



Unlimited Creativity Holdings Limited

Continued into Bermuda with limited liability
Stock Code: **8079**

2011 / 2012

Interim Report

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

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

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

This report, for which the directors of Unlimited Creativity Holdings Limited (the “Company”) (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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

HIGHLIGHTS

- Turnover for the six months ended 30 September 2011 was approximately HK\$28.7 million (2010: HK\$45.5 million (restated)) representing a decrease of approximately 37%, as compared with the corresponding period in 2010.
- Loss attributable to owners of the Company for the six months ended 30 September 2011 increased from HK\$9.7 million last year same period to approximately HK\$20.7 million.
- The board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30 September 2011.

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months and six months ended 30 September 2011, together with the comparative figures for the corresponding period in 2010 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2011 HK\$'000	2010 (Restated) HK\$'000	2011 HK\$'000	2010 (Restated) HK\$'000
Revenue	2	13,192	19,881	28,727	45,547
Cost of sales		(1,530)	(4,328)	(3,370)	(8,899)
Gross profit		11,662	15,553	25,357	36,648
Other revenue and other (losses)/gains – net	2	(14,836)	11,591	(17,754)	10,284
Servicing, selling and distribution costs		(2,614)	(13,316)	(5,727)	(30,191)
Administrative expenses		(7,386)	(9,279)	(18,394)	(20,760)
Other operating expenses		(3,369)	(1,925)	(4,209)	(7,255)
Operating (loss)/profit	4	(16,543)	2,624	(20,727)	(11,274)
Finance costs		(89)	(26)	(166)	(116)
Share of results of associates		12	23	51	283
(Loss)/Profit before income tax		(16,620)	2,621	(20,842)	(11,107)
Income tax credit	5	-	1,387	-	1,387
(Loss)/Profit for the period		(16,620)	4,008	(20,842)	(9,720)
Other comprehensive income:					
Changes in fair value of available-for-sale financial assets		(642)	842	(658)	842
Other comprehensive income for the period		(642)	842	(658)	842
Total comprehensive income for the period		(17,262)	4,850	(21,500)	(8,878)
(Loss)/Profit attributable to:					
Owners of the Company		(16,270)	4,008	(20,686)	(9,720)
Non-controlling interests		(350)	-	(156)	-
		(16,620)	4,008	(20,842)	(9,720)

	For the three months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010
		(Restated)		(Restated)
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total comprehensive income attributable to:				
Owners of the Company	(16,912)	4,850	(21,344)	(8,878)
Non-controlling interests	(350)	-	(156)	-
	<u>(17,262)</u>	<u>4,850</u>	<u>(21,500)</u>	<u>(8,878)</u>
Earnings/(Loss) per share attributable to owners of the Company				
Basic and Diluted	7 <u>HK(8.1) cents</u>	<u>HK4.1 cents</u>	<u>HK(11.5) cents</u>	<u>HK(11.5) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2011 (Unaudited) <i>Notes</i> HK\$'000	As at 31 March 2011 (Audited) <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	8	66,648	67,231
Investment properties		13,044	5,000
Interests in associates		10,346	10,282
Held-to-maturity investments		2,378	817
Loans and advances		-	11,482
Prepayments, deposits and other receivables		2,000	2,841
		94,416	97,653
Current assets			
Loans and advances		55,845	25,424
Trade receivables	9	904	787
Prepayments, deposits and other receivables		3,349	4,339
Financial assets at fair value through profit or loss		24,125	25,104
Held-to-maturity investments		524	1,855
Available-for-sale financial assets		4,866	6,240
Amounts due from related companies		898	1,606
Cash and cash equivalents		99,084	35,504
Tax recoverable		85	85
		189,680	100,944
Assets held for sale		5,238	6,215
		194,918	107,159

