ZHONG HUA INTERNATIONAL HOLDINGS LIMITED
中華國際控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1064)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The board of directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company for the year ended 31 December 2010 (the "Annual Results"), together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	2	**32,775**	32,849
Other income		**626**	642
Changes in fair value of investment properties		**151,294**	161,418
Administrative expenses		**(16,076)**	(18,528)
Other operating expenses, net		**–**	(1,247)
Finance costs	3	**(10,515)**	(24,913)
PROFIT BEFORE TAX	4	**158,104**	150,221
Income tax expense	5	**(42,294)**	(46,102)
PROFIT FOR THE YEAR		**115,810**	104,119
Attributable to:			
Ordinary equity holders of the Company		**29,956**	17,743
Non-controlling interests		**85,854**	86,376
		115,810	104,119
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK$0.20**	HK$0.12
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**115,810**	104,119
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**98,081**	17,067
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**213,891**	121,186
Attributable to:		
Ordinary equity holders of the Company	**63,787**	23,173
Non-controlling interests	**150,104**	98,013
	213,891	121,186

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,759**	8,212
Investment properties		**3,311,740**	3,022,022
Investments in jointly-controlled entities		**–**	–
Total non-current assets		**3,319,499**	3,030,234
CURRENT ASSETS			
Properties held for sales		**39,047**	37,393
Trade receivables	8	**39,336**	42,499
Deposits and other receivables		**66,992**	59,107
Pledged deposits		**–**	18,080
Cash and cash equivalents		**19,582**	23,316
Total current assets		**164,957**	180,395
CURRENT LIABILITIES			
Trade payables	9	**(24,941)**	(26,319)
Tax payable		**(36,803)**	(30,956)
Other payables and accruals		**(82,528)**	(77,438)
Interest-bearing bank and other borrowings		**(6,474)**	(22,748)
Total current liabilities		**(150,746)**	(157,461)
NET CURRENT ASSETS		**14,211**	22,934
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,333,710**	3,053,168
NON-CURRENT LIABILITIES			
Loan from a director		**(75,496)**	(72,297)
Due to a director		**(77,904)**	(74,604)
Long term other payables		**(178,476)**	(180,000)
Interest-bearing bank and other borrowings		**(61,677)**	(65,909)
Deferred tax liabilities		**(684,531)**	(618,623)
Total non-current liabilities		**(1,078,084)**	(1,011,433)
Net assets		**2,255,626**	2,041,735
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**15,140**	15,140
Reserves		**690,089**	626,302
		705,229	641,442
Non-controlling interests		**1,550,397**	1,400,293
Total equity		**2,255,626**	2,041,735

Notes:

1.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company and its subsidiaries (altogether the "Group") have adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 Leases – *Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment o*n *Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised) and HKAS 27 (Revised), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised HKAS 27 changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 Statement of *Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of future acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in its financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [4]
HKFRS 9	*Financial Instruments* [6]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [5]
HKAS 24 (Revised)	*Related Party Disclosures* [3]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [3]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [2]

Apart from the above, the HKICPA has issued Improvements to *HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 February 2010
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents gross rental income, after elimination of all significant intra-group transactions less any applicable turnover taxes.

For management purposes, the Group is organised into business units based on their services and two reportable operating segments as follows:

(a) the property investment segment, which invests in properties located in Mainland China for rental income potential; and

(b) the corporate and others segment, which provides management services to group companies.

The management of the Group (the "Management") monitors the results of its operating segments separately for the purpose of making decision about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from operations. The adjusted profit/(loss) before tax from operations is measured consistently with the Group's profit/(loss) before tax from operations except that other income and finance costs are excluded from such measurement. Segment assets exclude cash and cash equivalents and pledged deposits as these assets are managed on a group basis. Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank and other borrowings, a loan from a director and certain long term other payables as these liabilities are managed on a group basis.

