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 2011

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 2011 (the "Annual Results"), together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
REVENUE	2	**34,200**	32,775
Other income		**9,835**	626
Changes in fair value of investment properties		**91,440**	151,294
Administrative expenses		**(20,067)**	(16,076)
Finance costs	3	**(11,022)**	(10,515)
PROFIT BEFORE TAX	4	**104,386**	158,104
Income tax expense	5	**(13,767)**	(42,294)
PROFIT FOR THE YEAR		**90,619**	115,810
Attributable to:			
Ordinary equity holders of the Company		**32,640**	29,956
Non-controlling interests		**57,979**	85,854
		90,619	115,810
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK$0.22**	HK$0.20
Diluted		**HK$0.22**	HK$0.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**90,619**	115,810
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**99,457**	98,081
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**190,076**	213,891
Attributable to:		
Ordinary equity holders of the Company	**64,905**	63,787
Non-controlling interests	**125,171**	150,104
	190,076	213,891

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,024**	7,759
Investment properties		**3,545,844**	3,311,740
Investments in jointly-controlled entities		**–**	–
Total non-current assets		**3,553,868**	3,319,499
CURRENT ASSETS			
Properties held for sales		**40,702**	39,047
Trade receivables	8	**11,544**	39,336
Deposits and other receivables		**13,794**	66,992
Cash and cash equivalents		**59,148**	19,582
Total current assets		**125,188**	164,957
CURRENT LIABILITIES			
Trade payables	9	**(246)**	(24,941)
Tax payable		**(28,998)**	(36,803)
Other payables and accruals		**(85,191)**	(82,528)
Interest-bearing bank and other borrowings		**(6,915)**	(6,474)
Total current liabilities		**(121,350)**	(150,746)
NET CURRENT ASSETS		**3,838**	14,211
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,557,706**	3,333,710
NON-CURRENT LIABILITIES			
Loan from a director		**(78,695)**	(75,496)
Due to a director		**(115,599)**	(77,904)
Long term other payables		**(122,814)**	(178,476)
Interest-bearing bank and other borrowings		**(57,466)**	(61,677)
Deferred tax liabilities		**(737,430)**	(684,531)
Total non-current liabilities		**(1,112,004)**	(1,078,084)
Net assets		**2,445,702**	2,255,626
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**15,140**	15,140
Reserves		**754,994**	690,089
		770,134	705,229
Non-controlling interests		**1,675,568**	1,550,397
Total equity		**2,445,702**	2,255,626

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 POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's 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*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised) and amendments to HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these HKFRSs are as follows:

(a) HKAS 24 (Revised) Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements:* The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements:* The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

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 these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
HKFRS 9	*Financial Instruments*[6]
HKFRS 10	*Consolidated Financial Statements*[4]
HKFRS 11	*Joint Arrangements*[4]
HKFRS 12	*Disclosure of Interests in Other Entities*[4]
HKFRS 13	*Fair Value Measurement*[4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
HKAS 19 (2011)	*Employee Benefits*[4]
HKAS 27 (2011)	*Separate Financial Statements*[4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

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 and HKFRSs are unlikely to have a significant impact on the Group's results 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 as it is managed on a group basis. Segment liabilities exclude certain other payables, tax payable, deferred tax liabilities, interest-bearing bank and other borrowings and a loan from a director as these liabilities are managed on a group basis.

	Property investment		Corporate and others		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**34,200**	32,775	**–**	–	**34,200**	32,775
Segment results	**114,332**	176,469	**(8,759)**	(8,476)	**105,573**	167,993
Other income					**9,835**	626
Finance costs					**(11,022)**	(10,515)
Profit before tax					**104,386**	158,104
Income tax expense					**(13,767)**	(42,294)
Profit for the year					**90,619**	115,810
Segment assets	**3,618,371**	3,463,808	**1,537**	1,066	**3,619,908**	3,464,874
Unallocated assets					**59,148**	19,582
Total assets					**3,679,056**	3,484,456
Segment liabilities	**246,918**	246,349	**34,932**	33,500	**281,850**	279,849
Unallocated liabilities					**951,504**	948,981
Total liabilities					**1,233,354**	1,228,830
Other segment information:						
Capital expenditure	**–**	307	**886**	–	**886**	307
Depreciation	**396**	352	**523**	709	**919**	1,061
Impairment of other receivables	**1,901**	–	**–**	–	**1,901**	–

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 (2010: four) customers, each of whom accounted for revenue exceeding 10% of the Group's total revenues, amounted to approximately HK$34,200,000 (2010: HK$32,775,000).

3. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable over five years	**4,981**	4,678
Finance lease	**36**	44
Loan from a director	**6,005**	5,758
Other loan	**–**	35
	11,022	10,515

4. PROFIT BEFORE TAX

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

	2011	2010
	HK$'000	*HK$'000*
Depreciation	**919**	1,061
Bank interest income	**(32)**	(102)
Rental income on investment properties, net	**(43,416)**	(32,775)
Changes in fair value of investment properties	**(91,440)**	(151,294)
Write-off of aged liabilities*	**(9,216)**	–

* This item is included in "Other income" on the face of the consolidated income statement.