	As at 30 September 2011 (Unaudited) <i>Notes</i> HK\$'000	As at 31 March 2011 (Audited) HK\$'000
LIABILITIES		
Current liabilities		
Accruals, receipts in advance and other payables	5,939	5,949
Amounts due to non-controlling interests	297	297
Borrowings	27,537	24,363
Provision for tax	2,038	2,054
	<u>35,811</u>	<u>32,663</u>
Net current assets	<u>159,107</u>	<u>74,496</u>
Total assets less current liabilities	<u>253,523</u>	<u>172,149</u>
Non-current liabilities		
Deferred tax liabilities	6,431	6,431
	<u>6,431</u>	<u>6,431</u>
Net assets	<u><u>247,092</u></u>	<u><u>165,718</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	10 6,992	5,264
Reserves	239,042	159,240
	<u>246,034</u>	<u>164,504</u>
Non-controlling interests	1,058	1,214
Total equity	<u><u>247,092</u></u>	<u><u>165,718</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2011

	Equity attributable to the owners of the Company												
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Investment Capital reserves	Revaluation reserve	Revaluation reserve	Share option reserve	Contributed surplus	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	23,633	40,380	278	17	(101,360)	28,327	(1,430)	-	89	143,500	133,434	-	133,434
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	842	-	-	-	842	-	842
Loss for the period	-	-	-	-	(9,720)	-	-	-	-	-	(9,720)	-	(9,720)
Total comprehensive income for the period	-	-	-	-	(9,720)	-	842	-	-	-	(8,878)	-	(8,878)
Realization of fair value changes of available-for-sale financial assets on disposals	-	-	-	-	-	-	933	-	-	-	933	-	933
Equity-settled share option arrangement	-	-	-	-	-	-	-	-	37	-	37	-	37
Option forfeited	-	-	-	-	126	-	-	-	(126)	-	-	-	-
Allotment of shares	12,710	59,926	-	-	-	-	-	-	-	-	72,636	-	72,636
Capital reduction	(32,070)	-	-	-	-	-	-	-	-	32,070	-	-	-
Arising from de-consolidation of a subsidiary	-	-	-	(17)	-	-	-	-	-	-	(17)	-	(17)
At 30 September 2010	4,273	100,306	278	-	(110,954)	28,327	345	-	-	175,570	198,145	-	198,145
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
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(658)	-	-	-	(658)	-	(658)
Loss for the period	-	-	-	-	(20,686)	-	-	-	-	-	(20,686)	(156)	(20,842)
Total comprehensive income for the period	-	-	-	-	(20,686)	-	(658)	-	-	-	(21,344)	(156)	(21,500)
Shares issued on exercise of share options	43	1,016	-	-	-	-	-	-	(453)	-	606	-	606
Allotment of shares	1,050	9,696	-	-	-	-	-	-	-	-	10,746	-	10,746
Capital reduction	(5,721)	-	-	-	-	-	-	-	-	5,721	-	-	-
Rights issue	6,356	85,166	-	-	-	-	-	-	-	-	91,522	-	91,522
At 30 September 2011	6,992	212,490	278	-	(190,220)	28,526	(882)	6,828	731	181,291	246,034	1,058	247,092

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash used in operating activities	(16,613)	(110,899)
Net cash utilized in investing activities	(25,689)	(6,719)
Net cash used before financing activities	(42,302)	(117,618)
Net cash from financing activities	105,882	123,103
Net increase in cash and cash equivalents	63,580	5,485
Cash and cash equivalents at beginning of period	35,504	30,626
Cash and cash equivalents at the end of period	99,084	36,111

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS

1. Basis of Preparation

The Group's unaudited consolidated results have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements as set out in Chapter 18 of the GEM Listing Rules.

The unaudited consolidated results for the six months ended 30 September 2011 have not been audited by the Company's auditors, but have been reviewed by the Company's audit committee. The accounting policies and basis of preparation adopted in preparing the interim financial information are consistent with those used in the Company's annual financial statements for the year ended 31 March 2011, except in relation to the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by Hong Kong Institute of Certified Public Accountants that affect the Company and its subsidiaries and are adopted for the first time for the current period's financial information.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets ¹
HKFRS 9	Financial Instruments ²
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ⁴
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets ³
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2012.

