CHINA HAIDIAN HOLDINGS LIMITED
中國海澱集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of China Haidian Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009 together with the consolidated statement of financial position of the Group as at 31 December 2009, and the notes with comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations:			
Revenue	5	**1,045,714**	865,304
Cost of sales		**(667,569)**	(696,597)
Gross profit		**378,145**	168,707
Other income	6(a)	**23,775**	25,136
Selling and distribution expenses		**(156,575)**	(78,518)
Administrative expenses		**(120,755)**	(99,009)
Gain/(Loss) on fair value changes in financial assets at fair value through profit or loss, net		**42,234**	(36,968)
Net surplus on revaluation of investment properties		**5,102**	9,348
Dividend income from available-for-sale financial assets		**8,238**	73,624
Operating profit		**180,164**	62,320
Financial income	6(b)	**1,909**	1,662
Finance costs	7	**(8,597)**	(8,637)
Share of profit of associates		**1,877**	241
Profit before income tax	8	**175,353**	55,586
Income tax expense	9	**(31,388)**	(16,082)
Profit after income tax from continuing operations		**143,965**	39,504
Discontinued operations:			
Profit for the year from discontinued operations	10.2	**225,651**	251,812
Profit for the year		**369,616**	291,316
Other comprehensive income			
– Exchange gain on translation of financial statements of foreign operations		**11**	2,855
– Changes in fair value of available-for-sale financial assets		**1,027,705**	(512,573)
Other comprehensive income for the year		**1,027,716**	(509,718)
Total comprehensive income for the year		**1,397,332**	(218,402)

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Profit for the year attributable to:			
Owners of the Company		**362,561**	290,213
Minority interests		**7,055**	1,103
		369,616	291,316
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,390,275**	(219,642)
Minority interests		**7,057**	1,240
		1,397,332	(218,402)
Earnings per share attributable to owners of the Company during the year	*12*		
From continuing and discontinued operations			
– Basic		**HK cents 10.24**	HK cents 13.44
– Diluted		**HK cents 9.98**	N/A
From continuing operations			
– Basic		**HK cents 3.87**	HK cents 1.78
– Diluted		**HK cents 3.77**	N/A
From discontinued operations			
– Basic		**HK cents 6.37**	HK cents 11.66
– Diluted		**HK cents 6.21**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**179,803**	159,147
Investment properties		**74,708**	69,606
Prepaid land lease payments		**25,784**	20,742
Goodwill		**621,382**	621,382
Interests in associates		**343,277**	34,582
Available-for-sale financial assets		**1,440,715**	413,010
Prepayments and deposits		**2,406**	84,360
Deferred tax assets		**1,207**	1,207
		2,689,282	1,404,036
Current assets			
Inventories		**264,234**	217,949
Trade and bill receivables	*13*	**152,675**	103,651
Prepaid land lease payments		**602**	444
Prepayments, deposits and other receivables		**34,403**	469,323
Financial assets at fair value through profit or loss		**82,482**	29,059
Cash and cash equivalents		**257,404**	62,340
		791,800	882,766
Non-current assets held for sale		**–**	116,893
		791,800	999,659
Current liabilities			
Trade and bill payables	*14*	**125,263**	86,318
Other payables and accruals		**125,745**	150,469
Dividend payable		**17,600**	–
Tax payables		**130,859**	61,992
Derivative financial instruments		**816**	7,588
Borrowings		**104,715**	147,779
Due to related companies		**–**	256,288
		504,998	710,434
Net current assets		**286,802**	289,225
Total assets less current liabilities		**2,976,084**	1,693,261

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**17,818**	25,614
Net assets		**2,958,266**	1,667,647
EQUITY			
Equity attributable to owners of the Company			
Share capital		**354,268**	354,203
Proposed dividend		**145,250**	88,551
Reserves		**2,442,266**	1,216,946
		2,941,784	1,659,700
Minority interests		**16,482**	7,947
Total equity		**2,958,266**	1,667,647

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL INFORMATION

China Haidian Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in the Cayman Islands. Its registered office address is P.O. Box 309, Ugland House, South Church Street, Grand Cayman, Cayman Islands and its principal place of business is Units 1902-04, Level 19, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the principal activities of the Company and its subsidiaries (together referred to as the "Group") include:

– Manufacture and distribution of watches and timepieces

– Property investment

The principal activities of the Group's jointly-controlled entity are manufacture and distribution of enamelled copper wires. There were no significant changes in the Group's operations during the year. The Group's principal places of the business are in Hong Kong and the People's Republic of China (the "PRC").

