

# 2012/13

## Third Quarterly Report



### **Unlimited Creativity Holdings Limited**

Continued in Bermuda with limited liability  
Stock Code: 8079

**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 Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

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

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*This report, for which the directors (the “Directors”) of Unlimited Creativity Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.*

## **HIGHLIGHTS**

- Turnover for the nine months ended 31 December 2012 was approximately HK\$36.8 million (2011: HK\$43.0 million) representing a decrease of approximately 14%, as compared with the corresponding period in 2011.
- Loss attributable to owners of the Company for the nine months ended 31 December 2012 increased from HK\$24.3 million last year same period to approximately HK\$44 million.
- The board of Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2012.

### THIRD QUARTERLY RESULTS

The Board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and nine months ended 31 December 2012, together with the comparative figures for the corresponding period in 2011 as follows:

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2012 HK\$'000	2011 (Restated) HK\$'000	2012 HK\$'000	2011 (Restated) HK\$'000
<b>Revenue</b>	2	<b>11,883</b>	14,291	<b>36,773</b>	43,018
Cost of sales		<u>(2,731)</u>	<u>(1,382)</u>	<u>(8,000)</u>	<u>(4,752)</u>
<b>Gross profit</b>		<b>9,152</b>	12,909	<b>28,773</b>	38,266
Other revenue and other (losses)/gains – net	2	<b>1,714</b>	3,237	<b>(54,727)</b>	(14,773)
Servicing, selling and distribution costs		<b>(2,545)</b>	(2,404)	<b>(6,487)</b>	(8,131)
Administrative expenses		<b>(7,352)</b>	(7,735)	<b>(18,747)</b>	(26,129)
Cumulative (losses)/gains reclassified from equity to profit or loss upon disposal of available-for-sale investments		-	-	<b>(104)</b>	256
Other operating income/(expenses)		<u>(1,744)</u>	<u>(3,710)</u>	<u>1,295</u>	<u>(7,919)</u>
<b>Operating (loss)/profit</b>		<b>(775)</b>	2,297	<b>(49,997)</b>	(18,430)
Finance costs		<b>(78)</b>	(94)	<b>(274)</b>	(260)
Share of results of associates		-	(5,898)	-	(5,847)
<b>(Loss)/Profit before income tax</b>		<b>(853)</b>	(3,695)	<b>(50,271)</b>	(24,537)
Income tax credit	4	-	-	<b>6,115</b>	-
<b>(Loss)/Profit for the period</b>		<b>(853)</b>	(3,695)	<b>(44,156)</b>	(24,537)
<b>Other comprehensive income:</b>					
Changes in fair value of available- for-sale investments		<b>(5,880)</b>	2	<b>(12,140)</b>	(400)
Release of investment revaluation reserve upon disposal of available- for-sale investments		-	-	<b>104</b>	(256)
<b>Other comprehensive (loss)/profit for the period</b>		<b>(5,880)</b>	2	<b>(12,036)</b>	(656)
<b>Total comprehensive loss for the period</b>		<b>(6,733)</b>	(3,693)	<b>(56,192)</b>	(25,193)

		For the three months ended 31 December		For the nine months ended 31 December	
		2012	2011	2012	2011
			(Restated)		(Restated)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company	(948)	(3,647)	(43,985)	(24,333)	
Non-controlling interests	95	(48)	(171)	(204)	
	<u>(853)</u>	<u>(3,695)</u>	<u>(44,156)</u>	<u>(24,537)</u>	
<b>Total comprehensive (loss)/profit attributable to:</b>					
Owners of the Company	(6,828)	(3,645)	(56,021)	(24,989)	
Non-controlling interests	95	(48)	(171)	(204)	
	<u>(6,733)</u>	<u>(3,693)</u>	<u>(56,192)</u>	<u>(25,193)</u>	
<b>(Loss)/Earnings per share attributable to owners of the Company</b>					
Basic (2011: restated)	6	<u>HK(0.14) cents</u>	HK(0.52) cents	<u>HK(6.29) cents</u>	HK(3.48) cents
Diluted	6	<u>HK(0.14) cents</u>	HK(0.52) cents	<u>HK(6.28) cents</u>	HK(3.46) cents

## **1. Basis of Preparation**

The Group's unaudited quarterly financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules. The amount included in the unaudited consolidated results are computed based on all Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The accounting policies adopted in preparing the unaudited consolidated financial statement for the nine months ended 31 December 2012 are consistent with those followed in the annual report of the Company for the year ended 31 March 2012, except in relation to the new and revised standards, amendments and interpretations that affect the Company and its subsidiaries and are adopted for the first time for the preparation of current period's financial statement.

