



Fifth Quarterly Report
For the fifteen months ended 31 January 2010

2010

B.A.L.

B.A.L. Holdings Limited

*(Continued into 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.

This report, for which the directors (the “Directors”) of B.A.L. Holdings Limited (the “Company”) collectively and individually accept 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:– (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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HIGHLIGHTS

- Turnover of the Group for the fifteen months ended 31 January 2010 amounted to approximately HK\$168 million, representing a decrease of approximately 45 per cent as compared with the same period last year.
- Net loss of the Group for the fifteen months ended 31 January 2010 amounted to approximately HK\$45 million, representing a decrease of approximately 48 per cent as compared with the same period last year.
- The Board does not recommend the payment of an interim dividend for the fifteen months ended 31 January 2010.

The board (the “Board”) of directors of B.A.L. Holdings Limited (the “Company”) would like to report the unaudited consolidated results of the Company and its subsidiaries (collectively, “the Group”) for the fifteen months ended 31 January 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 January		Fifteen months ended 31 January		Twelve months ended 31 October
		2010	2009	2010	2009	2008
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Revenue	2	35,701	34,594	167,904	306,672	272,078
Cost of sales		(9,152)	(5,390)	(34,495)	(151,149)	(145,759)
Gross profit		26,549	29,204	133,409	155,523	126,319
Other revenue and gains	2	1,008	1,433	16,156	7,974	6,541
Servicing, selling and distribution costs		(20,893)	(25,703)	(116,544)	(137,756)	(112,053)
Administrative expenses		(9,262)	(10,094)	(47,627)	(56,423)	(46,329)
Other operating expenses		(6,121)	(3,161)	(29,156)	(58,613)	(55,452)
Operating loss		(8,719)	(8,321)	(43,762)	(89,295)	(80,974)
Finance costs		(343)	(80)	(869)	(1,071)	(991)
Share of result of associates		-	-	(4)	3,884	3,884
Loss before income tax		(9,062)	(8,401)	(44,635)	(86,482)	(78,081)
Income tax (expense)/credit	4	-	-	-	360	360
Loss for the period		(9,062)	(8,401)	(44,635)	(86,122)	(77,721)
Attributable to:						
Equity holders of the Company		(9,062)	(8,434)	(44,635)	(85,805)	(77,371)
Minority interests		-	33	-	(317)	(350)
Loss for the period		(9,062)	(8,401)	(44,635)	(86,122)	(77,721)
Loss per share for loss attributable to the equity holders of the Company during the period						
			(Restated)		(Restated)	(Restated)
- Basic	6	0.4 cent	4.9 cents	7.8 cents	57.3 cents	266.6 cents
- Diluted		N/A	N/A	N/A	N/A	N/A

Notes:

1. Basis of preparation

The Group's unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards and Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The unaudited consolidated results comply with the applicable disclosure requirements of the Hong Kong Company Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The financial statements have been prepared on the historical cost basis except for the investment properties, certain financial instruments classified as available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments which are stated at fair values. The accounting policies adopted in preparing the unaudited consolidated results for the three months and fifteen months ended 31 January 2010 are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 October 2008. The accounts are unaudited 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.

	Three months ended 31 January		Fifteen months ended 31 January		Twelve months ended 31 October
	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Audited)
Revenue					
Beauty services and					
sale of beauty products	18,999	20,945	95,198	113,910	92,965
Clinical services	16,564	13,515	72,036	66,943	53,428
Rental income from					
investment properties	138	134	670	731	597
Tuition fee of beauty courses	-	-	-	861	861
Sale of properties held for resale	-	-	-	124,227	124,227
	<u>35,701</u>	<u>34,594</u>	<u>167,904</u>	<u>306,672</u>	<u>272,078</u>
					(Restated)
Other revenue and gains					
Franchise fee income	-	-	235	569	569
Interest income	370	401	1,969	2,851	2,450
Rental income from sublet of office premises	277	235	1,256	1,172	937
Dividend income from listed investments	58	303	947	914	611
Gain on securities investment	-	-	10,676	-	-
Others	303	494	1,073	2,468	1,974
	<u>1,008</u>	<u>1,433</u>	<u>16,156</u>	<u>7,974</u>	<u>6,541</u>

3. Segment Information

	Three months ended 31 January		Fifteen months ended 31 January		Twelve months ended 31 October
	2010	2009	2010	2009	2008
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
(a) Turnover by business segment					
Beauty services and sale of beauty products	18,999	20,945	95,198	113,910	92,965
Clinical services	16,564	13,515	72,036	66,943	53,428
Rental income from investment properties	138	134	670	731	597
Tuition fee of beauty courses	-	-	-	861	861
Sales of properties held for resale	-	-	-	124,227	124,227
	<u>35,701</u>	<u>34,594</u>	<u>167,904</u>	<u>306,672</u>	<u>272,078</u>