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") of which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rule Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The financial statements have been prepared under the historical cost basis, except for investment properties and financial instruments classified as available-for-sale and at fair value through profit or loss, and derivative financial instruments which are stated at fair values. The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("HK$'000") unless otherwise stated.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior years have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses are unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform to the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or the Company's statements of financial position at 1 January 2008 and accordingly this statement is not presented.

HKAS 27 (Amendment) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Group recognised dividends out of pre-acquisition reserves as a recovery of its investment in subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The adoption of this new policy has no impact on the current year results and financial position therefore. The new accounting policy has been applied prospectively as permitted by the amendment and comparatives have not been restated.

HKFRS 7 (Amendment) Improving Disclosures about Financial Instruments

The amendment requires additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating Segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

Annual Improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 28 Investments in Associates has changed the Group's accounting policies on allocation of impairment losses but did not have any impact of the current year results and financial position.

The amendment to HKAS 28 clarifies that an investment in associate accounted for under the equity method is a single asset for the purposes of impairment testing. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. Accordingly, any reversal of such impairment losses in a subsequent period is recognised to the extent that the recoverable amount of the associate has increased.

For the current year, there were no impairment losses recognised and no reversals of impairment losses recognised in prior years on investments in associates. The adoption of this new policy has no impact on the current year results and financial position therefore. The new accounting policy has been applied prospectively as permitted by the amendment and no comparatives figures have been restated.

At date of authorisation of these financial statements, certain new or amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors of the Company anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new or amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new or amended HKFRSs have been issued but are not expected to have a material impact to the Group's financial statements.

HKFRS 3 Business Combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

HKFRS 9 Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in profit or loss except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and Separate Financial Statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interests in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual Improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual years beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

4. SEGMENT INFORMATION

The chief operating decision-maker is identified as executive directors. The executive directors have identified the Group's product and service lines as operating segments as follows:

(a) manufacture and distribution of watches and timepieces;

(b) manufacture and distribution of enamelled copper wires (carried out by the Group's jointly controlled entity); and

(c) property investment.

Since 2007, the Group had significantly scaled down the manufacture and distribution of timber products (the "Discontinued Timber Business") due to the resumption of a land in the PRC. The Discontinued Timber Business has been classified as discontinued operations in the Group's financial statements since 2007. Further details regarding the results of the Discontinued Timber Business are set out in note 10.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

Inter-segment sales are charged at prevailing market prices.

2009

	Watches and timepieces *HK$'000*	Enamelled copper wires *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue and income:				
Sales to external customers	569,114	471,149	5,451	1,045,714
Other income and financial income	8,886	15,964	6	24,856
Total	578,000	487,113	5,457	1,070,570
Segment results	172,699	16,767	6,195	195,661
Unallocated corporate income and expenses, net				1,982
				197,643
Share of profit of associates				1,877
Finance costs				(8,597)
Equity-settled share-based compensation				(15,570)
Profit before income tax				175,353
Income tax expense				(31,388)
Profit for the year from continuing operations				143,965
Profit for the year from discontinued operations *(note 10.2)*				225,651
Profit for the year				369,616
Segment assets	547,023	242,661	76,027	865,711
Goodwill				621,382
Interests in associates				343,277
Available-for-sale financial assets				1,440,715
Financial assets at fair value through profit or loss				82,482
Unallocated corporate assets				127,515
				3,481,082
Segment liabilities	140,995	65,324	14,041	220,360
Borrowings				122,533
Unallocated corporate liabilities				179,923
				522,816
Other segment information				
Interest income	(525)	(405)	–	(930)
Depreciation and amortisation of prepaid land lease payments	5,485	6,631	12	12,128
Net surplus on revaluation of investment properties	–	–	(5,102)	(5,102)
Reversal of write-down of inventories to net realisable value	–	(4,256)	–	(4,256)