The condensed consolidated accounts have not been audited by the Company's auditors but have been reviewed by the Company's audit committee.

### *Amendments to HKAS 12 "Income Taxes"*

Under the amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets, investment properties that are measured using the fair value model are presumed to be recovered through sale for the purposes of measuring deferred tax unless the presumption is rebutted. The Group measures its investment properties using the fair value model. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred tax on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties. Previously, the Group recognised deferred tax on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties are recovered through use.

The Group has not early applied any new HKFRSs that have been issued but are not yet effective.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its result of operations and financial position.

## **2. Revenue and Other Revenue and Other (Losses)/Gains – Net**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

## 2. Revenue and Other Revenue and Other (Losses)/Gains – Net (Continued)

Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods.

Provision of beauty and clinical services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Revenue arising from money lending is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

Rental income is recognised on a straight-line basis over the term of the lease.

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend is recognised when the right to receive payment is established.

Corporate bonds coupon is accrued on a time basis, by reference to the notional amount at the annual coupon rate.

Change in fair value of financial assets at fair value through profit or loss is based on the current market price (mark-to-market).

	For the three months ended 31 December		For the nine months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited and restated) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited and restated) HK\$'000
<b>Revenue</b>				
Beauty services and sale of beauty products	2,394	3,843	5,846	10,565
Clinical services	4,478	5,433	14,459	19,593
Money lending	4,446	4,864	15,206	12,497
Rental income from investment properties	125	151	375	363
Retails service income	440	-	887	-
	<u>11,883</u>	<u>14,291</u>	<u>36,773</u>	<u>43,018</u>
<b>Other revenue and other (losses)/gains, plus unallocated income – net</b>				
Dividend income from listed investments	2	47	63	242
Fair value (losses)/gains on financial assets at fair value through profit or loss	1,472	3,057	(55,326)	(15,440)
Fair value gains on investment properties	-	-	-	238
Corporate Bonds Coupon	151	-	441	-
Banks interest income	-	118	1	165
Handling income from consignment sales	1	-	3	-
Others	88	15	91	22
	<u>1,714</u>	<u>3,237</u>	<u>(54,727)</u>	<u>(14,773)</u>

### 3. Segment Information

The Group determines its operating segments based on the reports reviewed by the chief executive directors and the management staff that are used to make strategic decisions.

An analysis of the Group's revenue from external customers by geographical segments for the period is as follows:

Revenue from external customers by geographical markets:

	For the three months ended 31 December		For the nine months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Hong Kong	8,571	9,357	27,572	27,816
Macau	3312	4,934	9,201	15,202
	<u>11,883</u>	<u>14,291</u>	<u>36,773</u>	<u>43,018</u>

### 4. Income (tax credit)/expenses

	For the three months ended 31 December		For the nine months ended 31 December	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Current tax				
Hong Kong				
- Charge for the period	-	-	-	-
- Under provision in prior years	-	-	494	-
Deferred tax				
- Current period	-	-	-	-
- Over provision* in prior years	-	-	(6,609)	-
Income tax credit	<u>-</u>	<u>-</u>	<u>(6,115)</u>	<u>-</u>

\* Amendment to HKAS 12 has been applied in 2012.

### 5. Dividend

The directors do not recommend the payment of a dividend for the nine months ended 31 December 2012 (2011: HK\$Nil).

## 6. (Loss)/Earnings Per Share

The calculation of basic loss per share for the three months ended 31 December 2012 is based on the loss attributable to shareholders of approximately HK\$948,000 (2011: loss of approximately HK\$3,647,000) and the weighted average number of 699,197,543 ordinary shares in issue during the period (2011: 699,197,543 shares in issue).

The calculation of basic loss per share for the nine months ended 31 December 2012 is based on the loss attributable to shareholders of approximately HK\$43,985,000 (2011: loss of approximately HK\$24,333,000) and the weighted average number of 699,197,543 ordinary shares in issue during the period (2011: 699,197,543 shares in issue).

The calculation of diluted loss per share for the three months ended 31 December 2012 is based on the loss attributable to shareholders of approximately HK\$948,000 (2011: loss of approximately HK\$3,647,000) and the weighted average number of 700,308,614 ordinary shares for the purpose of diluted earnings per share during the period (2011: 703,552,145 (restated) shares).

