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 2009

The board of directors (the "Directors") of Zhong Hua International Holdings Limited (the "Company") would like to announce the consolidated results of the Company for the year ended 31 December 2009 (the "Annual Results"), together with the comparative figures, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
REVENUE	2	**32,849**	32,558
Other income		**642**	3,153
Changes in fair value of investment properties		**161,418**	(409,266)
Changes in fair value of the derivative component of a convertible bond		**–**	(30,762)
Administrative expenses		**(18,528)**	(16,257)
Other operating expenses, net		**(1,247)**	(2,538)
Finance costs	3	**(24,913)**	(33,764)
PROFIT/(LOSS) BEFORE TAX	4	**150,221**	(456,876)
Income tax expense/(credit)	5	**(46,102)**	97,249
PROFIT/(LOSS) FOR THE YEAR		**104,119**	(359,627)
Attributable to:			
Ordinary equity holders of the Company		**17,743**	(144,763)
Minority interests		**86,376**	(214,864)
		104,119	(359,627)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK$0.12**	HK$(1.19)
Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2009	2008
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE YEAR	**104,119**	(359,627)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**17,067**	115,353
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR	**121,186**	(244,274)
Attributable to:		
Ordinary equity holders of the Company	**23,173**	(97,189)
Minority interests	**98,013**	(147,085)
	121,186	(244,274)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Note	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**8,212**	9,077
Investment properties		**3,022,022**	2,836,156
Interests in jointly-controlled entities		**–**	–
Pledged deposits		**–**	14
Total non-current assets		**3,030,234**	2,845,247
CURRENT ASSETS			
Properties held for sales		**37,393**	37,062
Trade receivables	8	**42,499**	34,219
Deposits and other receivables		**59,107**	61,075
Pledged deposits		**18,080**	–
Cash and cash equivalents		**23,316**	36,216
Total current assets		**180,395**	168,572
CURRENT LIABILITIES			
Trade payables	9	**(26,319)**	(26,150)
Tax payable		**(30,956)**	(25,009)
Other payables and accruals		**(77,438)**	(79,168)
Convertible bond		**–**	(78,149)
Interest-bearing bank and other borrowings		**(22,748)**	(14,926)
Total current liabilities		**(157,461)**	(223,402)
NET CURRENT ASSETS/(LIABILITIES)		**22,934**	(54,830)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,053,168**	2,790,417
NON-CURRENT LIABILITIES			
Loan from a director		**(72,297)**	(71,658)
Due to a director		**(74,604)**	(85,819)
Long term other payables		**(180,000)**	(105,204)
Interest-bearing bank and other borrowings		**(65,909)**	(48,861)
Deferred tax liabilities		**(618,623)**	(573,326)
Total non-current liabilities		**(1,011,433)**	(884,868)
Net assets		**2,041,735**	1,905,549
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**15,140**	12,640
Reserves		**626,302**	590,629
		641,442	603,269
Minority interests		**1,400,293**	1,302,280
Total equity		**2,041,735**	1,905,549

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 and the derivative financial instruments 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 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 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment *	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers (adopted from 1 July 2009)*
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*, which will be effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective for the year ended 31 December 2009, in these 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 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*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKFRS 9	*Financial Instruments*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Amendments to HKFRS 5 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*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs

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.

Management monitors the results of its operating segments separately for the purpose of making decisions 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 it is managed on a group basis. Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank and other borrowings, loan from a director and certain long term other payables which are managed on a group basis.

	Property investment		Corporate and others		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**32,849**	32,558	**–**	–	**32,849**	32,558
Segment results	**184,561**	(382,201)	**(10,069)**	(44,064)	**174,492**	(426,265)
Other income					**642**	3,153
Finance costs					**(24,913)**	(33,764)
Profit/(loss) before tax					**150,221**	(456,876)
Income tax expense/(credit)					**(46,102)**	97,249
Profit/(loss) for the year					**104,119**	(359,627)
Segment assets	**3,167,552**	2,970,666	**1,681**	6,937	**3,169,233**	2,977,603
Unallocated assets					**41,396**	36,216
Total assets					**3,210,629**	3,013,819
Segment liabilities	**241,459**	273,475	**32,902**	22,866	**274,361**	296,341
Unallocated liabilities					**894,533**	811,929
Total liabilities					**1,168,894**	1,108,270
Other segment information:						
Capital expenditure	**16**	–	**84**	–	**100**	–
Depreciation	**323**	321	**708**	739	**1,031**	1,060
Impairment of trade receivables	**–**	–	**–**	1,418	**–**	1,418
Impairment of other receivables	**–**	–	**1,247**	1,120	**1,247**	1,120

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 segment 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 a major customer

Revenue from four (2008: four) customers with each of whom transactions have exceeded 10% of the Group's total revenue amounted to approximately HK$32,205,000 (2008: HK$31,920,000).

3. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**44**	689
Bank loans wholly repayable over five years	**3,103**	4,386
Finance lease	**84**	120
Convertible bond	**5,851**	5,895
Promissory note	**–**	1,179
Loan from a director	**5,654**	5,604
Deferred completion of the remaining tranches in relation to acquisition of subsidiaries	**10,086**	15,751
Other loan	**91**	140
	24,913	33,764

4. PROFIT/(LOSS) BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Depreciation	**1,031**	1,060
Bank interest income	**(36)**	(1,612)
Rental income on investment properties	**(32,849)**	(32,558)
Changes in fair value of investment properties	**(161,418)**	409,266
Change in fair value of the derivative component of a convertible bond	**–**	30,762

5. INCOME TAX EXPENSE/(CREDIT)

	2009	2008
	HK$'000	*HK$'000*
Group:		
Current – elsewhere	**5,747**	5,068
Deferred	**40,355**	(102,317)
Total tax charge/(credit) for the year	**46,102**	(97,249)

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 (2008: Nil).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof. The subsidiaries established in Mainland China are subject to income taxes at tax rate of 25% (2008: 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 2009 (2008: Nil).

