Dynamic Global Holdings Limited

環球動力控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 231)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The directors (the "Directors") of Dynamic Global Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:

	Note	**2009** **HK$'000**	2008 HK$'000
Revenue	*4*	**22,568**	66,114
Cost of sales		**(6,355)**	(49,521)
Gross profit		**16,213**	16,593
Other revenue	*4*	**465**	4,042
Negative goodwill on additional interests in a subsidiary		**4,136**	-
Negative goodwill on acquisition of a subsidiary		**-**	96
Fair value changes in investment properties		**28,345**	-
Impairment loss recognised in respect of trade and other receivables		**(25,064)**	-
Impairment loss recognised in respect of property, plant and equipment		**-**	(9,409)
Distribution costs		**(1,443)**	(1,368)
Administrative expenses		**(28,565)**	(30,545)
Finance costs	*5*	**(4,801)**	(4,833)
Loss before tax		**(10,714)**	(25,424)
Income tax expense	*6*	**(7,456)**	(471)
Loss for the year	*7*	**(18,170)**	(25,895)
Loss for the year attributable to:			
Owners of the Company		**(18,357)**	(27,134)
Minority interests		**187**	1,239
		(18,170)	(25,895)
Loss per share			
- Basic and diluted	*8*	**(0.48) cents**	(1.21) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	**2009** **HK$'000**	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipments		**4,075**	4,708
Prepaid lease payments		**5,549**	5,985
Investment properties		**331,066**	302,721
Intangible asset		**48,205**	-
Available-for-sale investments		**-**	-
Interests in associates		**-**	-
Deposits paid for acquisition of a property		**1,000**	-
Deposits paid for acquisition of subsidiaries		**-**	21,351
Long-term other receivable		**-**	5,682
		389,895	340,447
CURRENT ASSETS			
Inventories		**2,727**	3,223
Trade and other receivables	*9*	**6,388**	32,229
Pledged and restricted bank balances		**3,258**	2,931
Bank balances and cash		**64,446**	80,680
		76,819	119,063
CURRENT LIABILITIES			
Trade and other payables	*10*	**68,882**	55,865
Bank borrowing		**8,929**	7,370
Obligations under finance leases		**-**	310
Tax liabilities		**1,216**	1,006
Provisions		**230**	1,783
		79,257	66,334
NET CURRENT(LIABILITIES) ASSETS		**(2,438)**	52,729
TOTAL ASSETS LESS CURRENT LIABILITIES		**387,457**	393,176
CAPITAL AND RESERVES			
Share capital		**196,667**	180,625
Reserves		**50,370**	62,310
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**247,037**	242,935
MINORITY INTERESTS		**5,578**	60,527
TOTAL EQUITY		**252,615**	303,462
NON-CURRENT LIABILITIES			
Bank borrowing		**88,433**	49,745
Obligations under finance leases		**-**	646
Deferred tax liabilities		**46,409**	39,323
		134,842	89,714
		387,457	393,176

Notes:

1. Basis of preparation

a) The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

b) The Group's current liabilities exceeded its current assets by approximately HK$2,438,000 as at 31 December 2009. Nevertheless, the consolidated financial statements of the Group have been prepared by the directors on a going concern basis.

In the opinion of directors, the Group is able to maintain itself as going concern in the coming year by taking into consideration that:

(i) the Group is able to generate positive cash flows from its operations, and

(ii) Zhu Hai Port Plaza Development Company Limited, a subsidiary of the Company's ultimate holding company, has granted a standby facility to the Company with limit up to RMB20,000,000 (approximately HK$22,676,000), which is available for use by the Company up to 3 July 2011.

Accordingly, the directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. Application of new and revised HKFRSs

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK (IFRIC) – Interpretation ("Int") 9 & HKAS 39 (Amendments)	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	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 3) and change in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

In prior years, segment information reported externally was analysed on the basis of business nature including segments of property development, property leasing, investment holding, resort operation and others. However, information report to the chief operating decision maker for the purpose of resource allocation and assessment of performances focuses more specifically on the nature of industries. Therefore, on adoption of HKFRS 8, management has identified the following operating segments: property leasing, property development, right to receive royalty fee and trading of goods, which represents the major operations in the Group engaged.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvement to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional Exemption for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-Settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009, HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