The calculation of diluted loss per share for the nine months ended 31 December 2012 is based on the loss attributable to shareholders of approximately HK\$43,985,000 (2011: loss of approximately HK\$24,333,000) and the weighted average number of 700,308,614 ordinary shares for the purpose of diluted loss per share during the period (2011: 703,552,145 (restated) shares).

**7. Unaudited Condensed Consolidated Statement of Changes in Equity**  
*For the nine months ended 31 December 2012*

	Equity attributable to the owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Accumulated losses	Capital reserves	Investment revaluation reserve	Revaluation reserve	Share option reserve	Contributed surplus	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Balance at 1 April 2011	5,264	116,612	278	(169,534)	28,526	(224)	6,828	1,184	175,570	164,504	1,214	165,718	
Comprehensive income													
Loss for the year	-	-	-	(24,333)	-	-	-	-	-	(24,333)	(204)	(24,537)	
Other comprehensive income													
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(400)	-	-	-	(400)	-	(400)	
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	(256)	-	-	-	(256)	-	(256)	
Total comprehensive loss	-	-	-	(24,333)	-	(656)	-	-	-	(24,989)	(204)	(25,193)	
Acquisition/disposal of part of interest from/to non-controlling interests	-	-	-	-	(246)	-	-	-	-	(246)	246	-	
Shares issued on exercise of share options	42	1,016	-	-	-	-	-	(452)	-	606	-	606	
Allotment of shares	1,050	10,174	-	-	-	-	-	-	-	11,224	-	11,224	
Capital reduction	(5,721)	-	-	-	-	-	-	-	5,721	-	-	-	
Rights issue	6,356	85,166	-	-	-	-	-	-	-	91,522	-	91,522	
Balance at 31 December 2011	<u>6,991</u>	<u>212,968</u>	<u>278</u>	<u>(193,867)</u>	<u>28,280</u>	<u>(880)</u>	<u>6,828</u>	<u>732</u>	<u>181,291</u>	<u>242,621</u>	<u>1,256</u>	<u>243,877</u>	
Balance at 1 April 2012	6,991	212,968	278	(180,474)	28,280	(148)	14,040	732	181,291	263,958	1,304	265,262	
Comprehensive income													
Loss for the year	-	-	-	(43,985)	-	-	-	-	-	(43,985)	(171)	(44,156)	
Other comprehensive income													
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	(12,140)	-	-	-	(12,140)	-	(12,140)	
Release of investment revaluation reserve upon disposal of available-for-sale financial assets	-	-	-	-	-	104	-	-	-	104	-	104	
Total comprehensive loss	-	-	-	(43,985)	-	(12,036)	-	-	-	(56,021)	(171)	(56,192)	
Acquisition/disposal of part of interest from/to non-controlling interests	-	-	-	498	-	-	-	-	-	498	(498)	-	
Balance at 31 December 2012	<u>6,991</u>	<u>212,968</u>	<u>278</u>	<u>(223,961)</u>	<u>28,280</u>	<u>(12,184)</u>	<u>14,040</u>	<u>732</u>	<u>181,291</u>	<u>208,435</u>	<u>635</u>	<u>209,070</u>	

## 8. Share Option Schemes

On 24 September 2001, the shareholders of the Company approved a share option scheme (the "Old Scheme") under which its board of directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Old Scheme shall not exceed 30% of the issued share capital of the Company. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

On 4 January 2011, the shareholders of the Company approved to terminate the Old Scheme and adopted a new share option scheme ("the New Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices under the New Scheme are as follows for the reporting period presented:

Type of grantee	At 1 April 2012	Adjusted exercised	Adjustments for share consolidation	Adjustments for rights issue	At 31 December 2012	Date of grant	Exercise period of the share options	Exercise price per share HK\$
Eligible person								
- In aggregate	2,700,000	(1,300,000)	(1,260,000)*	200,000*	340,000	15-Feb-11	15/2/2011 - 14/2/2014	0.6349*
Employees								
- In aggregate	8,400,000	(2,900,000)	(4,950,000)*	785,714*	1,335,714	23-Feb-11	23/2/2011 - 22/2/2014	0.5748*
	<u>11,100,000</u>	<u>(4,200,000)</u>	<u>(6,210,000)</u>	<u>985,714</u>	<u>1,675,714</u>			

\* These reflect the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of share consolidation and rights issue in August 2011 and September 2011 respectively.