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

The adoption of HKAS 12 (Amendment) where the Group is expected to derecognize the deferred tax liabilities arising from investment property measured at fair value and there will also be certain changes in presentation and disclosures in the consolidated financial statements.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognized financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified as profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented as profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and that the application of the new Standard may mainly affect the classification and measurement of the Group's other financial assets and liabilities.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

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

Revenue, which is also the Group's turnover, represents total invoiced value of beauty products, net of discounts and sales returns, the appropriate proportion of contract revenue generated from the provision of beauty and clinical services, the appropriate proportion of rental income based on the terms of the lease of investment properties and time-proportionate interest income from rendering money lending services.

	For the three months ended 30 September		For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited and restated) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited and restated) HK\$'000
Revenue				
Beauty services and sale of beauty products	2,875	8,157	6,722	18,759
Clinical services	5,595	10,678	14,160	25,105
Rental income from investment properties	155	147	212	311
Money lending	4,567	899	7,633	1,372
	<u>13,192</u>	<u>19,881</u>	<u>28,727</u>	<u>45,547</u>
Other revenue and other (losses)/gains – net				
Franchise fee income	-	143	-	143
Interest income	31	137	47	178
Rental income from sublet of office premises	-	306	-	586
Dividend income from listed investments	69	157	195	406
Fair value (losses)/gains on financial assets at fair value through profit or loss	(15,181)	9,819	(18,497)	7,873
Fair value gains on investment properties	238	-	238	-
Gain on disposals of available- for-sale financial assets	-	-	256	-
Others	7	1,029	7	1,098
	<u>(14,836)</u>	<u>11,591</u>	<u>(17,754)</u>	<u>10,284</u>

3. Segment Information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

An analysis of the Group's reportable segment loss before income tax for the period by operating segment is as follows:

For the six months ended 30 September

2011

(Unaudited)

	Beauty services and sale of beauty products <i>HK\$'000</i>	Clinical services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Revenue from						
external customers	6,722	14,160	212	-	7,633	28,727
Other revenue and other (losses)/gains - net	-	-	238	(18,045)	-	(17,807)
	<u>6,722</u>	<u>14,160</u>	<u>450</u>	<u>(18,045)</u>	<u>7,633</u>	<u>10,920</u>
Segment results	<u>122</u>	<u>(1,347)</u>	<u>242</u>	<u>(18,372)</u>	<u>(90)</u>	<u>(19,445)</u>
Unallocated income						53
Unallocated expenses						<u>(1,335)</u>
Operating loss						(20,727)
Finance costs						(166)
Share of results of associates						<u>51</u>
Loss before income tax						(20,842)
Income tax expense						<u>-</u>
Loss for the period						<u><u>(20,842)</u></u>

2010
(Unaudited and restated)

	Beauty services and sale of beauty products <i>HK\$'000</i>	Clinical services <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:						
Revenue from						
external customers	18,759	25,105	311	-	1,372	45,547
Other revenue and other (losses)/gains - net	-	-	-	8,279	-	8,279
	<u>18,759</u>	<u>25,105</u>	<u>311</u>	<u>8,279</u>	<u>1,372</u>	<u>53,826</u>
Segment results	<u>(8,942)</u>	<u>1,774</u>	<u>234</u>	<u>1,596</u>	<u>334</u>	(5,004)
Unallocated income						2,004
Unallocated expenses						(8,274)
Operating loss						(11,274)
Finance costs						(116)
Share of results of associates						283
Loss before income tax						(11,107)
Income tax credit						1,387
Loss for the period						<u>(9,720)</u>

Geographical information

Revenue from external customers by geographical markets:

	For the six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>and restated)</i> <i>HK\$'000</i>
Hong Kong	18,459	30,545
Macau	10,268	8,850
PRC	-	6,152
	<u>28,727</u>	<u>45,547</u>

4. (Loss)/Profit before income tax

(Loss)/Profit before income tax is stated after charging/(crediting) the following:

	For the three months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost of inventories recognized as expenses	220	222	369	468
Auditors' remuneration	115	100	230	145
Depreciation	681	1,702	1,631	4,183
Operating lease charges in respect of land and buildings	1,495	3,696	3,163	8,739
Net exchange (gain)/loss	28	86	(30)	74
	<u>220</u>	<u>222</u>	<u>369</u>	<u>468</u>
	<u>115</u>	<u>100</u>	<u>230</u>	<u>145</u>
	<u>681</u>	<u>1,702</u>	<u>1,631</u>	<u>4,183</u>
	<u>1,495</u>	<u>3,696</u>	<u>3,163</u>	<u>8,739</u>
	<u>28</u>	<u>86</u>	<u>(30)</u>	<u>74</u>