	Property investment		Corporate and others		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**32,775**	32,849	**–**	–	**32,775**	32,849
Segment results	**176,469**	184,561	**(8,476)**	(10,069)	**167,993**	174,492
Other income					**626**	642
Finance costs					**(10,515)**	(24,913)
Profit before tax					**158,104**	150,221
Income tax expense					**(42,294)**	(46,102)
Profit for the year					**115,810**	104,119
Segment assets	**3,463,808**	3,167,552	**1,066**	1,681	**3,464,874**	3,169,233
Unallocated assets					**19,582**	41,396
Total assets					**3,484,456**	3,210,629
Segment liabilities	**246,349**	241,459	**33,500**	32,902	**279,849**	274,361
Unallocated liabilities					**948,981**	894,533
Total liabilities					**1,228,830**	1,168,894
Other segment information:						
Capital expenditure	**307**	16	**–**	84	**307**	100
Depreciation	**352**	323	**709**	708	**1,061**	1,031
Impairment of other receivables	**–**	–	**–**	1,247	**–**	1,247

Geographical information

Revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No geographical information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

Information about major customers

Revenues from four (2009: four) customers, each of whom accounted for revenue exceeding 10% of the Group's total revenues, amounted to approximately HK$32,775,000 (2009: HK$32,205,000).

3. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**–**	44
Bank loans wholly repayable over five years	**4,678**	3,103
Finance lease	**44**	84
Convertible bond	**–**	5,851
Loan from a director	**5,758**	5,654
Deferred completion of the remaining tranches in relation to the acquisition of subsidiaries	**–**	10,086
Other loan	**35**	91
	10,515	24,913

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010	2009
	HK$'000	*HK$'000*
Depreciation	**1,061**	1,031
Bank interest income	**(102)**	(36)
Rental income on investment properties, net	**(32,775)**	(32,849)
Changes in fair value of investment properties	**(151,294)**	(161,418)

5. INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Group:		
Current – elsewhere	**4,470**	5,747
Deferred	**37,824**	40,355
Total tax charge for the year	**42,294**	46,102

No provision for Hong Kong profits tax has been made as the Group did not generate any taxable profits in Hong Kong during the year (2009: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates. The subsidiaries established in Mainland China are subject to income taxes at tax rate of 25% (2009: 25%) after the effective date of the Corporate Income Tax Law of the People's Republic of China on 1 January 2008.

6. FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: Nil).

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK$29,956,000 (2009: HK$17,743,000), and the weighted average number of ordinary shares of 151,404,130 (2009: 150,856,185) in issue during the year.

During the year ended 31 December 2010, no adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary share during the year and the share options had no diluting effect.

During the year ended 31 December 2009, no adjustment has been made to the basic earnings per share amounts presented in respect of a dilution as the impact of the convertible bonds had an anti-dilutive effect on the basic earnings per share amounts presented and as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary share during the year and the share options had no diluting effect.

8. TRADE RECEIVABLES

An aged analysis of the trade receivables at the end of the reporting period as follows:

	2010		2009	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**8,872**	**22**	19,648	46
More than 6 months but within 1 year	**3,540**	**9**	–	–
More than 1 year but within 2 years	**3,062**	**8**	–	–
More than 2 years	**23,862**	**61**	22,851	54
	39,336	**100**	42,499	100

The Group generally grants a credit term of 3 months to 12 months to its customers.

The age of the Group's trade receivables is based on the date of recognition of turnover and the due date of instalments as stipulated in the sale contracts.

An amount of HK$23,862,000 (2009: HK$22,851,000) included in the total trade receivables is attributable to properties sold in prior years.

9. TRADE PAYABLES

An aged analysis of the trade payables at the end of the reporting period is as follows:

	2010		2009	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
More than 1 year	**24,941**	**100**	26,319	100

The age of the Group's trade payables is based on the date of the goods received or services rendered.

FINANCIAL REVIEW

The Group recorded a turnover of HK$32,775,000 (2009: HK$32,849,000) for the year ended 31 December 2010. Net profit for the year attributable to ordinary equity holders of the Company was HK$29,956,000 (2009: HK$17,743,000).

The Group generally financed its operations with internally generated cash flows and banking facilities during the year.

Cash and cash equivalents of the Group as at 31 December 2010 amounted to HK$19,582,000 (2009: HK$23,316,000).

As at 31 December 2010, the Group had outstanding borrowings of approximately HK$227,647,000 (2009: HK$244,954,000) comprising interest-bearing bank loans amounted to HK$67,822,000 (2009: HK$87,701,000), certain long term other payables amounted to HK$84,000,000 (2009: HK$84,000,000), finance lease payable amounted to HK$329,000 (2009: HK$956,000) and a loan from a director amounted to HK$75,496,000 (2009: HK$72,297,000). Of the Group's interest-bearing bank loans, 9%, 10%, 41% and 40% respectively were repayable within one year or on demand, in the second year, in the third to fifth years, inclusive, and over five years.