## **8. Share Option Schemes (Continued)**

During the Nine-month Period, no option was exercised and up to the reporting date, the number of unexercised share options are 1,675,714.

The fair values of options granted were determined using the Black-Scholes valuation model.

For the period ended 31 December 2012, no employee compensation expense has been include in the consolidated statement of comprehensive income (31 March 2012: Nil).

No liabilities were recognized due to share-based payment transactions.

## **9. Comparative Figures**

Certain comparative figures have been re-stated to conform with the current period presentation to align with the financial statements presentation of the Group.

## **10. Event After The Reporting Period**

### *Proposed Bonus Issue*

On 25 January 2013, the Board proposed a Bonus Issue of new Shares on the basis of two Bonus Shares for every one Share held by the Qualifying Shareholders whose names appear on the register of members of the Company on 11 March 2013. The Bonus Issue will be credited as fully paid by way of capitalisation of an amount in the share premium account of the Company.

On the basis of 699,197,543 existing Shares in issue as at 25 January 2013 and assuming no further Shares will be issued or repurchased before 11 March 2013, it is anticipated that 1,398,395,086 Bonus Shares will be issued under the Bonus Issue. After the completion of the Bonus Issue, there will be a total of 2,097,592,629 Shares in issue as enlarged by the Bonus Issue.

The Bonus Issue is conditional upon (i) the approval of the Bonus Issue by the Shareholders at the SGM on 25 March 2013; (ii) the Stock Exchange granting the listing of and permission to deal in the Bonus Shares to be issued pursuant to the Bonus Issue; and (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of Bermuda and the Articles of Association to effect the Bonus Issue.

### *Disposal of Leasehold Property*

On 25 May 2012, an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement with an independent third party to the Company regarding the disposal of a property in Hong Kong at a cash consideration of HK\$74 Million. The resolution to dispose the property was passed by the shareholders of the Company in the special general meeting held on 23 July 2012. The property had been assigned on 31 January 2013.

## **11. Contingent Liability**

On 9 October 2012, a Tenancy Agreement was jointly entered into between Wit Way, as landlord and Top Euro Limited, an indirect wholly-owned subsidiary of the Company and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited, both as tenants, in relation to the lease of the Premises. The duration of the Tenancy Agreement is for three years commencing from 1 November 2012 to 31 October 2015 with a monthly rental of HK\$220,000 inclusive of management charges and government rent (equivalent to HK\$2,640,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the Premises shall be paid by the Tenants in equal shares.

If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other's party outstanding Contingent Rental Liability amounting to HK\$1,320,000 per annum. The taking up of the Contingent Rental Liability constitutes a provision of financial assistance under the GEM Listing Rules.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

Turnover for the nine months ended 31 December 2012 (“Nine Month Period”) was approximately HK\$36.8 million, representing a decrease of approximately 14% when compared with the same period last year. Loss attributable to owners of the Company for the Nine Month Period was approximately HK\$44 million whilst for the same period last year, the loss attributable to owners of the Company was approximately HK\$24.3 million.

### **Beauty Services and Sale of Beauty Products**

The competition within the beauty industry is keen and it is our business strategy to relocate our resources to other profitable segment. As a result, the turnover from this segment during the Nine-month Period was approximately HK\$5.8 million, representing a decrease of approximately 45% when compared with the same period in 2011.

### **Clinical Services**

Similar to beauty services, a decrease in turnover was also resulted in this business segment. Turnover from this segment during the Nine-month Period was approximately HK\$14.5 million, representing a decrease of approximately 26.2% when compared with the same period in 2011.

### **Property Investment**

The rental income generated from industrial properties acquired last financial year continued providing steady income to the Group. The turnover of this business segment for the Nine-month Period was approximately HK\$375,000, being 3% increase from 2011.

### **Securities and bonds Investment**

With the unpredictable economic situation, heightening concerns of sovereign debt crisis spread across Europe and concerns of a hard landing in economy of the People’s Republic of China, the stock market was in a downward trend for the Nine-month Period under review. The result of this business segment was also negatively affected. For the Nine-month Period, an amount of approximately HK\$55.3 million has recorded as fair value losses on financial assets at fair value through profit or loss. Whereas an amount of HK\$43.9 million resulted in the change in market price of China 3D Digital Entertainment Limited (“China 3D”). Up to the reporting date, the strategic holding of 60,124,692 ordinary shares have been owned by the company, being 21.7% interest in China 3D.

