repayment of the final outstanding amount due (i.e. approximately HK\$31,538,000 as of 29 April 2010) has been effectively extended to 11 June 2010.

During the period under review, Precise Result Profits Limited (“Precise Result”), an indirect wholly-owned subsidiary of the Company and the beneficial owner of the shares of Aptus, has completed the placing of an aggregate total of 260,000,000 shares in Aptus, raising aggregate gross proceeds of HK\$69,200,000, which were used to redeem outstanding debts of the Group and for general working capital purposes. For details of the various placements, please refer to the announcements of the Company dated 16 December 2009, 1 February 2010, 19 February 2010 and 25 February 2010 respectively.

Further to the above, during the period from 30 March 2010 to 9 April 2010, Precise Result disposed an aggregate of 11,150,000 shares of Aptus on the open market of the Stock Exchange for a total consideration of approximately HK\$2,917,000 (excluding stamp duties and related expenses). On 13 April 2010, Precise Result entered into a placing agreement with a placing agent to place, on a best effort basis, up to 280,000,000 shares of Aptus at the price of not less than HK\$0.28 per each, to raise potential gross proceeds of not less than HK\$78,400,000, which would then be used to redeem outstanding debts of the Group and for general working capital purposes. 140,000,000 shares out of the 280,000,000 shares of Aptus were successfully placed on 11 May 2010. The remaining portion may be placed on or before 13 May 2010, after which, the placing agreement will expire. For further details, please refer to the announcement of the Company dated 13 April 2010.

Aptus, during the nine months ended 31 March 2010, (1) placed 160,000,000 new shares of Aptus at a price of HK\$0.25 each raising gross proceeds of HK\$40,000,000 and (2) capitalized two of its outstanding loans for an aggregate amount of HK\$38,750,000 for 122,160,000 new shares of Aptus. For further details of the placing and the loan capitalization, please refer to the announcements of Aptus dated 2 November 2009, 10 December 2009 and 16 December 2009 respectively.

As a result of the various completed placements, on market disposal and loan capitalizations in the shares of Aptus, the Company's indirect interest in Aptus has been reduced to approximately 27.17% as at 11 May 2010. Assuming the placing of the remaining 140,000,000 shares of Aptus per the 13 April 2010 placing agreement would be successful, this would further reduce the Company's indirect interest in Aptus to 20.38%. Aptus will continue to be an indirect non wholly-owned subsidiary of the Company as the Company still has the power to govern the financial and operating policies of Aptus for the time being. Should the Company lose its control to govern the financial and operating policies of Aptus (upon the Company losing the ability to maintain majority board appointment in Aptus), Aptus will cease to be an indirect non wholly-owned subsidiary of the Company.

In addition to the financing activities, the Group also put its resources to use in expanding its various operations. The 49%-owned China Culture Development Digital Technology Co., Ltd. ("CCDDT") ("北京中文發數字科技有限公司") continues its steady progress in installing set-top boxes in karaoke venues while the collection of copyright fees is gaining momentum. Over 400 additional karaoke venues have been installed with the karaoke content management service system ("Karaoke CMS")(卡拉OK內容管理服務系統) during the period from January to the date of this report, bringing the total number of karaoke venues with the Karaoke CMS installed to over 3,100 in 30 provinces in the PRC. In addition to providing license fees transaction services for karaoke programs between IP owners and karaoke venues via the Karaoke CMS, CCDDT also provides value added services to karaoke venues via the Karaoke CMS. Excellent Union Communication Group Co., Ltd. ("Excellent Union") (天合文化集團有限公司), a jointly controlled entity of CCDDT (together known as "CCDDT Group"), the copyright fee settlement and collection arm of CCDDT, has established operational subsidiaries in 30 provinces in the PRC and collected copyright fees in 23 provinces. Further to this, the CCDDT Group commenced pilot testing of value added services in Chongqing the PRC and received positive feedbacks from karaoke venues and the patrons.

On 19 March 2010, a wholly-owned subsidiary of Aptus entered into the supplemental agreement to amend certain terms and conditions of the sale and purchase agreement dated 20 November 2009 to conditionally acquire the entire issued share capital of Casdon Management Limited (“Casdon”) for a revised consideration of HK\$1,085,000,000. Casdon and its subsidiaries are to be engaged in operating and managing the owned properties that provides and sells approximately 69,000 boxes for the storage of deceased cremated ashes and other ancestral property. At the respective extraordinary general meetings of the shareholders of Aptus and the Company on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. For further details, please refer to the announcement issued by Aptus on 30 October 2009, the joint announcements issued by the Company and Aptus on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and Aptus on 22 April 2010.