	Three months ended 31 January		Fifteen months ended 31 January		Twelve months ended 31 October
	2010	2009	2010	2009	2008
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Audited)
(b) Turnover by geographical segment					
Hong Kong	25,915	26,226	122,922	262,844	236,618
People's Republic of China	5,782	4,584	25,435	24,590	20,006
Macau	4,004	3,784	19,547	19,238	15,454
	<u>35,701</u>	<u>34,594</u>	<u>167,904</u>	<u>306,672</u>	<u>272,078</u>

4. Income Tax Expense

Income tax has not been provided as the Group did not generate any assessable profits during the fifteen months ended 31 January 2010 (2009: HK\$Nil).

5. Dividend

The Board does not recommend payment of a dividend for the fifteen months ended 31 January 2010.

6. Loss Per Share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Basic loss per share is calculated as follows:

	Three months ended 31 January		Fifteen months ended 31 January		Twelve months ended 31 October
	2010	2009	2010	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Loss attributable to equity holders of the Company (HK\$'000)	<u>(9,062)</u>	<u>(8,434)</u>	<u>(44,635)</u>	<u>(85,805)</u>	<u>(77,371)</u>
		(Restated)		(Restated)	(Restated)
Weighted average number of ordinary shares in issue	<u>2,329,216,234</u>	<u>170,441,290</u>	<u>570,744,218</u>	<u>149,872,925</u>	<u>29,016,765</u>
Basic loss per share (in HK cents)	<u>0.4</u>	<u>4.9</u>	<u>7.8</u>	<u>57.3</u>	<u>266.6</u>

(b) Diluted

Diluted loss per share for each of the three months ended 31 January 2009 and 2010, fifteen months ended 31 January 2009 and 2010 and the twelve months ended 31 October 2008 has not been presented, as the share options outstanding during each of the three months ended 31 January 2009 and 2010, fifteen months ended 31 January 2009 and 2010 and twelve months ended 31 October 2008 had an anti-dilutive effect on the basic loss per share for the respective periods.

7. Comparative Figures

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

8. Condensed consolidated statement of changes in equity (Unaudited)

	Equity attributable to the equity holders of the Company									Minority interests	Total equity	
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Retained profits/(accumulated losses)	Capital reserves	Investment 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	
At 1 November 2007	94,961	19,588	278	17	29,650	28,327	11	1,573	-	174,405	-	174,405
Changes in fair value of available-for-sale financial assets	-	-	-	-	-	-	(2,179)	-	-	(2,179)	-	(2,179)
Loss for the year	-	-	-	-	(77,371)	-	-	-	-	(77,371)	(350)	(77,721)
Total recognised income and expense for the year	-	-	-	-	(77,371)	-	(2,179)	-	-	(79,550)	(350)	(79,900)
Arising from partial disposals of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	817	817
Realisation of fair value changes of available-for-sale financial assets on disposals	-	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Equity-settled share option arrangement	-	-	-	-	-	-	-	1,655	-	1,655	-	1,655
Rights issue	47,480	(1,447)	-	-	-	-	-	-	-	46,033	-	46,033
Allotment of shares	1,400	4,159	-	-	-	-	-	-	-	5,559	-	5,559
Capital reduction	(135,319)	-	-	-	-	-	-	-	135,319	-	-	-
(Audited)												
At 31 October 2008	8,522	22,300	278	17	(47,721)	28,327	(2,179)	3,228	135,319	148,091	467	148,558
Equity-settled share option arrangement	-	-	-	-	-	-	-	1,223	-	1,223	-	1,223
Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	1,060	-	-	1,060	-	1,060
Allotment of shares	4,400	38,248	-	-	-	-	-	-	-	42,648	-	42,648
Capital reorganization	(8,181)	-	-	-	-	-	-	-	8,181	-	-	-
Loss for the period	-	-	-	-	(35,573)	-	-	-	-	(35,573)	-	(35,573)
(Unaudited)												
At 31 October 2009	4,741	60,548	278	17	(83,294)	28,327	(1,119)	4,451	143,500	157,449	467	157,916
Equity-settled share option arrangement	-	-	-	-	-	-	-	127	-	127	-	127
Change in fair value of available for sale financial assets	-	-	-	-	-	-	71	-	-	71	-	71
Bonus issue	18,963	(18,963)	-	-	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(9,062)	-	-	-	-	(9,062)	-	(9,062)
(Unaudited)												
At 31 January 2010	23,704	41,585	278	17	(92,356)	28,327	(1,048)	4,578	143,500	148,585	467	149,052

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Turnover for the fifteen months ended 31 January 2010 was approximately HK\$168 million, representing a decrease of approximately 45% when compared with the same period last year. Turnover in relation to sale of properties last year was approximately HK\$124 million. As the Group did not sell any properties during the period, a significant drop in turnover was therefore recorded. Loss attributable to equity holders of the Company for the period was approximately HK\$45 million.