5. Income tax credit

	For the three months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current:				
Hong Kong				
- Charge for the period	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
Overseas				
- Charge for the period	-	-	-	-
- Over provision in prior years	-	(1,387)	-	(1,387)
	<u>-</u>	<u>(1,387)</u>	<u>-</u>	<u>(1,387)</u>
Income tax credit	-	(1,387)	-	(1,387)
	<u>-</u>	<u>(1,387)</u>	<u>-</u>	<u>(1,387)</u>

6. Interim Dividend

The directors do not recommend the payment of an interim dividend for the period (2010: HK\$Nil).

7. Earnings/(Loss) Per Share

The calculation of basic earnings/(loss) per share for the three months ended 30 September 2011 is based on the loss attributable to shareholders of approximately HK\$16,270,000 (2010: profit approximately HK\$4,008,000) and the weighted average number of 200,807,334 ordinary shares in issue during the period (2010: 97,350,737 (restated) shares in issue).

The calculation of basic loss per share for the six months ended 30 September 2011 is based on the loss attributable to shareholders of approximately HK\$20,686,000 (2010: approximately HK\$9,720,000) and the weighted average number of 179,930,327 ordinary shares in issue during the period (2010: 84,679,918 (restated) shares in issue).

The computation of diluted earnings/(loss) per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's share option scheme since their exercise would have an anti-dilutive effect.

8. Property, Plant and Equipment

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
At beginning of the period	67,231	21,830
Additions	1,048	58,121
Changes in fair value of land and building	-	6,828
Disposals	-	(4,299)
Disposals of subsidiaries	-	(9,280)
Depreciation charge	(1,631)	(5,969)
	<u>66,648</u>	<u>67,231</u>

9. Trade Receivables

The aging analysis of trade receivables is as follows:

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Neither past due nor impaired	<u>904</u>	<u>787</u>
	<u>904</u>	<u>787</u>

10. Issued Capital

	At 30 September 2011 (Unaudited)		At 31 March 2011 (Audited)	
	<i>No. of shares</i>	<i>HK\$'000</i>	<i>No. of shares</i>	<i>HK\$'000</i>
	Authorized:			
Ordinary shares				
of HK\$0.01 each	30,000,000,000	300,000	30,000,000,000	300,000
Issued and fully paid:				
Ordinary shares				
of HK\$0.01 each	699,197,543	6,992	526,434,130	5,264

Notes:

- (i) 1,300,000 new ordinary shares of HK\$0.01 each were issued upon the exercise of 1,300,000 units of share option on 14 April 2011.
- (ii) 2,900,000 new ordinary shares of HK\$0.01 each were issued upon the exercise of 2,900,000 units of share option on 20 April 2011.
- (iii) Pursuant to a placing agreement dated 3 May 2011, the Company issued and allotted 105,000,000 ordinary shares of HK\$0.01 each to independent third parties at placing price of HK\$0.105 each. Funds raised from the placing were approximately HK\$10,750,000, net of share issue expenses.
- (iv) By a special resolution dated 24 August 2011, the Company implemented the capital reorganization which involved the share consolidation, the capital reduction and the capital increase. The share consolidation involved the consolidation of every ten (10) issued and unissued Shares of HK\$0.01 each in the share capital of the Company into one (1) consolidated share of HK\$0.10 each ("Consolidated Shares"). The capital reduction involved (i) the reduction of the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the nominal value of each issued Consolidated Shares will be reduced from HK\$0.10 to HK\$0.01 ("Adjusted Share"); and (ii) the reduction of the authorized share capital of the Company by reducing the nominal value of all Consolidated Shares from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorized share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Consolidated Shares to HK\$30,000,000 divided into 3,000,000,000 ordinary shares of the Company of HK\$0.01 each. The capital increase involved the increase of authorized share capital from HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each to HK\$300,000,000 divided into 30,000,000,000 ordinary shares of HK\$0.01 each.
- (v) In September 2011, the Company issued and allotted 635,634,130 ordinary shares of HK\$0.01 each to the then existing qualifying shareholders on the basis of 10 rights shares for every 1 share held (the "Rights Issue") at a subscription price of HK\$0.15 per rights share. Fund raised from the Rights Issue were approximately HK\$93,738,000, net of expenses.