As a result of the adoption of the HKFRS 8, the identification of the Group's reportable segment has changed. In prior years, segment information reported externally was analysed on the basis of business nature including segments of property development, property leasing, investment holding, resort operation and others. However, information report to the chief operating decision maker for the purpose of resource allocation and assessment of performances focuses more specifically on the nature of industries. Therefore, on adoption of HKFRS 8, management has identified the following operating segments: property leasing, property development, right to receive royalty fee and trading of goods, which represents the major operations in the Group engaged. The resort operation segment separately disclosed in prior years are reclassified into the property leasing segment and the investment holding segment in prior year is reclassified as unallocated to consist with the way in which information is reported internally to the chief operating decision maker.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

Property development	Sales of properties in Shanghai
Property leasing	Property leased in Harbin for rental income and resort operation in Nanzhang
Right to receive royalty fee	Royalty fee related to the royalty right leasing in Zhuhai
Trading of goods	Trading of goods in Harbin and Binzhou

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment.

For the year ended 31 December 2009

	Property development	Property leasing	Right to receive royalty fee	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	-	16,518	3,962	2,088	22,568
Segment profit (loss)	(10,983)	41,631	574	(871)	30,351
Unallocated corporate expenses					(36,606)
Unallocated other revenue					342
Finance costs					(4,801)
Loss before tax					(10,714)

For the year ended 31 December 2008

	Property development	Property leasing	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	53,050	10,872	2,192	66,114
Segment (loss) profit	523	(6,248)	412	(5,313)
Unallocated corporate expenses				(15,556)
Unallocated other revenue				278
Finance costs				(4,833)
Loss before tax				(25,424)

Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, impairment loss in respect of other receivables, negative goodwill, bank interest income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2009	2008
Segment assets	**HK$'000**	HK$'000
Property development	**1,586**	13,320
Property leasing	**333,905**	310,110
Right to receive royalty fee	**50,767**	-
Trading of goods	**9,276**	13,459
Total segment assets	**395,534**	336,889
Unallocated corporate assets	**72,180**	122,621
Consolidated assets	**467,714**	459,510
Segment liabilities		
Property development	**28,549**	30,673
Property leasing	**15,441**	14,901
Right to receive royalty fee	**11,937**	-
Trading of goods	**268**	15
Total segment liabilities	**56,195**	45,589
Unallocated corporate liabilities	**157,904**	110,459
Consolidated liabilities	**214,099**	156,048

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segment assets other than other receivables, interests in associates, equipment of head office, pledged and restricted bank balances and bank balances and cash.

- all liabilities are allocated to operating segment liabilities other than bank borrowing, obligations under finance leases, tax liabilities, deferred tax liabilities and other payables.

Geographical information

The Group operates in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong.

The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**22,568**	66,114	**387,800**	311,975
Hong Kong	**-**	-	**2,095**	28,472
	22,568	66,114	**389,895**	340,447

4. REVENUE AND OTHER REVENUE

Revenue represents revenue arising on sales of properties and finished goods, gross rental income from investment properties and royalty income for the year. An analysis of the Group's revenue for the year is as follows:

	2009	2008
	HK$'000	HK$'000
Revenue		
Gross rental income from investment properties (note)	**16,518**	10,872
Sales of properties	**-**	53,050
Royalty income	**3,962**	-
Trading of goods	**2,088**	2,192
	22,568	66,114
Other revenue		
Interest income from banks	**342**	278
Waiver for legal claims	**-**	2,832
Waiver for compensation	**-**	233
Foreign exchange gain	**-**	110
Sundry income	**123**	589
	465	4,042

Note: The direct operating expenses of approximately HK$2,464,000 (2008: HK$1,622,000) was incurred from investment properties that generated rental income during the year.

5. FINANCE COSTS

	2009	2008
	HK$'000	HK$'000
Interest expenses on:		
- bank borrowing and other interest bearing borrowings wholly repayable within five years	**-**	3,768
- bank borrowing and other interest bearing borrowings wholly repayable over five years	**4,694**	1,055
- obligations under finance leases wholly repayable within five years	**107**	10
	4,801	4,833

6. INCOME TAX EXPENSES

	2009	2008
	HK$'000	HK$'000
Current tax		
PRC Enterprise Income Tax		
- Current year	**370**	939
- Over-provision in prior years	**-**	(468)
	370	471
Deferred tax		
- Current year	**7,086**	-
	7,456	471

No provision for Hong Kong profits tax has been made for the year ended 31 December 2009 as the Group does not have any assessable profits subject to Hong Kong Profit Tax for the year (2008:Nil).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is possible that the temporary differences will not be reversed in the foreseeable future.

