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Madex International (Holdings) Limited
盛明國際(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 2010

The directors (the "Directors") of Madex International (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2010 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000* (Restated)
Continuing operations			
Revenue	4	**24,814**	22,568
Cost of sales		**(7,205)**	(6,355)
Gross profit		**17,609**	16,213
Other revenue	4	**1,593**	414
Negative goodwill on acquisition of additional interest in a subsidiary		**–**	4,136
Gain on disposal of subsidiaries		**5,643**	–
Fair value changes on investment property		**18,233**	28,345
Impairment loss recognised in respect of trade and other receivables		**(1,592)**	(16,701)
Share of profits of a jointly controlled entity		**843**	–
Distribution costs		**(62)**	(1,385)
Administrative expenses		**(22,154)**	(25,161)
Finance costs	5	**(6,513)**	(4,801)
Profit before tax		**13,600**	1,060
Income tax expenses	6	**(4,558)**	(7,456)
Profit (loss) for the year from continuing operations	8	**9,042**	(6,396)
Discontinued operation			
Profit (loss) for the year from discontinued operation	7	**43,947**	(11,774)
Profit (loss) for the year		**52,989**	(18,170)

	Notes	2010 *HK$'000*	2009 *HK$'000* (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company			
– Profit (loss) for the year from continuing operations		**10,322**	(6,583)
– Profit (loss) for the year from discontinued operation		**43,947**	(11,774)
Profit (loss) for the year attributable to owners of the Company		**54,269**	(18,357)
Non-controlling interests			
– (Loss) profit for the year from continuing operations		**(1,280)**	187
– Profit for the year from discontinued operation		**–**	–
(Loss) profit for the year attributable to non-controlling interests		**(1,280)**	187
		52,989	(18,170)
Earnings (loss) per share	9		
From continuing and discontinued operations			
– Basic and diluted		**1.38 cents**	(0.48) cents
From continuing operations			
– Basic and diluted		**0.26 cents**	(0.17) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
Profit (loss) for the year	**52,989**	(18,170)
Other comprehensive income (expense)		
Exchange differences on translation of foreign operations:		
Exchange differences arising during the year	**13,401**	–
Reclassification adjustments relating to foreign operation disposed of during the year	**(21,675)**	–
Total comprehensive income (expense) for the year	**44,715**	(18,170)
Total comprehensive income (expense) attributable to:		
Owners of the Company	**45,793**	(18,357)
Non-controlling interests	**(1,078)**	187
	44,715	(18,170)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**37,096**	4,075
Prepaid lease payments		**4,572**	5,549
Investment property		**367,811**	331,066
Intangible asset		**46,961**	48,205
Available-for-sale investments		**–**	–
Interest in a jointly controlled entity		**35,843**	–
Deposit paid for acquisition of a property		**–**	1,000
		492,283	389,895
Current assets			
Inventories		**748**	2,727
Trade and other receivables	10	**18,983**	6,388
Pledged bank balances		**3,479**	3,258
Bank balances and cash		**28,467**	64,446
		51,677	76,819
Current liabilities			
Trade and other payables	11	**38,955**	68,882
Bank borrowings		**70,909**	8,929
Tax liabilities		**210**	1,216
Provisions		**–**	230
		110,074	79,257
Net current liabilities		**(58,397)**	(2,438)
Total assets less current liabilities		**433,886**	387,457

	2010	2009
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**196,667**	196,667
Reserves	**96,163**	50,370
Equity attributable to owners of the Company	**292,830**	247,037
Non-controlling interests	**4,500**	5,578
Total equity	**297,330**	252,615
Non-current liabilities		
Bank borrowings	**83,421**	88,433
Deferred tax liabilities	**53,135**	46,409
	136,556	134,842
	433,886	387,457

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
OPERATING ACTIVITIES		
Profit before tax from continuing operations	**13,600**	1,060
Profit (loss) before tax from discontinued operation	**43,947**	(11,774)
Profit (loss) before tax	**57,547**	(10,714)
Adjustments for:		
Depreciation for property, plant and equipment	**2,414**	964
Amortisation of prepaid lease payments	**208**	218
Amortisation of intangible asset	**3,258**	2,254
Gain on disposal of subsidiaries	**(50,532)**	–
Impairment loss recognised in respect of trade and other receivables	**1,592**	25,064
Write-back of trade payables	**(1,172)**	–
Fair value changes on investment property	**(18,233)**	(28,345)
Finance costs	**6,513**	4,801
Interest income	**(284)**	(342)
Loss on disposal of property, plant and equipment	**465**	2
Share of profits of a jointly controlled entity	**(843)**	–
Allowance for obsolete inventories	**253**	–
Negative goodwill on acquisition of additional interest in a subsidiary	**–**	(4,136)
Operating cash flows before movements in working capital	**1,186**	(10,234)
Decrease in inventories	**1,422**	496
(Increase) decrease in trade and other receivables	**(15,977)**	995
(Decrease) increase in trade and other payables	**(508)**	3,017
Decrease in provisions	**–**	(1,553)
Cash used in operations	**(13,877)**	(7,279)
Income tax paid	**–**	(160)
Net cash used in operating activities	**(13,877)**	(7,439)