2008

	Watches and timepieces *HK$'000*	Enamelled copper wires *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Segment revenue and income:				
Sales to external customers	270,319	589,869	5,116	865,304
Other income and financial income	659	24,965	1	25,625
Total	270,978	614,834	5,117	890,929
Segment results	72,247	464	11,034	83,745
Unallocated corporate income and expenses, net				(18,795)
				64,950
Share of profit of associates				241
Finance costs				(8,637)
Equity-settled share-based compensation				(968)
Profit before income tax				55,586
Income tax expense				(16,082)
Profit for the year from continuing operations				39,504
Profit for the year from discontinued operations *(note 10.2)*				251,812
Profit for the year				291,316
Segment assets	367,490	215,455	70,898	653,843
Goodwill				621,382
Interests in associates				34,582
Available-for-sale financial assets				413,010
Financial assets at fair value through profit or loss				29,059
Unallocated corporate assets				651,819
				2,403,695
Segment liabilities	163,015	43,279	13,308	219,602
Borrowings				144,983
Due to related companies				769
Unallocated corporate liabilities				370,694
				736,048
Other segment information				
Interest income	(406)	(100)	–	(506)
Depreciation and amortisation of prepaid land lease payments	3,164	6,250	12	9,426
Net surplus on revaluation of investment properties	–	–	(9,348)	(9,348)
Write-off of obsolete inventories	745	4,305	–	5,050

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers (including continuing and discounted operations)		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**120**	120	**21,375**	19,875
PRC	**1,052,920**	896,765	**1,225,985**	969,944
Other locations	**–**	377	**–**	–
	1,053,040	897,262	**1,247,360**	989,819

The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the non-current assets is based on the physical location of the asset.

During the year, HK$338,904,000 or 32% (2008: HK$549,256,000 or 61%) of the Group's revenues were derived from a single customer, Citychamp Dartong Company Limited ("Citychamp"), in enamelled copper wires segment. Citychamp is the joint venturer of the Group's jointly controlled entity and a company listed in the Shanghai Stock Exchange in the PRC.

At the reporting date, HK$48,793,000 (2008: HK$43,536,000) of the Group's trade and bill receivables was due from Citychamp.

5. REVENUE

Revenue on continuing operations, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and rental income received and receivable. Revenue recognised during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue on continuing operations		
Sales of goods	**1,040,263**	860,188
Gross rental income	**5,451**	5,116
	1,045,714	865,304

6. OTHER INCOME AND FINANCIAL INCOME

		2009 *HK$'000*	2008 *HK$'000*
(a)	**Other income on continuing operations**		
	Income from sale of scrapped materials	**15,078**	24,526
	Others	**8,697**	610
		23,775	25,136
(b)	**Financial income on continuing operations**		
	Bank interest income	**1,121**	523
	Dividend income from financial assets at fair value through profit or loss	**788**	1,139
		1,909	1,662

7. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Continuing operations		
Interest charged on bank and other loans wholly repayable within five years	**8,597**	8,637

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2009 *HK$'000*	2008 *HK$'000*
Continuing operations		
Cost of inventories recognised as expense	**667,569**	696,597
Including:		
– Write-off of obsolete inventories	**–**	5,050
– Reversal of write-down of inventories to net realisable value *	**(4,256)**	–
– (Gain)/Loss on derivative financial instruments **	**(6,772)**	2,571
Impairment losses on trade receivables (included in administrative expenses)	**259**	80
Depreciation ***	**17,349**	11,145
Amortisation of prepaid land lease payments	**1,652**	242
Net foreign exchange loss	**774**	64
Minimum lease payments under operating leases in respect of land and buildings	**9,261**	13,887
Auditors' remuneration	**1,380**	1,280
Gross rental income	**(5,451)**	(5,116)
Less: direct operating expenses	**1,983**	1,777
Net rental income	**(3,468)**	(3,339)
Loss on disposals of property, plant and equipment	**63**	74

* *During the year, the Group reversed HK$4,256,000 (2008:Nil) of an inventory write down made in 2008. The Group has sold all of the goods to customers at above cost.*