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Group:		
Current – elsewhere		
Charge for the year	**2,368**	4,470
Overprovision in prior years	**(11,461)**	-
Deferred	**22,860**	37,824
Total tax charge for the year	**13,767**	42,294

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 (2010: 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% (2010: 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 did not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: 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$32,640,000 (2010: HK$29,956,000), and the weighted average number of ordinary shares of 151,404,130 (2010: 151,404,130) in issue during the year.

During the year ended 31 December 2011, the Group had no potentially dilutive ordinary shares in issue.

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.

8. TRADE RECEIVABLES

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

	2011		2010	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**6,004**	**52**	8,872	22
More than 6 months but within 1 year	**3,690**	**32**	3,540	9
More than 1 year but within 2 years	**1,850**	**16**	3,062	8
More than 2 years	**–**	**–**	23,862	61
	11,544	**100**	39,336	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.

During the year ended 31 December 2010, an amount of HK$23,862,000 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:

	2011		2010	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 1 year	**7**	**3**	–	–
More than 1 year	**239**	**97**	24,941	100
	246	**100**	24,941	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$34,200,000 (2010: HK$32,775,000) for the year ended 31 December 2011. Net profit for the year attributable to ordinary equity holders of the Company was HK$32,640,000 (2010: HK$29,956,000).

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 2011 amounted to HK$59,148,000 (2010: HK$19,582,000).

As at 31 December 2011, the Group had outstanding borrowings of approximately HK$185,076,000 (2010: HK$227,647,000) comprising interest-bearing bank loans amounted to HK$63,688,000 (2010: HK$67,822,000), certain other payables amounted to HK$42,000,000 (2010: HK$84,000,000), finance lease payable amounted to HK$693,000 (2010: HK$329,000) and a loan from a director amounted to HK$78,695,000 (2010: HK$75,496,000). Of the Group's interest-bearing bank loans, 11%, 11%, 50% and 28% 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 2011, the secured bank loans of HK$63,688,000 (2010: HK$67,822,000) and the finance lease payables of HK$693,000 (2010: HK$329,000) of the Group bore interest at floating interest rate and fixed interest rate, respectively. The secured bank loan of HK$16,095,000 (2010: HK$18,395,000) and finance lease payables of the Group are denominated in Hong Kong dollars. HK$47,593,000 (2010: HK$49,427,000) of the secured bank loans are denominated in Renminbi ("RMB").

The Group's gearing ratio as at 31 December 2011 was 0.04 (2010: 0.04), calculated based on the Group's interest-bearing bank and other borrowings and loan from a director of HK$143,076,000 (2010: HK$143,647,000) over total assets of HK$3,679,056,000 (2010: HK$3,484,456,000). The Group's gearing was maintained at a relatively low level during the year.

BUSINESS REVIEW

The Company is an investment holding company. Its subsidiaries are principally engaged in property investment and development in Mainland China and have 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 has been 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") 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 2012 at an aggregate consideration of RMB1,361,100,000 (approximately HK$1,674,153,000). 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, 22 June 2010 and 24 June 2011 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2012).

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 regarded as 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 in accordance with the provisions of the articles of Guangzhou Zheng Da 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 judgment has been issued 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 have not yet received a valid judgement in writing issued by the Guangzhou Court in accordance with the relevant PRC laws and due judicial procedures. Further details about the developments of, and events incidental to the Appeal were disclosed in the Company's announcement dated 23 March 2011. Both Guangzhou Zheng Da and Zheng Da are looking forward to receiving a formal and legally valid verdict, notice or directive in relation to the Appeal to be granted by the Guangzhou Court or its higher court in accordance with the relevant PRC laws and due judicial procedures. Taking into account the latest rulings granted by the Yuexiu District People's Court in July 2009, the facts and legal grounds substantiated at the first hearing of the Appeal, and the opinion given by the PRC legal counsels and advisors, the Group remains optimistic in obtaining a favourable judgment in the Appeal.

BUSINESS PROSPECTS

Despite the State Council has been 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 further improved in the medium term, as the Chongqing Municipal Government has been undergoing a major urban re-development (城市改造工程) at Chaotinanmen (朝天門) so that most old and poorly managed buildings surrounding the Guang Yu Square will be demolished in coming years. To couple with this major urban re-development, the Group is prepared 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 2014 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 24 June 2011, 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 2012. 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 2012, no party shall be liable to each 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 2012 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 relevant practice of the Code.

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 2011 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 practicable.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 29 March 2012

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) Mr. Lawrence K. Tam, Ms. Wong Miu Ting, Ivy and Mr. Wong Kui Fai as independent non-executive directors.

* *For identification purposes only*