7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2009	2008
	HK$'000	HK$'000
Staff costs:		
Directors' emoluments	**4,934**	2,470
Other staff cost	**4,520**	5,637
Retirement benefit scheme contributions (excluding directors)	**67**	71
Total staff costs	**9,521**	8,178
Auditor's remuneration	**625**	577
Depreciation for property, plant and equipment	**964**	2,389
Amortisation of prepaid lease payments	**218**	218
Minimum lease payments under operating lease charges	**2,370**	2,048
Loss on disposal of property, plant and equipment	**2**	84
Amortisation of an intangible asset	**2,254**	-
Cost of inventories recognised as an expense	**1,312**	47,899

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2009	2008
	HK$'000	HK$'000
Loss for the year attributable to owners of the Company	**(18,357)**	(27,134)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,837,517,907**	2,236,345,176

Diluted loss per share and the basic loss per share for each of the year ended 31 December 2009 and 2008 were the same as there were no potential ordinary shares outstanding for either year.

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for the share consolidation for the year ended 31 December 2008.

9. TRADE AND OTHER RECEIVABLES

	2009 HK$'000	2008 HK$'000
Trade receivables	**12,041**	9,603
Less: allowance for doubtful debts	**(8,346)**	(278)
	3,695	9,325
Other receivables	**591**	11,140
Prepayment and deposits	**2,102**	11,764
	6,388	32,229

The credit period granted to the Group's trade receivables generally ranges from 30 days to 120 days. The following is an aged analysis of trade receivable net of allowance for doubtful debts presented based on the invoice date at the reporting date.

	2009 HK$'000	2008 HK$'000
Within 3 months	**1,406**	7,202
4 to 6 months	**1,387**	63
Over 6 months	**902**	2,060
Total	**3,695**	9,325

10. TRADE AND OTHER PAYABLES

	2009 HK$'000	2008 HK$'000
Trade payables	**31,124**	34,456
Other payables and accrued charges	**17,961**	16,199
Outstanding consideration for acquisition of intangible asset	**10,000**	-
Refundable deposits received	**4,194**	97
Rental received in advance	**5,603**	5,113
	68,882	55,865

The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period.

	2009 HK$'000	2008 HK$'000
Over 6 months but less than 1 year	**-**	124
Over 1 year but less than 2 years	**-**	5,360
Over 2 years	**31,124**	28,972
	31,124	34,456

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 December 2009 was modified as follows:

"Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements, which indicates that the Group's current liabilities exceeded its current assets by approximately HK$2,438,000 as at 31 December 2009. This condition indicates the existence of material uncertainty in relation to the going concern of the Group as at 31 December 2009. We consider that the fundamental uncertainty has been adequately accounted for and disclosed in the consolidated financial statements and our opinion is not qualified in this respect."

DIVIDENDS

The Directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2009 (2008: Nil).

RESULTS OF THE YEAR

The Group recorded an audited consolidated turnover of HK$22,568,000 (2008: HK$66,114,000), representing a drop of 66%, and net loss of HK$18,170,000 (2008: HK$25,895,000), representing a drop of 30%, respectively, for the year ended 31 December 2009.

BUSINESS REVIEW

During the year under review, the Company's principal activity continued to be investment holding, whilst rental income from investment properties continued to be the main profit contributor to the Group.

The completion of the Company's acquisition of the remaining 30% interests in Harbin Dynamic Global Property Company Limited ("HDGP") during the year enabled the Group to completely control over the business performance of HDGP and enhance its contribution of profit to the Group without deduction of minority interests. The rental income from the Harbin Commercial Building, HDGP's main asset, accounted for 73% of the total turnover of the Group in the year under review and a revaluation gain was recorded from the Harbin Commercial Building.

With the completion of acquisition of Zhuhai City Xiang Quan Hotel Company Limited (珠海市香泉酒店有限公司) in Zhuhai City, Guangdong Province during the year and through the arrangement of granting the hotel operation rights to the contractor of Xiang Quan Hotel, the Group has started receiving royalty fee, which accounted for 17% of the total turnover of the Group in the year under review. 320,837,000 new shares were issued during the year under review as part of the consideration of the Xiang Quan acquisition and the capital base was thus enhanced.

