



Unlimited Creativity Holdings Limited  
無限創意控股有限公司

(Continued into Bermuda with limited liability)  
(Stock Code: 8079)

2011

Third Quarterly 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 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 nine months ended 31 December 2010 was approximately HK\$54.6 million (2009: HK\$102.2 million) representing a decrease of approximately 47%, as compared with the corresponding period in 2009.
- Loss for the nine months ended 31 December 2010 was approximately HK\$25.5 million (2009: HK\$19.5 million).
- The Board of Directors (the “Board”) does not recommend the payment of a dividend for the nine months ended 31 December 2010.

### THIRD QUARTERLY 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 nine months ended 31 December 2010, together with the comparative unaudited figures for the corresponding periods in 2009 as follows:–

#### UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2010

	Note	For the three months ended 31 December		For the nine months ended 31 December	
		2010 HK\$'000	2009 HK\$'000 (Restated)	2010 HK\$'000	2009 HK\$'000 (Restated)
<b>Revenue</b>	2	<b>10,421</b>	33,650	<b>54,596</b>	102,159
Cost of sales		<b>(2,278)</b>	(6,620)	<b>(11,178)</b>	(18,437)
<b>Gross profit</b>		<b>8,143</b>	27,030	<b>43,418</b>	83,722
Other revenue and gains		<b>(1,915)</b>	4,337	<b>9,741</b>	18,028
Servicing, selling and distribution costs		<b>(3,546)</b>	(20,995)	<b>(33,736)</b>	(69,303)
Administrative expenses		<b>(10,350)</b>	(9,129)	<b>(31,110)</b>	(28,091)
Other operating expenses		<b>(892)</b>	(3,706)	<b>(8,147)</b>	(23,428)
Loss on disposal of subsidiaries		<b>(7,443)</b>	-	<b>(7,443)</b>	-
		<b>(22,231)</b>	(33,830)	<b>(80,436)</b>	(120,822)
<b>Operating loss</b>		<b>(16,003)</b>	(2,463)	<b>(27,277)</b>	(19,072)
Finance costs		<b>(195)</b>	(359)	<b>(311)</b>	(718)
Share of result of associates		<b>484</b>	(1)	<b>767</b>	(2)
<b>Loss before income tax</b>		<b>(15,714)</b>	(2,823)	<b>(26,821)</b>	(19,792)
Income tax expense/(credit)	3	-	-	<b>(1,387)</b>	-
<b>Loss for the period</b>		<b>(15,714)</b>	(2,823)	<b>(25,434)</b>	(19,792)
<b>Attributable to:</b>					
Equity holders of the Company		<b>(15,364)</b>	(2,571)	<b>(25,461)</b>	(19,540)
Non-controlling interests		<b>(350)</b>	(252)	<b>27</b>	(252)
<b>Loss per share attributable to the equity holders of the Company during the period</b>					
- Basic	5(a)	<b>3.6 cents</b>	0.2 cents	<b>1.3 cents</b>	2.9 cents
- Diluted	5(b)	<b>N/A</b>	N/A	<b>N/A</b>	N/A

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	For the three months ended 31 December		For the nine months ended 31 December	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
<b>Loss for the period</b>	<b>(15,714)</b>	<b>(2,823)</b>	<b>(25,434)</b>	<b>(19,792)</b>
<b>Other comprehensive income:</b>				
Changes in fair value of available-for-sale financial assets	<b>830</b>	311	<b>1,672</b>	1,060
Other comprehensive income for the period	<b>830</b>	311	<b>1,672</b>	1,060
<b>Total comprehensive loss for the period</b>	<b>(14,884)</b>	<b>(2,512)</b>	<b>(23,762)</b>	<b>(18,732)</b>
<b>Attributable to:</b>				
Equity holders of the Company	<b>(14,534)</b>	(2,260)	<b>(23,789)</b>	(18,480)
Non-controlling interests	<b>(350)</b>	(252)	<b>27</b>	(252)
	<b>(14,884)</b>	<b>(2,512)</b>	<b>(23,762)</b>	<b>(18,732)</b>

## Notes to the Condensed Consolidated Income Statement

### 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 ("HKFRS"), Hong Kong Accounting Standards and Interpretation (collectively "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in preparing the unaudited consolidated financial statements for the nine months ended 31 December 2010 are consistent with those followed in the annual report of the Company for the period ended 31 March 2010, 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.