11. Share Option Schemes

On 24 September 2001, the shareholders of the Company approved a share option scheme (the "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 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 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 are as follows for the reporting period presented:

Type of grantee	At 1 April 2011	Exercised	Adjustments for share consolidation	Adjustments for rights issue	At 30 September 2011	Date of grant	Exercise period of the share options	Exercise price per share HK\$
<i>Eligible person</i>								
- 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*
<i>Employees</i>								
- 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

During the period ended 30 September 2011, 1,675,714 options were outstanding under the New Scheme.

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

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

12. Commitments

(i) Operating lease commitments – The Group as lessee

As at 30 September 2011, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Within one year	5,906	4,508
In the second to fifth years inclusive	3,349	2,214
	<u>9,255</u>	<u>6,722</u>

(ii) Operating lease commitments – The Group as lessor

As at 30 September 2011, the Group's total future minimum lease receipts under non-cancellable operating leases were receivable as follows:

	As at 30 September 2011 (Unaudited) HK\$'000	As at 31 March 2011 (Audited) HK\$'000
Within one year	542	432
In the second to fifth year, inclusive	413	241
	<u>955</u>	<u>673</u>

13. Related Parties Transactions

(i) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

	For the three months ended 30 September 2011		For the six months ended 30 September 2011	
	(Unaudited) HK\$'000	(Unaudited) 2010 HK\$'000	(Unaudited) HK\$'000	(Unaudited) 2010 HK\$'000
Rental income	-	18	-	36
	<u>-</u>	<u>18</u>	<u>-</u>	<u>36</u>

Notes:

During three months ended 30 September 2010 and six months ended 30 September 2010, rental income of HK\$18,000 and HK\$36,000 was received from company controlled by Madam Siu York Chee, a close members of the family of an executive directors, respectively.

(ii) *Key management compensation*

	For the three months ended 30 September		For the six months ended 30 September	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Short term employee benefits	2,212	2,989	5,310	6,939
Other long term benefits	12	14	24	27
	<u>2,224</u>	<u>3,003</u>	<u>5,334</u>	<u>6,966</u>

(iii) As at 30 September 2011, certain financial assets, including Held-to-maturity investments of HK\$524,000 (as at 31 March 2011: HK\$1,855,000) and Cash and cash equivalents of HK\$599,000 (as at 31 March 2011: HK\$511,000) which are held by certain directors of the subsidiaries on trust for the Group, are included in "Held-to-maturity investments" and "Cash and cash equivalents" respectively in the consolidated statement of financial position.

14. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the six months ended 30 September 2011 ("Six Month Period") was approximately HK\$28.7 million, representing a decrease of approximately 37% when compared with the same period last year. Loss attributable to owners of the Company for the Six Month Period was approximately HK\$20.7 million.

Beauty Services and Sale of Beauty Products

Since the loss making subsidiaries which were engaged in the provision of beauty services and clinical services were only sold in October 2010, turnover for beauty services and sale of beauty products for Six Month Period was approximately HK\$6.7 million, representing a decrease of approximately 64% when compared with the same period last year.

Also because of the exclusion of those disposed loss making subsidiaries, this business segment recorded a profit in Six Month Period, instead of loss in the last year same period.

Clinical Services

For Six Month Period, turnover for this business segment was approximately HK\$14.2 million. This represented 44% decrease when compared to turnover of HK\$25.1 million recorded in the last year same period.

Similar to beauty services, a substantial decrease in turnover was resulted because the comparative figures for same period last year included those subsidiaries which were sold out subsequently.