** *During the year, the Group has entered into forward contracts for the purpose of purchases and sales of copper. These forward contracts recorded a gain of HK$6,772,000 (2008: a loss of HK$2,571,000) during the year.*

*** *Depreciation expense of HK$8,136,000 (2008: HK$6,345,000) has been included in cost of sales, HK$655,000 (2008: HK$543,000) in selling and distribution expenses and HK$8,558,000 (2008: HK$4,257,000) in administrative expenses.*

9. INCOME TAX EXPENSE

For the year ended 31 December 2009, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. During the year ended 31 December 2008, no provision for Hong Kong profits tax has been provided in the financial statements as the Group had no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to income taxes at tax rates ranging between 20% and 25% (2008: between 18% and 25%).

Income tax on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2009		2008	
	Continuing operations *HK$'000*	**Discontinued operations** *HK$'000*	Continuing operations *HK$'000*	Discontinued operations *HK$'000*
Current tax for the year				
Hong Kong	**1,365**	**–**	–	–
PRC	**31,346**	**61,787**	15,910	39,221
(Over)/Under-provision in respect of prior years				
PRC	**(1,323)**	**–**	172	–
Total income tax expense	**31,388**	**61,787**	16,082	39,221

10. DISCONTINUED OPERATIONS

10.1 Discontinued Timber Business

In December 2007, Seti Timber Industry (Shenzhen) Co., Limited ("Seti"), a PRC wholly-owned subsidiary of the Group which was principally engaged in manufacture and distribution of timber products, entered into a land resumption agreement with the Shenzhen Municipal Government (the "Land Resumption Agreement"). In 2008, pursuant to the Land Resumption Agreement, the Shenzhen Municipal Government resumed the land in Shenzhen that was leased to Seti (the "PRC Land"). Seti had significantly scaled down its operations in manufacture and distribution of timber products since December 2007 and subsequently ceased its production operations in 2008. Details of this transaction were set out in the Company's circular dated on 24 December 2007.

As the Discontinued Timber Business carried out by Seti represented components of the Group's business, the operations and cash flows of which could be clearly distinguished from the rest of the Group and which represented separate major lines of businesses, the Group presented, in its financial statements, the operations of the Discontinued Timber Business as discontinued operations in accordance with HKFRS 5.

According to the Land Resumption Agreement, the Shenzhen Municipal Government retained 50% of the PRC Land (the "Government Retained Land") and arranged the remaining 50% of the PRC Land (the "Auction PRC Land") for the auction sale at an open auction (the "Open Auction") in 2008. The compensation payable to Seti by the Shenzhen Municipal Government, as a result of the land resumption, was 89.5% of the proceeds of the Auction PRC Land as determined in the Open Auction.

In November 2008, Shenzhen Seti Trading Development Company Limited ("Seti Trading"), a wholly owned subsidiary of the Group, and Suzhou Citychamp Hongye Property Development Company Limited ("Suzhou Citychamp"), a wholly-owned subsidiary of Citychamp, jointly won the bid at the Open Auction to acquire the Auction PRC Land. As described in note 4, Citychamp is the joint venturer of the Group's jointly controlled entity and a company listed in the Shanghai Stock Exchange in the PRC.

On the same date, Shenzhen Municipal Bureau of Land Resources and Housing Management, the Shenzhen Municipal Government, Seti Trading and Suzhou Citychamp entered into a document which confirmed the results of the Open Auction and the Shenzhen Municipal Government, Seti Trading and Suzhou Citychamp entered into a project agreement setting out the terms of the acquisition of the Auction PRC Land (the "Project Agreement").

According to the Project Agreement, the Auction PRC Land was acquired at Renminbi ("RMB")800,000,000 (the "Consideration"). The total compensation to be payable to Seti by the Shenzhen Municipal Government, as a result of the land resumption, was amounted to RMB716,000,000 (being 89.5% of RMB800,000,000). Accordingly, the considerations for the Government Retained Land (50% of the PRC Land) and the Auction PRC Land (50% of the PRC Land) are both RMB358,000,000.

The first instalment of RMB240,000,000 had been already paid by Seti Trading and Suzhou Citychamp to the Shenzhen Municipal Government in 2008. During the year, the remaining portion of the Consideration of RMB560,000,000 was paid by Seti Trading and Suzhou Citychamp to the Shenzhen Municipal Government.