### 2. Revenue and other revenue and gains

Revenue, which is also the Group's turnover, represents total invoiced value of beauty products and properties held for resale sold, net of discounts and sales returns, the appropriate proportion of contract revenue generated from the provision of beauty and clinical services and beauty courses, and the appropriate proportion of rental income based on the terms of the lease of investment properties.

For the three months ended 31 December 2010		For the nine months ended 31 December 2010	
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Restated)		(Restated)

#### (a) Turnover by business segment

##### Revenue

Beauty services and sale of beauty products	2,633	18,735	21,392	57,809
Clinical services	7,634	14,765	32,739	43,925
Rental income from investment properties	154	150	465	425
Total	10,421	33,650	54,596	102,159

	For the three months		For the nine months	
	ended 31 December		ended 31 December	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
			(Restated)	(Restated)
<b>Other revenue and gains</b>				
Franchise fee income	-	-	143	-
Interest income	18	27	196	266
Rental income from sublet of office premises	282	294	868	908
Dividend income from listed investments	75	66	481	553
Fair value (loss)/gain on financial assets at fair value through profit or loss	(6,000)	1,149	2,314	10,016
Fair value gains on investment properties	-	1,307	-	1,207
Gain on disposal of financial assets at fair value through profit or loss	1,058	981	618	3,709
Loan interest income	2,432	268	3,805	763
Others	220	245	1,316	606
	<u>(1,915)</u>	<u>4,337</u>	<u>9,741</u>	<u>18,028</u>

(b) *Turnover by geographical segment*

	For the three months		For the nine months	
	ended 31 December		ended 31 December	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Hong Kong	5,887	23,526	35,059	73,355
Macau	4,534	4,462	13,384	12,500
China	-	5,662	6,153	16,304
	<u>10,421</u>	<u>33,650</u>	<u>54,596</u>	<u>102,159</u>

### 3. Taxation

	For the three months ended 31 December 2010		For the nine months ended 31 December 2010	
	(Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	(Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Current:				
Hong Kong				
- Charge for the period	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
Overseas				
- Charge for the period	-	-	-	-
- Under/(Over) provision in prior years	-	-	(1,387)	-
	<u>-</u>	<u>-</u>	<u>(1,387)</u>	<u>-</u>
Income tax expenses/(credit)	-	-	(1,387)	-
	<u>-</u>	<u>-</u>	<u>(1,387)</u>	<u>-</u>

### 4. Dividend

The directors do not recommend the payment of a dividend for the nine months ended 31 December 2010 (2009: HK\$Nil).

### 5. Loss per share

#### (a) Basic

The calculation of basic loss per share for the three months ended 31 December 2010 is based on the loss attributable to equity holders of the Company of approximately HK\$15,364,000 (2009: approximately HK\$2,571,000) and the weighted average number of 427,334,130 ordinary shares in issue during the period (2009: 1,710,840,243 (restated) shares in issue).

The calculation of basic loss per share for the nine months ended 31 December 2010 is based on the loss attributable to equity holders of the Company of approximately HK\$25,461,000 (2009: approximately HK\$19,540,000) and the weighted average number of 1,902,287,393 ordinary shares in issue during the period (2009: 669,292,560 (restated) shares in issue).

#### (b) Diluted

The computation of diluted 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.