Beauty Services and Sale of Beauty Products

Turnover for beauty services and sale of beauty products for the period was approximately HK\$95 million, representing a decrease of approximately 16% when compared with the same period last year.

Our Tsuen Wan branch was closed down in December 2009.

Clinical Services

Turnover from this segment during the period was approximately HK\$72 million, representing an increase of approximately 8% when compared with the same period last year.

Beauty Courses

There was no turnover recorded for this segment during the period under review.

Sale of properties held for resale

No turnover for this segment was recorded for the fifteen months ended 31 January 2010. Our investment properties have been providing steady rental income to the Group.

Investment in financial instruments and quoted shares

This segment suffered a gross loss of approximately HK\$1.2 million (including adjustments of the market price of financial instruments and securities on hand) during the three months ended 31 January 2010.

Outlook

Although Hong Kong has not yet fully recovered from the financial turmoil, the Group is financially strong. We are confident that the Group's performance will improve following the recovery of global economy.

Possible acquisition

On 15 January 2010, we entered into a memorandum of understanding in respect of a possible acquisition of 65% equity interest in a PRC Mining Company. We consider that the possible acquisition will provide an opportunity for the Group to gain access to the copper ore mining industry with an aim to broaden the income base of the Group, and thereby enhancing the Group's future financial performance and profitability.

Future plans and prospects

The Group will continue to look for new business opportunities to broaden its business scope whenever conditions justify.

As at 31 January 2010, the Group is operating eight beauty services centres, seven medical centres in Macau, China, Hong Kong and one local warehouse.

Contingent liabilities

As at 31 January 2010, the Company has given corporate guarantees to third parties for securing a tenancy agreement, mortgage loans, and an advertising contract of subsidiary Companies.

As at 31 January 2010, the Group noted that a Generally Endorsed Writ was issued by one customer against a subsidiary for damages for personal injury, loss and damage arising out of the negligence and/or breach of duty in administering slimming programmes and/or medical treatment during the period from around mid-May 2004 to around mid-June 2004.

Apart from the above, the Group and the Company had no other material contingent liabilities as at 31 January 2010 and up to the date of approval of the unaudited condensed consolidated results of the Group for the fifteen months ended 31 January 2010.

SHARE OPTION SCHEMES

- (a) 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	Exercised/ Cancelled/				At	Date of grant	Exercise period of the share options	Exercise price per share HK\$
	31 October 2008	Granted	Adjustments*	Lapsed	Outstanding	Adjustments**			
Employees									
- In aggregate	619,516	-	-	(619,516)	-	-	20-Jun-05	22/6/05 - 21/12/08	2.7295
- In aggregate	379,296	-	(303,437)	(75,859)	-	-	27-Feb-07	27/2/07 - 26/2/09	14.2375*
- In aggregate	1,399,180	-	(1,119,344)	(279,836)	-	-	27-Sep-07	27/9/07 - 26/9/09	6.5500*
- In aggregate	1,424,412	-	(1,139,530)	-	284,882	1,139,528	1-Feb-08	6/2/2008 - 5/2/2010	1.0000**
- In aggregate	3,400,000	-	(2,719,985)	(600,019)	79,996	319,984	5-May-08	5/5/2008 - 4/5/2010	0.2830**
	<u>7,222,404</u>	<u>-</u>	<u>(5,282,296)</u>	<u>(1,575,230)</u>	<u>364,878</u>	<u>1,459,512</u>			<u>1,824,390</u>
Other eligible person									
- In aggregate	126,432	-	(101,146)	(25,286)	-	-	14-Mar-07	14/3/07 - 13/3/09	21.7550*
- In aggregate	263,400	-	(210,720)	(52,680)	-	-	4-Oct-07	17/10/07 - 16/10/09	6.6450*
	<u>7,612,236</u>	<u>-</u>	<u>(5,594,162)</u>	<u>(1,653,196)</u>	<u>364,878</u>	<u>1,459,512</u>			<u>1,824,390</u>

* This reflects the adjusted exercise prices and number of share options which have been granted and are outstanding after the completion of share consolidation on 15 January 2009.