As a result of the success of the Auction PRC Land, Seti Trading and Suzhou Citychamp entered into a joint venture agreement in November 2008 in respect of the establishment of Shenzhen Guanyang Real Estate Co., Limited ("Guanyang Real Estate"), which is 30% and 70% owned by Seti Trading and Suzhou Citychamp respectively. In 2009, legal procedures to establish Guanyang Real Estate were completed and Guanyang Real Estate is regarded as the Group's associate as at 31 December 2009.

During the year, the restoration of the PRC Land was completed and the compensation was fully settled by the Shenzhen Municipal Government. Seti had demolished the buildings on the PRC Land and disposed of the property, plant and equipment of the Discontinued Timber Business on the PRC Land.

As at 31 December 2008 and 2009, in accordance with the HKFRS 5, the property, plant and equipment and prepaid land lease payments were classified as held for sale in the consolidated statement of financial position as their carrying values can be recovered principally through a sale transaction. As there is no plan to deregister Seti when the Open Auction is completed, other assets and liabilities are retained by Seti and their carrying amounts are not classified as held for sale.

10.2 An analysis of the results of the Discontinued Timber Business for the year ended 31 December 2009, with the comparatives for illustrative purpose, is as follows:

	2009 *HK$'000*	2008 *HK$'000*
Revenue	**7,326**	31,958
Cost of sales	**(12,522)**	(35,762)
Gross loss	**(5,196)**	(3,804)
Other income	**2,421**	8,088
Selling and distribution expenses	**(143)**	(277)
Administrative expenses	**(19,792)**	(27,942)
Gain on disposals of non-current assets held for sale	**309,799**	317,227
Operating profit	**287,089**	293,292
Financial income	**585**	20
Finance costs – interest on bank loans wholly repayable within five years	**(236)**	(2,279)
Profit before income tax	**287,438**	291,033
Income tax expense	**(61,787)**	(39,221)
Profit for the year	**225,651**	251,812
Operating cash flows	**51,844**	(8,094)
Investing cash flows	**75,975**	(82,226)
Financing cash flows	**(28,409)**	89,290
Total cash inflows /(outflows)	**99,410**	(1,030)

Employee benefit expense of the discontinued operations for the year of HK$2,979,000 (2008: HK$6,985,000) included wages and salaries of HK$2,609,000 (2008: HK$6,422,000), and pension cost of HK$370,000 (2008: HK$563,000).

Gain on disposals of non-current assets held for sale was analysed as follows:

	2009 *HK$'000*	2008 *HK$'000*
Proceeds from disposals of non-current assets held for sale	**406,818**	406,818
Carrying amounts of non-current assets held for sale	**(85,317)**	(87,481)
Other direct expenses related to the disposal	**(11,702)**	(2,110)
	309,799	317,227

11. DIVIDENDS

11.1 Dividend attributable to the year

	2009	2008
	HK$'000	*HK$'000*
Interim dividend of HK 1.0 cent per share (2008: Nil)	**35,420**	–
Proposed final dividend of HK 4.1 cents per share (2008: HK2.5 cents)	**145,250**	88,551
	180,670	88,551

The final dividend declared after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of retained profits and share premium account for the year ended 31 December 2009.

11.2 Dividend attributable to the previous financial year, approved and paid during the year

	2009	2008
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, of HK2.5 cents per share (2008: Nil)	**88,551**	–

12. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

Earnings

	2009	2008
	HK$'000	*HK$'000*
Profit attributable to the owners of the Company for the purpose of basic and diluted earnings per share:		
Continuing operations	**136,910**	38,401
Discontinued operations	**225,651**	251,812
Total profit from continuing and discontinued operations	**362,561**	290,213

Number of shares

	2009 **Number of shares** ***'000***	2008 Number of shares *'000*
Weighted average number of shares for the purpose of basic earnings per share	**3,542,047**	2,160,200
Effect of dilutive potential shares:		
– share options issued by the Company	**92,142**	–
Weighted average number of shares for the purpose of diluted earnings per share	**3,634,189**	2,160,200

For the year ended 31 December 2008, the share options had no dilutive effect as the average market price of the ordinary shares was below the exercise price of the options. Diluted earnings per share for the year ended 31 December 2008 were not disclosed as no dilutive events existed during that year.