**6. Unaudited condensed consolidated statement of changes in equity**  
*For the nine months ended 31 December 2010*

	Equity attributable to equity holders of the Company											
	Share capital	Capital			Accumulated losses	Investment		Share		Total	Non-controlling interests	Total equity
		premium	reserve	Exchange reserve		reserves	reserve	option reserve	Contributed surplus			
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 2009	741	25,388	278	17	(62,116)	28,327	(2,179)	3,649	143,500	137,605	467	138,072
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	1,060	-	-	1,060	-	1,060
Loss for the period	-	-	-	-	(19,540)	-	-	-	-	(19,540)	(252)	(19,792)
Total recognised income and expense for the year	-	-	-	-	(19,540)	-	1,060	-	-	(18,480)	(252)	(18,732)
Equity-settled share option arrangement	-	-	-	-	-	-	-	802	-	802	-	802
Allotment of shares	4,000	35,160	-	-	-	-	-	-	-	39,160	-	39,160
At 31 December 2009	<u>4,741</u>	<u>60,548</u>	<u>278</u>	<u>17</u>	<u>(81,656)</u>	<u>28,327</u>	<u>(1,119)</u>	<u>4,451</u>	<u>143,500</u>	<u>159,087</u>	<u>215</u>	<u>159,302</u>
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	-	-	-	-	-	-	1,672	-	-	1,672	-	1,672
Loss for the period	-	-	-	-	(25,461)	-	-	-	-	(25,461)	27	(25,434)
Total recognised income and expense for the year	-	-	-	-	(25,461)	-	1,672	-	-	(23,789)	27	(23,762)
Realisation 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 31 December 2010	<u>4,273</u>	<u>100,306</u>	<u>278</u>	<u>-</u>	<u>(126,695)</u>	<u>28,327</u>	<u>1,175</u>	<u>-</u>	<u>175,570</u>	<u>183,234</u>	<u>27</u>	<u>183,261</u>

**7. Comparative figures**

Certain comparative figures have been re-classified to conform with this period's presentation.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

The Group reported that total turnover for the nine months ended 31 December 2010 was approximately HK\$54.6 million, representing a decrease of approximately 47% when compared with the same period last year. Loss attributable to equity holders of the Company for the period was approximately HK\$25.5 million, HK\$6.0 million more than last year same period. Increase in the loss is mainly due to (i) non-recurring loss on disposal of subsidiaries which were principally operating the Group's beauty salon business and (ii) fluctuation on fair value changes on financial assets at fair value through profit or loss.

On 8 October 2010, the company disposed the entire interests in New Smart International Creation Limited, a company engaged in the business of 3D motion pictures production and related investment, so that it can reallocate the financial resources and management effort to its principal businesses.

On 29 October 2010, the disposal of subsidiaries which are principally operating the Group's beauty salon business in Hong Kong, Shenzhen, PRC and Guangzhou, PRC was completed. Selling of those loss making businesses helped to decrease the loss of the Group as a whole.

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

Turnover for beauty services and sale of beauty products for the period was approximately HK\$21.4 million, representing a decrease of approximately 63% when compared with the same period last year.

As mentioned above, the disposal of subsidiaries operating most of the Group's beauty salon business was completed in end of October 2010, it is undoubtedly that the turnover of this business segment would decrease. However, as most of the disposed subsidiaries were loss making, the disposal would help to decrease the operating loss in this business segment.

### **Clinical Services**

During the period concerned, the Group continued to scale down the loss-making centres which would result in decrease in turnover. As a result, turnover from this segment during the period was approximately HK\$32.7 million, which was 25% less than the figure achieved last year same period.

### **Property Investment**

Rental income for the period was approximately HK\$0.5 million, 9% more than the same period last year. Even though this business segment contributed minimal revenue to the Group, it did bring us a steady cash inflow as well as capturing the long term capital gain.

## **Investment in financial instruments and quoted shares**

As the stock market was fluctuated during the nine months ended 31 December 2010, this segment only generated income of approximately HK\$2.9 million (including positive adjustments of the market price of financial instruments and securities on hand). If only three months ended 31 December 2010 were concerned, loss of around HK\$4.9 million was resulted.

## **Money Lending**

As the Group was developing this business segment actively during the period, substantial growth in turnover with satisfactory profit was resulted. Proper control has been imposed to minimise the occurrence of bad and doubtful debts.

## **Prospects**

The acquisition of property in Wanchai was completed in late October 2010. The property is now in renovation and would become the head-quarter of the Group.

To reflect the down scale of our beauty services business, the Company has been renamed from “B.A.L. Holdings Limited” to “Unlimited Creativity Holdings Limited”. Looking forward, the Group will continue to explore opportunities in developing business to broaden its business scope should the opportunities arise.