In April 2009, Aptus entered into agreements relating to (i) the disposals of the equity interests in the Changde Huayou Natural Gas Co., Ltd. (“Changde Joint Venture”) and the Hunan Huayou Natural Gas Co., Ltd. (“Hunan Joint Venture”) (together “Natural Gas Joint Ventures”) for a total consideration of approximately RMB355,144,000 (approximately HK\$402,984,000), and (ii) the termination of the profit sharing rights with respect to the Xin Jiang Oilfield for an amount of approximately RMB39,856,000 (approximately HK\$45,226,000). These agreements have all been completed during the nine months ended 31 March 2010. For further details, please refer to the joint announcements date 28 August 2009, 11 September 2009, 15 September 2009 and 18 November 2009 respectively.

Financial Review

Financial information regarding the Natural Gas Joint Ventures and the profit sharing rights with respect to the Xin Jiang Oilfield for the nine months ended 31 March 2010 (“Period 2010”) have been classified as discontinued operations and the comparative figures for the nine months ended 31 March 2009 (“Period 2009”) have been restated accordingly.

For Period 2010 the Group’s unaudited consolidated revenue from continuing operations were approximately HK\$68,343,000, which represented an increase of approximately 3.3% as compared to approximately HK\$66,132,000 for Period 2009. The slight increase was due to the net effect of decline in turnover from Aptus’ Singaporean subsidiary which carries on trading business and by the rapid developments of CCDT Group as well as by a stronger performance from the Group’s lottery-related operations.

The revenue from the Aptus’ trading business was approximately HK\$3,780,000 for Period 2010 as compared to Period 2009 of approximately HK\$18,292,000 due to continuing tough market conditions. The revenue from our lottery-related operations increased by approximately 13.1%, to approximately HK\$34,886,000 in Period 2010

from approximately HK\$30,838,000 in Period 2009 mainly due to the contribution from the Zhejiang province. Meanwhile, CCDDT Group has successfully collected copyright fees on behalf of IP owners from karaoke venues in 23 provinces in the PRC, contributed approximately HK\$27,919,000 of service fee income for the Group, an increase of approximately 72.0% as compared to approximately HK\$16,232,000 recorded for Period 2009.

The gross profit for Period 2010 increased by approximately 28.4% to approximately HK\$42,126,000 (Period 2009: approximately HK\$32,796,000). The contribution of gross profit from the principal operating units are as follow: (i) Karaoke CMS operations contributed approximately HK\$10,037,000; and (ii) the lottery-related operations contributed approximately HK\$31,560,000. Gross profit ratio increased to approximately 61.6% for Period 2010 as compared to approximately 49.6% for Period 2009. Gross profit ratio increased due to the fact that the gross profit ratio from Karaoke CMS and lottery-related operations are considerably wider than that of the trading operation. The turnover from Aptus' trading business of approximately HK\$18,292,000 in Period 2009 lowered the overall gross profit ratio of the Group in Period 2009.

For the nine months ended 31 March 2010, the profits after taxation but before non-controlling interests was approximately HK\$65,719,000 (Period 2009: approximately loss of HK\$69,612,000). The bulk of the earnings turnaround of approximately HK\$135,331,000 was mainly attributable to the net effect of (i) an increase in profit before taxation from discontinued operations from a loss of approximately HK\$2,302,000 in Period 2009 to approximately HK\$208,724,000 in Period 2010 from disposal of jointly controlled entities and termination of profit sharing rights; (ii) a decrease in gain on disposal of a subsidiary held by a jointly controlled entity from approximately HK\$1,163,000 in Period 2009 to HK\$nil in Period 2010; (iii) an increase in impairment of goodwill from HK\$nil in Period 2009 to approximately HK\$96,176,000 in Period 2010; (iv) an increase in loss on changes in fair value for GPIL Bonds from HK\$nil in Period 2009 to approximately HK\$31,646,000 in Period 2010; (v) a decrease in finance cost from approximately HK\$47,968,000 in Period 2009 to approximately HK\$32,779,000 in Period 2010 mainly due to the repayment of part of the GPIL Bonds in July 2009, December 2009, January 2010, February 2010 and March 2010 and partial repayment of Aptus Bonds between January 2010 to March 2010; (vi) an increase in arrangement fee and daily fees of GPIL Bonds from HK\$nil in Period 2009 to approximately HK\$13,558,000 in Period 2010 for the extension of GPIL Bonds; (vii) an increase in legal and professional fee from approximately HK\$4,445,000 in Period 2009 to approximately HK\$19,726,000 in Period 2010 due to a series of amendments on Aptus Bonds and GPIL Bonds, the acquisition of the entire issued share capital of Casdon and a series of placing activities; (viii) an increase in gain on partial disposal of Aptus from HK\$nil in Period 2009 to approximately HK\$55,497,000 in Period 2010. (ix) an increase in gain on deemed disposal of Aptus from HK\$nil in Period 2009 to approximately HK\$33,028,000 in Period 2010. (x) an increase in tax expenses from