	2010	2009
	HK$'000	*HK$'000*
		(Restated)
INVESTING ACTIVITIES		
Capital contribution to a jointly controlled entity	**(35,000)**	–
Addition to investment property	**(3,376)**	–
Decrease in long-term other receivable	**–**	5,682
Interest received	**284**	342
Proceeds on disposal of property, plant and equipment	**33**	7
Increase in pledged bank balances	**(221)**	(327)
Purchase of property, plant and equipment	**(34,986)**	(340)
Net cash inflow on disposal of subsidiaries	**2,699**	–
Deposit paid for acquisition of property, plant and equipments	**–**	(1,000)
Cash payment for acquisition of an intangible asset through acquisition of a subsidiary	**–**	(8,000)
Acquisition of additional interest in a subsidiary	**–**	(39,649)
Net cash used in investing activities	**(70,567)**	(43,285)
FINANCING ACTIVITIES		
New bank borrowings raised	**60,444**	100,908
Repayments of bank borrowings	**(7,413)**	(60,661)
Interest paid	**(6,513)**	(4,801)
Repayments of obligations under finance leases	**–**	(956)
Net cash from financing activities	**46,518**	34,490
Net decrease in cash and cash equivalents	**(37,926)**	(16,234)
Cash and cash equivalents at 1 January	**64,446**	80,680
Effect of foreign exchange rate changes	**1,947**	–
Cash and cash equivalents at 31 December	**28,467**	64,446

NOTES:

1. BASIS OF PREPARATION

The Group's current liabilities exceeded its current assets by approximately HK$58,397,000 as at 31 December 2010. 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 a going concern in the coming year by taking into consideration that:

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

(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 RMB50,000,000 (approximately HK$59,172,000), which is available for use by the Company up to 3 July 2012, and

(iii) bank loans with the aggregate carrying amount of approximately HK$49,153,000 that are repayable more than one year after the end of the reporting period per loan agreements, with repayment on demand clause, have been classified as current liabilities as at 31 December 2010 in order to comply with the requirements set out in Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause. Taking into account the Group's financial position, the directors believe that the bank will not exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

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 HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation ("INT") 17	Distributions of Non-cash Assets to Owners
HK – INT 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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.

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ('HK Int 5') clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ('repayment on demand clause') should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. As a result, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of approximately HK$49,153,000 (2009: nil) have been classified as current liabilities as at 31 December 2010. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities that reflects the remaining contractual maturities.

Amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in 2009, as part of the Improvements to HKFRSs clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states that disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such asset (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets, as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the consolidated financial statements.

Disclosures in these consolidated financial statements have been modified to reflect the above clarification.

Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. Instead, the amendment requires the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the leasee.

In accordance with transitional provisions of HKAS 17 Leases, the Group reassessed the classification of land elements of unexpired leases at 1 January 2010 based on information which existed at the inception of these leases. No leasehold land which met finance lease classification have been reclassified from prepaid lease payment to property, plant and equipment retrospectively. As at 31 December 2010, leasehold lands which met finance lease classification have been classified to property, plant and equipment with carrying amount of approximately HK$2,119,000.

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)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosure – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosure[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2012.
7 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting period. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liabilities that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of that effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard will have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKAS 24 Related Party Disclosure (as revised in 2009) modifies the definition of a related party and simplifies disclosure for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group, because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Right Issues address the classification of certain right issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangement that would fall within the scope of the amendment. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

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

3. SEGMENT INFORMATION

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performances focuses more specifically on the nature of industries.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

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

The operation of property development was discontinued in the current year. The segment information reported on the next pages does not include any amounts for the discontinued operation, which are described in more detail in note 7.

Segment revenues and results

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

For the year ended 31 December 2010

	Property leasing *HK$'000*	**Right to receive royalty fee** *HK$'000*	**Trading of goods** *HK$'000*	**Total** *HK$'000*
Revenue	**16,392**	**5,747**	**2,675**	**24,814**
Segment profit (loss)	**29,689**	**(311)**	**(1,070)**	**28,308**
Unallocated corporate expenses				**(14,965)**
Unallocated other revenue				**284**
Gain on disposal of subsidiaries				**5,643**
Share of profits of a jointly controlled entity				**843**
Finance costs				**(6,513)**
Profit before tax from continuing operations				**13,600**