13. TRADE AND BILL RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is required. The credit period is generally for a period of three months (2008: three months) for major customers except for customers of the Group's discontinued operations where settlements were made in accordance with the sales contract entered into between the Group and the customers. Each customer has a maximum credit limit. Trade debtors with balances that are more than three months overdue are required to settle all outstanding balances before any further credit is granted. In view of the aforementioned and the fact that the Group's trade receivables relate to a wide range of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Ageing analysis of trade and bill receivables (including amounts due from the joint venturer of trading in nature) as at the reporting date, based on invoice date, and net of provisions, is as follows:

	2009 ***HK$'000***	2008 *HK$'000*
1 to 3 months	**138,358**	99,779
4 to 6 months	**10,689**	2,998
Over 6 months	**3,628**	874
	152,675	103,651

14. TRADE AND BILL PAYABLES

Ageing analysis of trade and bill payables (including amounts due to related parties of trading in nature) as at the reporting date, based on invoice date, is as follows:

	2009 ***HK$'000***	2008 *HK$'000*
1 to 3 months	**118,609**	83,552
4 to 6 months	**449**	988
Over 6 months	**6,205**	1,778
	125,263	86,318

DIVIDENDS AND CLOSURE OF REGISTER OF MEMBERS

The Board recommended the payment of a final dividend of HK4.1 cents per share for the year ended 31 December 2009, subject to the approval by shareholders at the forthcoming Annual General Meeting (Year ended 31 December 2008: HK2.5 cents).

The register of members of the Company will be closed from 24 May 2010 to 28 May 2010, both days inclusive, during which period no transfer of share will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 20 May 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

For the year ended 31 December 2009, the Group's revenue (continuing and discontinued operations) amounted to HK$1,053,040,000, an increase of HK$155,778,000 over the last year. Gross profit increased by HK$208,046,000 to HK$372,949,000 while net profit attributable to equity holders increased by HK$72,348,000 to HK$362,561,000. Earnings per share was HK10.24 cents in 2009 (2008: HK13.44 cents). Having set apart the financial impact of the discontinued operations for the year of HK$225,651,000 (2008: HK$251,812,000), the Group should have an increase of net profit of HK$98,509,000 from its continuing operations compared with the net profit last year.

(1) Watches and timepieces business

EBOHR Luxuries International Company Limited ("EBOHR"), a wholly-owned subsidiary of the Group, achieved satisfactory result in 2009. Revenue was HK$271,915,000, an increase of HK$47,481,000, or 21%, from HK$224,434,000 of last year. Net profit was HK$62,360,000, an increase of HK$18,583,000 or 42% from HK$43,777,000 last year.

It is EBOHR's plan to establish ten boutique shops selling its proprietary brand watches, such as PAMA, KANA and the Swiss-made watches under EBOHR's designed brand names. Each boutique shop is expected to cost approximately RMB1 million and the total investment would be approximately RMB10 million. As of the end of 2009, two boutique shops were fully in operation. Besides, EBOHR has also commenced sale through internet in Mainland China.

EBOHR has established a 100% owned subsidiary in Switzerland, marketing the Swiss-made watches under EBOHR's designated brand names and the Mainland China-made watches of sophisticated mechanical movement. The distribution outlet in Biel, Switzerland will be in operation in May 2010. At the same time, the Swiss-made watches under EBOHR's designated brand names would also be sold in its local distribution channels.

Zhuhai Rossini Watch Industry Ltd. ("Rossini"), a 91% subsidiary of the Group, also achieved satisfactory result in 2009. Revenue was HK$280,606,000, an increase of HK$234,720,000, or 512%, from HK$45,886,000 last year, contributing net profit of approximately HK$71,170,000 to the Group.