Property Investment

As the transactions to buy the industrial properties would only be completed in July and August 2011 respectively, only two to three months' rental income can be brought by the said industrial properties to the Group in the Six Month Period. In contrary, the residential properties which contributed most of the revenue of this business segment in last year same period were disposed out at the start of this financial year. This resulted in the decrease in turnover of this business segment from HK\$0.3 million last year same period to HK\$0.2 million the Six Month Period.

Securities Investment

Because of occurrence of Europe's sovereign-debt crisis and a tighter fiscal and monetary policies was imposed in China in recent months, a downturn of global stock market was resulted. Undoubtedly, the market value of investment of the Group was also negative affected. During the Six Month Period, more than HK\$18.0 million fair value loss on this business segment has been recorded.

Money Lending

Benefiting from putting more resources and opening a branch in Kowloon, the turnover of this business segment has increased from HK\$1.4 million last year same period to HK\$7.6 million the Six Month Period, representing more than 450% increase in value. However, as a prudence policy on impairment has been implemented, provision on impairment loss was also increased. This led to a less than HK\$0.1 million loss was resulted in this business segment.

Outlook

Resources would continue be put to business of money lending. At the same time, more effort would also be located to the corresponding credit control in order to reduce the default rate and thus increase the profit from this business segment.

In addition, the Group will continue to look for new investment opportunities, including but not limiting to, purchase of industrial properties and development of electronic books and relating applications, to broaden the business scope of the Group.

Liquidity and Financial Resources

Because of the fund raised by rights issue during the Six Month Period, as at 30 September 2011, cash and cash equivalents of the Group had increased to approximately HK\$99.1 million (31 March 2011: 35.5 million).

As at 30 September 2011, due to the inclusion of mortgage relating to the purchase of the industrial properties during the Six Month Period, the bank borrowing has slightly increased to approximately HK\$27.5 million (31 March 2011: 24.4 million).

As such, at 30 September 2011, the Group's gearing ratio, expressed as a percentage of total borrowings (comprising amounts due to minority shareholders, and borrowings) over total assets, decreased to approximately 10% (31 March 2011: 12%).

Charges on Group Asset

As at 30 September 2011, the Group's land and building, and investment properties with carrying amount of approximately HK\$60,000,000 and HK\$10,564,000 respectively (31 March 2011: HK\$60,000,000 and Nil respectively) were pledged to a bank to secure the bank borrowing granted to the Group.

Treasury Policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars or Renminbi.

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangement to reduce the currency risk have been implemented. The management conducted periodical review of foreign currency exposure and will take appropriate measures to mitigate the risk should the need arise.

Employees

As at 30 September 2011, the Group employed 50 (31 March 2011: 62) full-time employees. The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

Significant Acquisitions and Disposals

On 6 September 2011, an indirect wholly-owned subsidiary of the Company, entered into a disposal agreement with a third party to dispose a property located in Hong Kong at a total cash consideration of HK\$5,238,000. The disposal will be completed on 15 December 2011.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2011.

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 30 September 2011, 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 30 September 2011
Mr. Shiu Yeuk Yuen <i>(note 1)</i>	119,422,000	13,684,117 <i>(note 2)</i>	847,605 <i>(notes 3)</i>	133,953,722	19.16%
Mr Leung Ge On Andy <i>(note 1)</i>	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 30 September 2011, 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 six months ended 30 September 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the period of the six months ended 30 September 2011, 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 deviations:-

1. 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.

2. Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

None of the independent non-executive Directors is appointed for a specific term. Pursuant to the Company's bye-laws, all Directors of the Company, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code Provision A.4.2 and will ensure that any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

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 Mr. Hung Anckes Yau Keung, Dr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung, Walter. Mr. Hung Anckes Yau Keung is also the chairman of the audit committee of the board of Directors. 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 Committee has reviewed the draft of this report and has provided advice and comments thereon.

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 2011 to 30 September 2011.

LIST OF DIRECTORS

Mr. Shiu Yeuk Yuen	-	Executive Director
Mr. Leung Ge On Andy	-	Executive Director
Mr. Hung Anckes Yau Keung	-	Independent Non-executive Director
Dr. Siu Yim Kwan, Sidney	-	Independent Non-executive Director
Mr. Tsui Pui Hung, Walter	-	Independent Non-executive Director

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

Hong Kong, 14 November 2011