approximately HK\$1,895,000 in Period 2009 to approximately HK\$21,308,000 in Period 2010 due to the tax payable on the gain on disposal of jointly controlled entities and gain on termination of profit sharing right on Xin Jiang Oilfield by Aptus and (xi) an increase in commission expenses related to the placing and market disposal of Aptus' shares from HK\$nil in Period 2009 to approximately HK\$1,339,000 in Period 2010.

Business Review

During the period under review, the Group continued to develop: (1) the Karaoke CMS and its license fee collection business and potential VAS operations; (2) lottery-related businesses in PRC; (3) distribution of natural supplementary products and food related and other operations; and (4) trading business with the aim to strengthen and solidify the main operating segments of the Group as a means to enhance the financial and earnings base of the Group thus bringing better returns to the shareholders.

The Karaoke CMS operations continue increasing its coverage to karaoke venues in PRC. Currently, over 3,100 karaoke venues in 23 provinces have been installed the Karaoke CMS. CCDDT Group has established operational subsidiaries in 30 of PRC's provinces. Collection of license fees continues gaining the momentum in 23 provinces in the PRC. Further to this, CCDDT, its related companies and Excellent Union commenced pilot testing of VAS in Chongqing, the PRC.

As mentioned previously, the Karaoke CMS has rolled out its installation to nearly all provinces in the PRC and the number of karaoke venues in the PRC connected with the Karaoke CMS have increased over 400 venues, from over 2,700 karaoke venues. Karaoke CMS operated in almost every province in the PRC and continue collecting copyright fees in 23 provinces in the PRC. Further to this, the provision of VAS to karaoke venues by CCDDT Group in order to enrich the entertainment and services varieties to karaoke goers and increasing the revenues for the karaoke venue, has recorded a significant progress in Chongqing, where the software and hardware of VAS related systems have been tested within Chongqing's pilot karaoke venues. Feedback from both venues and patrons in Chongqing has been very positive. The VAS provided to karaoke venues included: (i) welfare lottery sales and (ii) spot advertising. In addition, the expandability and flexibility of the Karaoke CMS allow the systems to support additional type of VAS in the future.

Shenzhen Bozone IT Co., Ltd., ("Bozone", a PRC subsidiary of the Group) and its subsidiaries ("Bozone Group"), our PRC traditional welfare lottery-related operations, continue to rank as the third largest lottery solution and transaction system related service provider to the welfare lottery in the PRC. It is currently servicing over 13,000 points of sales terminals for the Welfare Lottery Center and its coverage including the Welfare Lottery Centers of Shenzhen, Heilongjiang and Zhejiang.

Through the non-listed wholly-owned subsidiaries of China Vanguard, the Group distributes various food products under the brand name B&B. Currently, the products of the Group can be found on the shelves of various major supermarket chain stores and department stores in Hong Kong.

Aptus continued focusing on its trading business and continue exploring for new trading business opportunity during the Period 2010. Meanwhile, a wholly-owned subsidiary of Aptus has entered into agreement to conditionally acquire from the entire issued share capital of Casdon for a revised total consideration of HK\$1,085,000,000. At the respective extraordinary general meetings of the shareholders of Aptus and the Company on 7 May 2010, the ordinary resolutions for the acquisition of Casdon were approved. For further details, please refer to the announcement issued by Aptus on 30 October 2009, the joint announcements issued by the Company and Aptus on 1 December 2009, 19 March 2010 and 7 May 2010 respectively and the joint circular issued by the Company and Aptus on 22 April 2010 for further details.

With regards to the Aptus Bonds, by a deed of undertaking between the sole beneficial owner of the Aptus Bonds ("Sole Beneficial Owner") and Aptus as altered by various letters from the Sole Beneficial Owner, the redemption timeline for repayment of the final outstanding (i.e. approximately HK\$31,538,000 as of 29 April 2010) has been effectively extended to 11 June 2010, For further details, please refer to the announcements issued by the Company and Aptus on 12 January 2010, 12 February 2010, 12 March 2010, 24 March 2010, 16 April 2010 and 29 April 2010 respectively.