** 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 January 2010. 19 options were exercised and 1,653,177 options lapsed during the period ended 31 January 2010.

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

In total, HK\$127,000 of employee compensation expense has been included in the consolidated income statement for the period ended 31 January 2010 (2009: HK\$421,000), the corresponding amount of which has been credited to share option reserve. No liabilities were recognised due to share-based payment transactions.

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

(i) Interests and short positions of the Directors or chief executives in the Shares, underlying shares and debentures of the Company and its associated corporations

As at 31 January 2010, 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:

(a) Interests in Shares

Long positions

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 31 January 2010
Ms. Siu York Chee	Beneficiary owner and family interests	406,430	1,430	-	7,705,580 (Notes 1 and 2)	8,113,440	0.34%
Mr. Leung Kwok Kui	Beneficiary owner and family interests	1,430	8,112,010 (Note 3)	-	-	8,113,440	0.34%

Notes:

1. Heavenly Blaze Limited is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, nephew of Ms. Siu York Chee (being the executive Directors); (ii) 34% by Mr. Shiu Yeuk Yuen, younger brother of Ms. Siu York Chee, and Ms. Siu York Chee together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, nieces of Ms. Siu York Chee; (iii) 16% by Ms. Shiu Ting Yan, Denise, niece of Ms. Siu York Chee; (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 step-mother of Mr. Shiu Stephen Junior.
2. Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.
3. Mr. Leung Kwok Kui, the executive Director, is the spouse of Ms. Siu York Chee.

(b) Interests in convertible loan notes

Mr. Ho Wai Sun was issued with convertible loan notes on 18 January 2008 with a principal amount of HK\$10,000,000 at an adjusted conversion price of HK\$5.50 per Share (the "Convertible Notes").

The Company has requested and the noteholder has agreed for early redemption of the Convertible Notes of the Company at a consideration of HK\$5,000,000 each (same as principal amount) in 2009 and 2010. The redemption process was completed on 19 January 2009 and 18 January 2010. No Convertible Notes remain outstanding as at 31 January 2010.

(c) Interests in shares option

Name	Type of interests	Outstanding shares option as at 31 January 2010	Approximate percentage of the underlying Shares to the issued share capital of the Company as at 31 January 2010
Mr. Ho Wai Sun (<i>Note</i>)	Personal	1,424,410	0.06%

Note: Mr. Ho was issued with the shares option on 1 February 2008 at an adjusted subscription price of HK\$1.00 per Share.

Save as disclosed above, as at 31 January 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.

(ii) Interests and short positions of substantial Shareholders in the Shares, underlying shares and debentures of the Company and its associated corporations

Interests in the Shares and underlying shares

Long positions

Name	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate
							percentage to the issued share capital of the Company as at 31 January 2010
Mr. Shiu Yeuk Yuen	Beneficiary owner, Interested held by controlled corporation and family interests	50,740,000	89,456,700 <i>(Note 1)</i>	-	7,705,580 <i>(Note 2)</i>	147,902,280	6.24%
Ms. Hau Lai Mei	Beneficiary owner and family interests	89,456,700	58,445,580 <i>(Note 1)</i>	-	-	147,902,280	6.24%
Shikumen Special Situations Fund	Beneficiary owner	-	-	247,420,000 <i>(Note 3)</i>	-	247,420,000	10.43%

Notes:

1. Ms. Hau Lai Mei is the spouse of Mr. Shiu Yeuk Yuen.
2. Ms. Siu York Chee and Mr. Shiu Yeuk Yuen are the trustees of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound.
3. Shikumen Special Situations Fund is independent of the Company and its connected persons.

Save as disclosed above, as at 31 January 2010, 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 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.

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 fifteen months ended 31 January 2010.

COMPLIANCE ADVISER’S INTEREST

As updated and notified by the Company’s compliance adviser, Guangdong Securities Limited (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 January 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.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the Code) contained in Appendix 15 of the GEM Listing Rules throughout the Period, save for the deviations discussed below.

Chairperson and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of Chairperson and Chief Executive Officer should be separated and should not be performed by the same individual.

Ms. Siu York Chee, Doreen is the Chairperson and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group’s business is delegated to the senior executives and department heads, the Board considers that vesting the

roles of both Chairperson and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

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 under review.

LIST OF DIRECTORS

Ms. Siu York Chee, Doreen	-	Executive Director
Mr. Leung Kwok Kui	-	Executive Director
Ms. Leung Ge Yau	-	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
B.A.L. Holdings Limited
Siu York Chee
Chairperson

Hong Kong, 11 March 2010