7. EARNINGS/(LOSS) 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$17,743,000 (2008: loss of HK$144,763,000), and the weighted average number of 150,856,185 (2008: 121,240,196) ordinary shares in issue during the year.

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.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2008 in respect of a dilution as the impact of the convertible bonds and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

8. TRADE RECEIVABLES

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

	2009		2008	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**19,648**	**46**	6,720	20
More than 6 months but within 1 year	**–**	**–**	4,850	14
More than 1 year	**22,851**	**54**	22,649	66
	42,499	**100**	34,219	100
Portion classified as current assets	**(42,499)**		(34,219)	
Non-current assets	**–**		–	

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

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

An amount of HK$22,851,000 (2008: HK$22,649,000) included in the total trade receivables are 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:

	2009		2008	
	HK$'000	***Percentage***	*HK$'000*	*Percentage*
Within 6 months	**–**	**–**	98	1
More than 6 months but within 1 year	**–**	**–**	–	–
More than 1 year	**26,319**	**100**	26,052	99
	26,319	**100**	26,150	100

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

FINANCIAL REVIEW

The Group recorded a turnover of HK$32,849,000 (2008: HK$32,558,000) for the year ended 31 December 2009. Net profit for the year attributable to ordinary equity holders of the Company was HK$17,743,000 (2008: net loss of HK$144,763,000).

The Group generally financed its operations with internally generated cash flows, banking facilities and equity financing during the year under review.

Cash and cash equivalents of the Group as at 31 December 2009 amounted to HK$23,316,000 (2008: HK$36,216,000) and pledged deposits of HK$18,080,000 (2008: HK$14,000).

As at 31 December 2009, the Group had outstanding borrowings of approximately HK$244,954,000 (2008: HK$213,594,000) comprising interest-bearing bank loans amounted to HK$87,701,000 (2008: HK$62,244,000), certain long term other payables amounted to HK$84,000,000 (2008: HK$78,149,000), finance lease payable amounted to HK$956,000 (2008: HK$1,543,000) and a loan from a director amounted to HK$72,297,000 (2008: HK$71,658,000). Of the Group's interest-bearing bank loans, 25%, 7%, 30% and 38% 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 2009, the secured bank loans of HK$87,701,000 (2008: HK$53,284,000) and the finance lease payables of HK$956,000 (2008: HK$1,543,000) of the Group bore interest at floating interest rate and fixed interest rate, respectively. The secured bank loan of HK$20,580,000 (2008: HK$22,653,000) and finance lease payables of the Group are denominated in Hong Kong dollars. HK$67,121,000 (2008: HK$30,631,000) of the secured bank loans are denominated in Renminbi ("RMB").

The unsecured bank loan of the Group of HK$8,960,000 as at 31 December 2008 bore interest at a fixed rate and was denominated in RMB.

The Group's gearing ratio as at 31 December 2009 was 0.08 (2008: 0.07), calculated based on the Group's borrowings of HK$244,954,000 (2008: HK$213,594,000) over total assets of HK$3,210,629,000 (2008: HK$3,013,819,000). The Group's gearing was maintained at a relatively low level during the year.

In December 2008, the Company entered into a subscription agreement with an independent subscriber for issue and subscription of 25,000,000 new shares at a subscription price of HK$0.60 per share. In January 2009, the subscription was completed and raised net proceeds of HK$14,800,000 (net of expenses of HK$200,000) which were used as general working capital purposes.

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 2010 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 and 17 December 2009 (primarily refers to the deferment of the long stop date for completion of the acquisition from 31 March 2009 to 30 June 2010).

Pending for re-developing into a commercial complex, the development site is presently comprised of a 2-storey non-permanent commercial podium under the trade name of Metropolitan Shoes City (大都市鞋城) 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 and is almost fully let.

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 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 at the Guangzhou Municipal Middle People's Court (廣州市中級人民法院) (the "Appeal") in August 2009 and the hearing was made in October 2009. Further details about the recent developments of the Appeal are disclosed in the Company's another announcement dated 22 April 2010. Taking into account the latest rulings granted by the Yuexiu District People's Court in July 2009, the Group remains optimistic in obtaining a favourable judgment in the Appeal. Further announcement will be made by the Company if there is any new development about 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 poor 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 under the trade name of Metropolitan Shoes City (大都市鞋城) and to contribute more than 50% of the Group's total revenue.

As stated in the Company's announcement dated 17 December 2009, 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 2010. 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 2010, 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 2010 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be temporarily closed from Monday, 9 August 2010 to Tuesday, 10 August 2010, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance at the Company's annual general meeting to be held at 10:00 a.m. on Tuesday, 10 August 2010, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 6 August 2010.

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 2009 containing all information required by Appendix 16 of the Listing Rules will be published on the web site of the Stock Exchange in due course.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the shares of the Company on the Stock Exchange was suspended with effect from 10:00 a.m. on 14 January 2010 pending the release of a clarification announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company with effect from 9:30 a.m. on 23 April 2010.

By Order of the Board
Ho Kam Hung
Executive Director

Hong Kong, 22 April 2010

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*