As at 31 December 2010, the secured bank loans of HK$67,822,000 (2009: HK$87,701,000) and the finance lease payables of HK$329,000 (2009: HK$956,000) of the Group bore interest at floating interest rate and fixed interest rate, respectively. The secured bank loan of HK$18,395,000 (2009: HK$20,580,000) and finance lease payables of the Group are denominated in Hong Kong dollars. HK$49,427,000 (2009: HK$67,121,000) of the secured bank loans are denominated in Renminbi ("RMB").

The Group's gearing ratio as at 31 December 2010 was 0.04 (2009: 0.05), calculated based on the Group's interest-bearing bank and other borrowings and loan from a director of HK$143,647,000 (2009: HK$160,954,000) over total assets of HK$3,484,456,000 (2009: HK$3,210,629,000). The Group's gearing was maintained at a relatively low level during the year.

BUSINESS REVIEW

The Group is principally engaged in property investment and development in Mainland China and has two property interests, one in Chongqing (重慶市) and the other in Guangzhou (廣州市).

Guang Yu Square (港渝廣場), a 16-storey plus a basement commercial building, is situated at the most prime commercial area at Chaotianmen (朝天門), Yuzhong District (渝中區), Chongqing (重慶市). Chaotianmen is one of the major clothing wholesale points in Chongqing while Guang Yu Square is the most popular clothing and footwear wholesale centre in the region. The Group has 100% interest in 7 floors of and 60% interest in the basement of Guang Yu Square with a total gross floor area of approximately 26,500 sq.m. and all of them are almost fully let. The Group is contemplating plan for repurchases of two additional floors which were sold to individual occupiers a couple of years ago.

The property interest in Guangzhou (廣州市) is situated at the most prime commercial area in Yuexiu District (越秀區), Guangzhou with a total site area of approximately 22,800 sq.m. It is planned that the development site will be developed into a versatile grade A commercial building complex with wholesale and exhibition hall facilities having a total gross floor area of approximately 234,000 sq.m. and with an objective to be the landmark of the Yuexiu District. The development site is comprised of three contiguous land parcels located at the east of Jiefang Road South (解放南路), to the south of Daxin Road (大新路), to the north of Yede Road (一德路) and to the west of Xieen Road (謝恩里), Yuexiu District and is wholly owned by Guangzhou Zheng Da Real Estate Development Company Limited (廣州市正大房地產開發有限公司) ("Guangzhou Zheng Da") which in turn Zheng Da Real Estate Development Co. Ltd. ("Zheng Da") (a Hong Kong incorporated private company controlled by the Company's largest single shareholder and its associates) has 100% interest.

Guangzhou Zheng Da was set up as a Sino-foreign joint venture by Zheng Da as the foreign partner and a third party as the Sino partner in Guangzhou in December 1993. Since its formation the Sino partner has not provided any capital or management support to Guangzhou Zheng Da to a material extent. Pursuant to the terms of the Enforcement Rules of the Joint Venture Agreement (合作合同實施細則) (the "Enforcement Rules") executed in 1994, the Sino partner agreed to surrender its entire interest in Guangzhou Zheng Da except those benefits specified in the Enforcement Rules and therefore Zheng Da assumed 100% interest in Guangzhou Zheng Da.

The Group acquired a 25% indirect interest in Zheng Da in December 2007 while the remaining 75% interest to be completed by the Group not later than 30 June 2011 at an aggregate consideration of RMB1,361,100,000 (approximately HK$1,546,705,000). Details of the intended acquisition, including terms and conditions, consideration and settlement mechanism, and their amendments thereafter were disclosed in the Company's circular dated 26 November 2007 and the Company's announcements dated 31 March 2009, 29 June 2009, 17 December 2009 and 22 June 2010 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2011).

Pending for re-developing into a commercial complex, the development site is presently comprised of a 2-storey non-permanent commercial podium and a car park for loading and offloading inventory. With a history of over one century for footwear wholesale business in the area surrounding the development site, the commercial podium is the most popular footwear wholesale centre in Guangzhou.