Our wine trading business in mainland China which was started in 2008 did not turn out to be a good attempt and was thus terminated during the year under review.

PROSPECTS AND OUTLOOK

Looking forward, 2010 will be a year of milestone for the Group. Following the passing of a resolution by the shareholders of the Company on 16 April 2010, the Company will formally change its name to "Madex International (Holdings) Limited" and adopt "盛明國際（控股）有限公司" as its secondary name after the necessary registration and filing procedures are finished and will hence have a fresh corporate image. The Group will also move in a self-owned office premises soon. We believe that these positive moves will booster our staff morale and the confidence of our investors and business partners.

It is also our firm belief that the global economic recovery will continue taking advantage of the loose monetary policy and low interest rate environment, and thus we may enjoy a better business environment in 2010 than in 2009.

In the foreseeable future, we will remain focused on our core business of property investment in the mainland China. However, we will keep an eye on potential investment opportunities which can improve our long-term performance.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING AND CAPITAL COMMITMENTS

As at 31 December 2009, the Group's current assets and current liabilities were HK$76,819,000 and HK$79,257,000 respectively. The total secured bank loans amounted to HK$97,362,000.

As at 31 December 2009, main charges on assets of the Group include bank balances of HK$3,258,000 and investment properties of HK$331,066,000.

As at 31 December 2009, capital commitments represented the purchase of office premise amounting to HK$30,757,000.

The Group's gearing ratio as at 31 December 2009 was 46%, which is calculated on the Group's total liabilities divided by its total assets.

FOREIGN EXCHANGE RISK

The Group's operations are principally in mainland China and all assets and liabilities are denominated either in Renminbi or Hong Kong dollars. The Directors considers that the Group does not have any material exposure to fluctuations in exchange. Therefore, no hedging measures have been taken at present.

POST BALANCE SHEET EVENTS

(a) On 23 December 2009, the Group entered into a preliminary sale and purchase agreement to acquire an office premises in Hong Kong at a consideration of HK$31,756,800. The transaction was completed on 26 February 2010 and settled by cash.

(b) On 15 March 2010, the Board proposed to change the Company's name from "Dynamic Global Holdings Limited" to "Madex International (Holdings) Limited" and to adopt the Chinese name "盛明國際(控股)有限公司" as its secondary name. A special resolution was duly passed by the shareholders at a special general meeting held on 16 April 2010.

CONTINGENT LIABILITIES

Subsequent to 31 December 2009, the Group received a legal letter from an independent third party for claims of rights under a past distribution contract. Based on the latest circumstances and legal advice obtained, the directors will prepare defence actions in relation to the claims. In the opinion of directors, the Group had a valid and strong ground for defence and will not suffer material financial losses arising from litigation, if any. Accordingly, no provision for any claim amount and other costs were made as at 31 December 2009 for consolidated financial statement purpose.

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 50 employees, who are remunerated according to nature of the job and market trend, as well as individual qualifications and performance. The Group has participated in the Mandatory Provident Fund Scheme. On the job training is provided to staff from time to time. The Group currently does not have any share option scheme for employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as contained in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE OF CORPORATE GOVENANCE PRACTICE

During the year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the "CGP Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CGP Code as described below:

Under provision A.4.1 of the CGP Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the independent non-executive directors of the Company are appointed for a specific term but all of them would be subject to retirement by rotation in accordance with the Company's Bye-laws. The Board will review this practice from time to time and change this practice when considered necessary. The existing Bye-laws of the Company governing the retirement of Directors deviate from the CGP Code provisions in the following aspects: (i) unlike the other Directors, the Chairman and/or Managing Director is not subject to retirement by rotation; (ii) new Directors appointed to fill casual vacancies are subject to election by shareholders at the first annual general meeting instead of the first general meeting after their appointments; and (iii) the Directors who are subject to retirement by rotation are not explicitly subject to retirement at least once every three years. The Board will review the above-mentioned practice from time to time and amend the Bye-laws of the Company when considered necessary.

By Order of the Board
Zhong Guoxing
Executive Director

Hong Kong, 16 April 2010

As at the date of this announcement, the Board comprises Mr. Zhang Guodong and Mr. Zhong Guoxing as Executive Directors; Ms. Liang Huixin as Non-executive Director; and Dr. Dong Ansheng and Mr. Hung Hing Man as Independent Non-executive Directors.