Rossini made significant improvements in the manufacturing, operation, sale and marketing. Among the improvements, Rossini recruited watch designers in the leading schools in Mainland China and watch designers from Hong Kong to develop new product lines to work with its existing well qualified team; these new product lines reflect the current international trends and yet take into account of the unique preference of the local market that Rossini manages to pass both ISO9001 and ISO14001. It is the only watch manufacturer and distributor in Mainland China achieves two recognitions, which shows its significant advancement in operation. Rossini has also added 145 distribution outlets in the first, second and third-tier cities to its comprehensive sale network.

Shenzhen Permanence Commerce Co., Ltd. ("Permanence") is developing strongly. It contributed revenue of HK$16,593,000. As its growth foundation has been firmly developed in 2009, it will be a revenue and profit driver for the Group in 2010.

(2) Enamelled copper wires business

Fuzhou Dartong Mechanic and Electronic Company Ltd. ("Fuzhou Dartong"), a 49% owned joint venture of the Group contributed revenue and net profit after tax of approximately HK$471,149,000 and HK$10,830,000 respectively in 2009. Its revenue decreased by 20% while net profit after tax increased by 239% compared with 2008. During 2009, Fuzhou Dartong developed additional market share in air-conditioner and vehicle generator and developed closer relationship with leading multinational and leading local companies.

Jiangsu Dartong Mechanic and Electronic Company Ltd. ("Jiangsu Dartong"), a 25.58% owned associated company of the Group contributed net profit after tax of approximately HK$1,877,000 in 2009 which increased significantly by 679% compared with 2008.

The efforts to improve the portfolio of customers, to provide the right products and to implement cost control paid off. Both companies managed to establish strategic alliance with multinational and leading local companies; develop new customers in the areas of power generator, automobile and electric tools; develop new products for wind power and new products such as flat enamelled copper wires and enamelled aluminum wires; and increased market share for air-conditioner and vehicle generator. In addition, the production costs and other costs are properly controlled.

(3) Investment in Citychamp Dartong

During the year, the Group received cash dividend of HK$8,238,000 from Citychamp Dartong Company Limited ("Citychamp Dartong"). On 3 March 2010, Citychamp Dartong announced its results under PRC GAAP for the year ended 31 December 2009. The earnings per share for the year was RMB0.43, which represented an increase of 59% as compared with last year. The annual dividends from Citychamp Dartong and the possible gradual divestment of shares of Citychamp Dartong shares upon expiry of the lock-up period on 22 May 2010 will provide sources of funds to the Group for potential watches and timepieces related acquisitions.

(4) Termination of timber plant in Shenzhen

The Group received from the Shenzhen Government the compensation of RMB716 million, being 89.5% of the proceeds from the sale of land. Approximately 50% of the gain from the land auction and resumption was accounted for in 2008 and 2009 respectively. The Group recognized the gain on disposal before tax of HK$317,227,000 in 2008 and HK$309,799,000 in 2009. The profit from discontinued operation for 2009 and 2008 was HK$225,651,000 and HK$251,812,000 respectively.

A joint venture, 70% owned by Citychamp Dartong and 30% owned by the Group, acquired the land and will develop the land into a residential, commercial, office and hotel complex with total gross floor area of 205,693 sqm. The Group's share of registered capital of the joint venture and the consideration of the land is RMB270 million in aggregate and there was no other funding requirement from the Group for the development. In view of the stable land and property market in Shenzhen, the outlook for the real estate development and for the resale value of the land is considered satisfactory.

(5) Property investment

The factory complex in Dongguan, the property on Yan He South Road, Luohu District, Shenzhen, three shop units on Xianghua Road, Zhuhai, in Guangdong Province of the PRC, and one apartment in Hong Kong owned by the Group have been leased out, with stable rental returns to the Group for the year under review.

FINANCIAL POSITION

(1) Liquidity, financial resources and capital structure

As at 31 December 2009, the Group had non-pledged cash and bank balances of approximately HK$257,404,000 (31 December 2008: HK$62,340,000). Based on the bank loans of HK$122,533,000 (31 December 2008: HK$173,393,000) and shareholders' equity of HK$2,941,784,000 (31 December 2008: HK$1,659,700,000), the Group's gearing ratio (being loans divided by Shareholders' equity) was 4% (31 December 2008: 10%).

As at 31 December 2009, the Group's bank loans amounting to HK$104,715,000 (85% of all bank loans) were repayable within one year.