The Company and Grand Promise have entered into various agreements with the holders of the GPIL Bonds to allow all the parties more time to continue the negotiation on the restructuring and/or repayment of all amounts outstanding. The Company and Grand Promise have successfully redeemed the GPIL Bonds partially, reducing the aggregate outstanding principal amounts together with interest accrued from approximately HK\$327,710,000 on 3 July 2009 to approximately HK\$79,027,000 as of 30 April 2010. The latest amendment deeds, amendment agreements and restatement agreements entered into on 25 February 2010, 31 March 2010 and 30 April 2010 respectively, will provide more time for the Company and Grand Promise to seek financing to redeem the remaining outstanding amount of the GPIL Bonds. Pursuant to the restatement and amendment agreement dated 30 April 2010, amongst other things, (i) the Company's redemption timeline has been effectively extended to 16 July 2010 and (ii) the Company agreed to pay the step-up fees and the final fees relating to the GPIL Bonds to the holders of the GPIL Bonds either in cash or by way of issue of the Warrants at the election of holders of the GPIL Bonds.

Future Outlook and Prospects

The Company is principally engaged in (1) development and operation of technology platforms for intellectual property protection, collection of copyright (royalty/ license) fees on behalf of IP owners and the provision of VAS in the entertainment sector in the PRC; (2) lottery-related businesses in the PRC via Bozone; (3) distribution of natural supplementary products and food related and other operations, and (4) trading business via Aptus.

The Company and CCDDT Group will continue to complete its nationwide coverage and increase its penetration in provision of license fee collection and VAS to karaoke venues in each jurisdiction in the PRC. In addition, commercializing the VAS for the platform in future allow the CCDDT Group to capitalize this business opportunities and bolster the incentive for the karaoke venues operators to install the Karaoke CMS.

Meanwhile, the PRC's cultural industry is one of the industries that is strongly supported by the PRC government. This backdrop bodes well for the development and growth the industry which promises to become one of the fastest growing and most dynamic sectors of the PRC economy for the foreseeable future. We believe that the Group's current cultural and entertainment related business operations provides a strong base upon which to build upon and to also participate and contribute to the strong growth in China's cultural industry.

For the provision of lottery-related businesses in PRC, apart from continuing to devote efforts in advancement of Bozone's existing technology, providing customized system and accelerating the game development to maintain the customers with high satisfaction, Bozone Group will also actively seek to expand its services to various types of PRC lotteries.

After a series of transactions, Aptus' financial position has been significantly improved. Besides the existing trading business will continue to reassess current market conditions for the trading of edible oil and to make profitable trades when possible with a target to re-achieve previous levels of revenue and gross profits, Aptus is also confident that the global economy will eventually recover and the commodity and currency volatility will decline, which favor the edible oil trading and mineral materials trading operations. Once a more stable trading environment is established, Aptus will look to expand these operations. In addition, the management believe once the acquisition of the entire issued share capital of Casdon is being completed, this will allow Aptus to participate in the growing business of provision of storage spaces for deceased cremated ashes and other ancestral property. This will also benefit Aptus by diversifying its business, income and asset base.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2010, 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 of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange, were as follows:

(1) Long positions in the ordinary shares of the Company or any of its associated corporations

	Company/ name of associated corporation	Number of ordinary shares held			Approximate percentage of shareholding	
		Interest in controlled corporation	Beneficial owner	Family interest		Total interest
Cheung Kwai Lan	Company	2,095,857,322 (Note 1)	2,070,000 (Note 2)	-	2,097,927,322	65.32%
Chan Tung Mei	Company	-	-	2,097,927,322 (Notes 1 & 2)	2,097,927,322	65.32%
Lau Hin Kun	Company	-	1,410,000	-	1,410,000	0.04%
Cheung Kwai Lan	Best Frontier Investments Limited	-	909	1 (Note 3)	910	-
Chan Tung Mei	Best Frontier Investments Limited	-	1	909 (Note 3)	910	-
Cheung Kwai Lan	Aptus Holdings Limited	709,246,428 (Note 4)	-	-	709,246,428	34.37%
Chan Tung Mei	Aptus Holdings Limited	-	-	709,246,428 (Note 4)	709,246,428	34.37%

Notes:

1. The 2,095,857,322 shares are owned by Best Frontier Investments Limited ("Best Frontier") which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be interested in the shares held by Best Frontier and Mr. Chan Tung Mei is deemed to be interested in all 2,097,927,322 shares by virtue of being the spouse of Madam Cheung Kwai Lan under the SFO.
2. The 2,070,000 shares are owned by Madam Cheung Kwai Lan who is the spouse of Mr. Chan Tung Mei. Accordingly, Mr. Chan Tung Mei is deemed to be interested in the shares under the SFO.
3. The 1 share and 909 shares of US\$1 each in Best Frontier is owned respectively by Mr. Chan Tung Mei and Madam Cheung Kwai Lan who are spouse to each other. Accordingly, Madam Cheung Kwai Lan and Mr. Chan Tung Mei are deemed to be interested in the shares held by each other under the SFO.
4. Madam Cheung Kwai Lan and Mr. Chan Tung Mei have equity interests of 99.89% and 0.11% respectively of the issued share capital of Best Frontier. Madam Cheung Kwai Lan and Mr. Chan Tung Mei are spouse to each other. Accordingly, Madam Cheung Kwai Lan is deemed to be 100% interested in the shares of Best Frontier, and Mr. Chan Tung Mei is also deemed to be interested in the shares of Best Frontier by virtue of being the spouse of Madam Cheung Kwai Lan under the SFO. As at 31 March 2010, Best Frontier is interested in approximately 65.25% of the issued share capital of the Company which in turn holds directly 100% shareholding of China Success Enterprises Limited and holds indirectly 100% shareholding of Precise Result Profits Limited, the company directly holding 709,246,428 Aptus shares of which, 48,750,000 Aptus shares has been lent to Evolution Master Fund Ltd. SPC, Segregated Portfolio M pursuant to a stock lending agreement dated 22 November 2006.

(2) Share options of the Company

The Company has adopted a share option scheme on 18 October 2002 (the "Share Option Scheme"), under which the Board may, at its discretion, invite any persons who satisfies the criteria of the Share Option Scheme, to take up options to subscribe for the shares in the Company.

The Share Option Scheme will remain valid for a period of 10 years commencing from 18 October 2002.

Name of Directors	Date of grant	Exercise Price HK\$	Outstanding at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at 31 March 2010	Exercise period of share options
Cheung Kwai Lan	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012
Chan Tung Mei	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012
Chan Ting	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	1,560,000	-	-	-	1,560,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	3,120,000	-	-	-	3,120,000	23/11/2007 – 17/10/2012
Lau Hin Kun	23/11/06	0.62	350,000	-	-	-	350,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	350,000	-	-	-	350,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	700,000	-	-	-	700,000	23/11/2007 – 17/10/2012
Tian He Nian	23/11/06	0.62	260,000	-	-	-	260,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	260,000	-	-	-	260,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	530,000	-	-	-	530,000	23/11/2007 – 17/10/2012
To Yan Ming Edmond	23/11/06	0.62	260,000	-	-	-	260,000	23/11/2006 – 17/10/2012
	23/11/06	0.62	260,000	-	-	-	260,000	23/5/2007 – 17/10/2012
	23/11/06	0.62	530,000	-	-	-	530,000	23/11/2007 – 17/10/2012
Total			22,220,000	-	-	-	22,220,000	

Save as disclosed herein, as at 31 March 2010, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation" above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any body corporate, and none of the directors and chief executives or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the three months and nine months ended 31 March 2010.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2010, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had, or was deemed or taken to have, 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 who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meeting of any member of the Group:

Long positions in the Shares

Name of Shareholder	Capacity	Number of shares held		Approximate percentage of shareholding
		Long position	Short position	
Best Frontier	Beneficial owner	2,095,857,322 (Note 1)	–	65.25%

Note:

- The 2,095,857,322 shares are owned by Best Frontier which is owned as to 99.89% and 0.11% by Madam Cheung Kwai Lan and Mr. Chan Tung Mei who are spouse to each other.

Save as disclosed above, as at 31 March 2010, the Directors or chief executives of the Company were not aware of any person (other than a Director or chief executive of the Company) who 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, was, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had any business that competed or might compete with the business of the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for 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 (the "Code"). Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Code throughout the nine months ended 31 March 2010.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing and supervising the Company's financial reporting and internal control procedures. The audit committee consisted of three independent non-executive directors, namely Mr. Tian He Nian, Mr. Zhang Xiu Fu and Mr. To Yan Ming Edmond. Mr. To Yan Ming Edmond is the chairman of the audit committee. The Group's unaudited results for the nine months ended 31 March 2010 have been reviewed by the audit committee which was of the opinion that the preparation of such results complied with applicable accounting standards and requirements and that adequate disclosures had been made.

PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the nine months ended 31 March 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

By order of the Board

CHAN Ting

Director

Hong Kong, 14 May 2010

As at the date of this report, the executive directors are Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Chan Ting, Ms. Chan Siu Sarah and Mr. Lau Hin Kun and the independent non-executive directors are Mr. Tian He Nian, Mr. Zhang Xiu Fu, and Mr. To Yan Ming Edmond.