As the disposal of the subsidiaries operating beauty centres with unsatisfactory performance improved the performance of the Group, it proved the strategy to integrate the existing business is correct and necessary. The Group will continue to drive for operational efficiencies with the aim to maximise the shareholder's wealth.

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2010 (2009: Nil).

## **SHARE OPTION SCHEME**

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.

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 2010	Granted	Exercised/ Cancelled/ Lapsed	At 31 December 2010	Date of grant	Exercise period of the share options	Exercise price per share HK\$
<b>Employees</b>							
- In aggregate	399,980	-	(399,980)	-	5/5/2008	5/5/2008 - 4/5/2010	0.283*
	<u>399,980</u>	<u>-</u>	<u>(399,980)</u>	<u>-</u>			

\* This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of bonus issue on 9 November 2009.

No option was granted during the period ended 31 December 2010. 399,980 options lapsed during the period ended 31 December 2010.

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

In total, HK\$37,000 of employee compensation expense has been included in the consolidated income statement for the period ended 31 December 2010 (2009: HK\$802,000), the corresponding amount of which has been credited to share option reserve. No liabilities were recognised due to share-based payment transactions.

## EVENTS AFTER REPORTING PERIOD

### Adoption of New Share Option Scheme

On 4 January 2011, the shareholders of the Company approved at the special general meeting the termination of existing share option scheme and adoption of new share option scheme.

### Placing of New Shares under general mandate

On 26 January 2011, the Company completed the placing of 85,000,000 shares ("Placing Share(s)") of the Company at a price of HK\$0.165 per Placing Share.

## 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 2010, the interests or short positions of the Directors and the 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, Chapter 571 of the Laws of Hong Kong ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have 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 5.40 to 5.58 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Interests in Shares

#### *Long positions*

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Approximate percentage to the issued share capital of the Company as at	
						Total	31 December 2010
Ms. Siu York Chee	Beneficiary owner and family interests	40,643	143 (Note 1)	-	770,558 (Notes 2 and 3)	811,344	0.19%
Mr. Shiu Yeuk Yuen	Beneficiary owner and family interests	-	1,170 (Note 4)	-	770,558	771,728	0.18%

#### *Notes:*

- The shares are held by Mr. Leung Kwok Kui, the spouse of Ms. Siu York Chee.
- The shares are held by Heavenly Blaze Limited, which is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen, the executive Director; (ii) 34% by Mr. Shiu Yeuk Yuen and Ms. Siu York Chee together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, daughter 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, the spouse of Mr. Shiu Yeuk Yuen.
- Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.
- The shares are held by Ms. Hau Lai Mei.

Save as disclosed above, as at 31 December 2010, none of the Directors or chief executive of the Company had any interests or short position in the Shares, underlying shares or debentures of the Company or any of 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 any interests and short positions which he/she was 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 maintained by the Company referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## **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 2010, there was no person or corporation (other than the Directors or chief executives of the Company) 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 5% 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.

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

Throughout the period of the nine months ended 31 December 2010, 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 its 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.

## **COMPLIANCE ADVISER**

Following the directions of the Stock Exchange as stated in the press release published by the GEM Listing Committee of the Stock Exchange on 19 January 2009 regarding the breaches of the GEM Listing Rules by the Company, the Board appointed Guangdong Securities Limited ("Guangdong Securities") to be its professional adviser and compliance adviser (the "Compliance Adviser") for a term of two years with effect from 16 February 2009 to 15 February 2011.

As updated and notified by the Company's 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 2010 pursuant to Rule 6A.32 of the GEM Listing Rules.

Pursuant to an agreement dated 10 February 2009 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 16 February 2009 to 15 February 2011 or until the agreement is terminated in accordance with the terms and conditions set out therein.

## **AUDIT COMMITTEE**

The Company has formed 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 2010 to 31 December 2010.

## **COMPETING INTERESTS**

None of the Directors or the management 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.

## **LIST OF DIRECTORS**

Mr. Shiu Yeuk Yuen	-	Executive Director
Mr. Leung Ge On	-	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, 11 February 2011