(2) Charge on assets

Banking facilities of the Company were secured by the Group's investment properties in Tai Hang with net book values amounting to approximately HK$15,500,000 as at 31 December 2009.

(3) Capital commitments

As at 31 December 2009, the Group had capital commitments of HK$1,374,000 (31 December 2008: HK$228,229,000).

In October 2009, the Group undertook to take up its rights entitlement in full under the rights issue proposed by Citychamp Dartong (the "Citychamp Rights Issue") at a cash consideration of not more than RMB236,516,373 (equivalent to approximately HK$268,769,000). The Citychamp Rights Issue is subject to approval from the relevant PRC government authorities. As at 31 December 2009 and up to the date of this announcement, the Citychamp Rights Issue has not been completed. Details about the Citychamp Rights Issue are set out in the Company's announcement dated 16 October 2009.

(4) Contingent liabilities

The Group had no material contingent liabilities at the balance sheet date.

OUTLOOK

With a strong Central Government support, a rising income/education level and an improving national transportation network, economic growth and urbanization in Mainland China is expected to accelerate in the next few years. Such development should benefit the watches and timepieces business in Mainland China.

The Group is committed to build a portfolio covering extensive products and markets through various watch related companies. In addition, the Group is also interested in the distribution of luxury products. To this end, the Group intends to achieve the development with organic growth and acquisitions and/or alliances. While there are tremendous initiatives for organic growth of EBOHR, Rossini and Permanence, the Group also intends to grow through acquisitions and/or alliances.

Strong recurring income of EBOHR, Rossini and Permanence will be applied for financing the organic growth. The cashflow from potential divestment of non-core businesses will provide funds for acquisitions in Mainland China and overseas. Our Group is in advanced discussions with watch manufacturing and distribution companies, mechanical watch movement companies, watch distribution companies and watch and jewelry distribution companies in Mainland China. In addition, our Group is actively identifying and evaluating acquisition opportunities in Switzerland.

We believe we would make substantial progress to the ultimate goal of building a comprehensive portfolio of companies specializing in manufacturing watches and mechanical movement and distribution of the proprietary brands and non-proprietary brands in Mainland China and overseas in 2010.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had approximately 1,500 full-time staff in Hong Kong and the PRC. The remuneration packages offered to the employees were determined and reviewed on an arm's length basis with reference to the market condition and individual performance. The Group also provides other benefits to its employees, including year end double pay, medical insurance and retirement benefits, and incentive bonus are offered with reference to the Group's operating results and employees' individual performance. All employees of the Group in Hong Kong have joined the provident fund schemes.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has applied the principles and complied with the code provisions in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2009, except for the deviations from code provisions E.1.2 of the Code as explained in the Company's interim report for the period ended 30 June 2009.

Details of compliance with the Code will be set out in the corporate governance report in the 2009 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2009.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 23 August 2005 in compliance with the Listing Rules, terms of reference of which have been adopted by the Board of the Company are consistent with the requirements of the Code. The Remuneration Committee currently comprises the three Independent Non-executive Directors, Mr. Fung Tze Wa (the Chairman of the Committee), Dr. Kwong Chun Wai, Michael and Mr. Li Qiang, the Chairman of the Board, Mr. Hon Kwok Lung and the Chief Executive Officer, Mr. Shang Jianguang.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three Independent Non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial matters including the review of the audited financial statements for the year ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year under review.

PUBLICATION OF ANNUAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The annual results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's websites at www.irasia.com/listco/hk/chinahaidian and www.chinahaidian.com in due course.

APPRECIATION

The Group's impressive performance in the past period was the result of the dedicated work by the management and its staff. I would like to take this opportunity to express our sincere gratitude to our employees, customers, bankers, professional consultants and shareholders for their support.

By order of the Board
Hon Kwok Lung
Chairman

Hong Kong, 31 March 2010

As at the date of this announcement, the Board comprises Mr. Hon Kwok Lung, Mr. Shang Jianguang, Mr. Shi Tao and Mr. Lam Toi Man as the Executive Directors, Ms. Sit Lai Hei as the Non-executive Director, and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang as the Independent Non-executive Directors.