## **Money Lending**

After actively participating in money lending business for more than two years, a solid client base has been built. During the Nine-month Period, turnover for this segment was approximately HK\$15.2 million, representing 22% increased when compared with the corresponding period in 2011. A satisfactory profit was also brought from this segment.

## **Retails Services**

We have been developing our retails services business since June 2012. Turnover for this segment for the period under review was approximately HK\$887,000. We will continue to monitor the operation and develop new market in order to increase the turnover and market share.

## **Outlook**

As money lending business was proved to bring to the Group satisfactory turnover and profit, the Group will continue actively develop this business.

At the same time, the Group has also been seeking new investment opportunities to broaden the business scope of the Group in order to maximize the return to Shareholders. As mentioned in the annual report of the Company for the year ended 31 March 2012, the Group was forming retail stores in Kwai Chung and Taikoo as well as on-line shopping services in Hong Kong by selling daily necessities to the public. The retail stores were opened in June 2012 and January 2013 respectively.

## **Disposals of Leasehold Property**

On 25 May 2012, an indirect wholly-owned subsidiary of the Company, entered into a provisional agreement with an independent third party to the Company regarding the disposal of a property in Hong Kong at a cash consideration of HK\$74 million. The resolution to dispose the property was passed by the shareholders of the Company in the special general meeting held on 23 July 2012. The property had been assigned on 31 January 2013.

## **Dividend**

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2012 (2011: Nil).

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS**

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were 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 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 relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

**Interests in Shares**

*Long positions*

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at
					31 December 2012
Mr. Shiu Yeuk Yuen (note 1)	77,962,000	13,684,117 (note 2)	847,605 (note 3)	92,493,722	13.23%
Mr Leung Ge On Andy (note 1)	420,000	-	-	420,000	0.06%

*Notes:*

1. Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy are the executive Directors of the Company.
2. 13,684,117 shares are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.
3. 847,605 shares are held by Heavenly Blaze Limited. Heavenly Blaze Limited is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen (being the executive Director); (ii) 34% by Mr. Shiu Yeuk Yuen and Ms. Siu York Chee (sister of Mr. Shiu Yeuk Yuen) together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, daughters of Mr. Shiu Yeuk Yuen; (iii) 16% by Ms. Shiu Ting Yan, Denise, daughter of Mr. Shiu Yeuk Yuen; (iv) 1% by Mr. Cheng Jut Si; and (v) 3% by One Dollar Productions Limited which is beneficially owned as to 25% by Mr. Shiu Stephen Junior; and 75% by Ms. Hau Lai Mei.

## **INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

So far as known to the Directors, as at 31 December 2012, the Directors were not aware of any other person who had an interests or short position in the Shares or underlying Shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

### **COMPETING INTEREST**

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

### **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the nine months ended 31 December 2012.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

Throughout the period of the nine months ended 31 December 2012, the Company has complied with the code provisions ("Code Provisions") set out in the Code on Corporate Governance Practices contained in Appendix 15 to the Listing Rules, except for the following deviation of Code Provision A.2.1.

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

## **COMPLIANCE ADVISER**

The Board appointed Guangdong Securities Limited to be its compliance adviser (the "Compliance Adviser") for a term from 12 July 2012 to 31 July 2014.

As updated and notified by the Compliance Adviser, none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 December 2012 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 12 July 2012 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Company's Compliance Adviser for the period from 12 July 2012 to 31 July 2014 or until the agreement is terminated in accordance with the terms and conditions set out therein.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The audit committee (the "Committee") comprises three independent non-executive Directors, namely Dr. Siu Yim Kwan, Sidney, Mr. Tsui Pui Hung and Mr. Kam Tik Lun. Mr. Kam Tik Lun is the chairman of the Committee. The primary duties of the Committee are to review the Company's annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advice and comments thereon to the board of Directors. The Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The Group's unaudited results for the nine months ended 31 December 2012 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

None of the members of the Group purchased, sold or redeemed any of the Group's listed securities during the period from 1 April 2012 to 31 December 2012.

### **LIST OF DIRECTORS**

Mr. Shiu Yeuk Yuen	-	Executive Director
Mr. Leung Ge On Andy	-	Executive Director
Dr. Siu Yim Kwan, Sidney	-	Independent Non-executive Director
Mr. Tsui Pui Hung	-	Independent Non-executive Director
Mr. Kam Tik Lun	-	Independent Non-executive Director

By order of the Board  
**Unlimited Creativity Holdings Limited**  
**Shiu Yeuk Yuen**  
*Chairman*

Hong Kong, 8 February 2013