The development project was initially planned to be completed within a period of 15 years but its progress was interrupted by the modifications of municipal planning in the region from time to time in the past years. Pursuant to the terms of the relevant joint venture agreement, the joint venture period of Guangzhou Zheng Da is from 31 December 1993 to 31 December 2008 and can be further extended at the request of either foreign or Sino partner upon maturity. In December 2008, both Guangzhou Zheng Da and its foreign partner, Zheng Da, agreed to extend the joint venture period by 15 years with effect from 1 January 2009 but its Sino partner withheld its consent to such extension. As such, Guangzhou Zheng Da served a writ against its Sino partner at the Yuexiu District People's Court (越秀區人民法院) in late December 2008 demanding for disqualification of the Sino partnership of the subject joint venture. The relevant judgement has been obtained in July 2009 with rulings endorsing the forfeiture of the partnership qualification and legal entitlements of the Sino partner in the joint venture. The Sino partner then filed an appeal petition (the "Appeal") at the Guangzhou Municipal Middle People's Court (廣州市中級人民法院) (the "Guangzhou Court") in August 2009. An hearing was made in October 2009 and no further hearings had been made since then. Both Guangzhou Zheng Da and Zheng Da not yet received a valid judgement in writing issued in accordance with the relevant PRC laws and due judical procedures by the Guangzhou Court. Further details about the recent developments of the Appeal were disclosed in the Company's announcements dated 11 February, 22 April, 22 June and 16 August 2010. Further details about the recent developments of the Appeal are described in the Company's another announcement dated 23 March 2011. Taking into account the latest rulings granted by the Yuexiu District People's Court in July 2009 and the facts and legal grounds substantiated at the first hearing of the Appeal, the Group remains optimistic in obtaining a favourable judgment in the Appeal.

BUSINESS PROSPECTS

Despite the State Council is taking stricter measures to cool down the booming property market in most cities, the Group remains optimistic in the development potential and prospects of the property market in Mainland China in the medium to long term spectrum. The Group also considers that the location spread of its investment property projects in Chongqing, the capital city of the western China, and Guangzhou, the capital city of the southern China, may, to a better extent, diversify the business risks of different economic magnitude of the two regions. As such, the investment properties in Chongqing and Guangzhou generated about 40% and 60% of the Group's total revenue respectively during the year under review.

The Group expects that the investment potential of the Guang Yu Square (港渝廣場) will be furher improved in the medium term, as the Chongqing Municipal Government is prepared to undergo a major urban re-development (城市改造工程) at Chaotinanmen (朝天門) in the coming years so that most old and poorly managed buildings surrounding the Guang Yu Square will be demolished. To couple with this major urban re-development, the Group intends to refurbish the Guang Yu Square to upgrade its facilities and exterior design.

The development project in the Yuexiu District (越秀區), Guangzhou (廣州市) was intended to be completed in 2013 but the construction schedule is deferred pending the outcome of rulings of the Appeal. Meantime, the non-permanent commercial podium at the development site continues to operate as a footwear wholesale centre and to contribute 60% of the Group's total revenue.

As stated in the Company's announcement dated 22 June 2010, the Group and its counter parties executed a supplemental agreement to explore opportunity to arrive any revised terms for the settlement of and the consideration for, and completion timetable in relation to the acquisition of the remaining 75% interest in the Zheng Da project not later than the revised long stop date which was deferred to 30 June 2011. If a revised agreement is concluded, it is anticipated that the acquisition will be financed by debt financing, equity financing, bank borrowings or a combination of the three kinds. If in case the acquisition lapses on 30 June 2011, no party shall be liable to any other. If this happens, the Group will no longer assume an effective control over the Zheng Da group and there will be a major accounting adjustment to the consolidated accounts of the Company for the year ending 31 December 2011 to the effect that the Zheng Da group will be regarded as an associated company with a 25% equity interest but not a 25% owned subsidiary of the Company. Further announcement will be made once a concrete decision is made by the Group.

CODE ON CORPORATE GOVERNANCE PRACTICE

In the opinion of the Directors, the Company complied with the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year, except for the following deviation:

Code Provision A.4.2

The second part of Code A.4.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Pursuant to the bye-laws of the Company, the Managing Director of the Company shall not be subject to retirement by rotation. However, the Managing Director of the Company had voluntarily retired by rotation every three years and offered himself for re-election at the Company's general meetings in the past years. The Directors consider that this practice is in line with the spirit of the Code' practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. Having made specific enquiry to the Directors, the Company confirmed that the Directors had complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

AUDIT COMMITTEE

The Annual Results had been reviewed by the Audit Committee of the Company.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the year ended 31 December 2010 containing all information required by Appendix 16 of the Listing Rules will be sent to the shareholders of the Company as well as released on the web site of the Stock Exchange as soon as possible.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 23 March 2011

As at the date of this announcement, the board of directors of the Company comprises: (i) Mr. Ho Kam Hung as executive director; (ii) Mr. Young Kwok Sui as non-executive director; and (iii) Messrs. Lawrence K. Tam, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai as independent non-executive directors.

* *For identification purposes only*