For the year ended 31 December 2009

	Property leasing *HK$'000*	**Right to receive royalty fee** *HK$'000*	**Trading of goods** *HK$'000*	**Total** *HK$'000*
Revenue	16,518	3,962	2,088	22,568
Segment profit (loss)	41,631	574	(871)	41,334
Unallocated corporate expenses				(35,815)
Unallocated other revenue				342
Finance costs				(4,801)
Profit before tax from continuing operations				1,060

The accounting policies of the reportable segments are the same as the Group's accounting policy. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, directors' emoluments, share of profits of a jointly controlled entity, gain on disposal of subsidiaries, impairment loss recognised 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:

Segment assets	**2010**	2009
	HK$'000	*HK$'000*
Property leasing	**369,151**	333,905
Right to receive royalty fee	**53,542**	50,767
Trading of goods	**7,419**	9,276
Total segment assets	**430,112**	393,948
Assets relating to property development (now discontinued)	**–**	1,586
Unallocated corporate assets	**113,848**	71,180
Consolidated assets	**543,960**	466,714

Segment liabilities	**2010**	2009
	HK$'000	*HK$'000*
Property leasing	**13,592**	15,441
Right to receive royalty fee	**11,965**	11,937
Trading of goods	**268**	268
Total segment liabilities	**25,825**	27,646
Liabilities relating to property development (now discontinued)	**–**	28,549
Unallocated corporate liabilities	**220,805**	157,904
Consolidated liabilities	**246,630**	214,099

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

– all assets are allocated to reportable segment assets other than other receivables, interest in a jointly controlled entity, equipment of head office, pledged bank balances and bank balances and cash.

– all liabilities are allocated to reportable segment liabilities other than bank borrowings, tax liabilities, deferred tax liabilities and other payables

4. REVENUE AND OTHER REVENUE

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

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Revenue		
Gross rental income from investment property *(note)*	**16,392**	16,518
Royalty income	**5,747**	3,962
Trading of goods	**2,675**	2,088
	24,814	22,568
Other revenue		
Interest income from banks	**284**	340
Write-back of trade payables	**1,172**	–
Sundry income	**137**	74
	1,593	414

Note: The direct operating expenses of approximately HK$2,269,000 (2009: HK$2,464,000) was incurred from investment property that generated rental income during the year.

5. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Interest expenses on:		
– bank borrowings and other interest bearing borrowings wholly repayable within five years	**524**	–
– bank borrowings and other interest bearing borrowings wholly repayable over five years	**5,989**	4,694
– obligations under finance leases wholly repayable within five years	**–**	107
	6,513	4,801

6. INCOME TAX EXPENSES

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current tax		
PRC Enterprise Income Tax		
– Current year	**–**	370
	–	370
Deferred tax		
– Current year	**4,558**	7,086
	4,558	7,456

No provision for Hong Kong profits tax has been made for the year ended 31 December 2010 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the year (2009: 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 Enterprise Income Tax ("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 amounting to HK$15,128,000 (2009: HK$8,368,000) 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 reverse in the foreseeable future.

The tax charge for the years can be reconciled to the profit before tax per the consolidated income statement as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit before tax from continuing operations	**13,600**	1,060
Tax at the domestic income tax rate of 25% (2009: 25%)	**3,400**	265
Tax effect of share of profits of jointly controlled entity	**(211)**	–
Tax effect of expenses not deductible for tax purpose	**3,619**	6,657
Tax effect of income not taxable for tax purpose	**(3,061)**	(1,150)
Tax effect of unused tax losses not recognised	**811**	1,684
Tax charge for the year relating to continuing operations	**4,558**	7,456

The Group has tax losses arising in Hong Kong and the PRC of approximately HK$125,541,000 (2009: HK$125,541,000) and HK$3,831,000 (2009: HK$45,629,000) respectively. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The tax losses arising in the PRC are available for offsetting against future five years taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such unused tax losses due to the unpredictability of future profits streams.

7. DISCONTINUED OPERATION

On 12 August 2010, Dynamic Global Development Limited, a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement to dispose of Fairyoung (Shanghai) Properties Limited ("Fairyoung (Shanghai)"), which carried out all of the Group's property development operations (the "Disposal"), to an independent third party. Since Fairyoung (Shanghai) has been inactive since late 2008, it is unable to generate any revenue or income to the Group. The Directors consider that the Disposal represents a good opportunity for the Group to realise Fairyoung (Shanghai) and to strengthen the financial position of the Group.

The comparative profit (loss) and cash flows from discontinued operation have been re-presented to include the operation classified as discontinued in the current year.

The Disposal was completed on 30 September 2010.

The results of the property development operations for the period from 1 January 2010 to 30 September 2010, which have been included in the consolidated income statement, were as follows:

	Period ended 30 September 2010 *HK$'000*	Year ended 31 December 2009 *HK$'000*
Profit (loss) for the year from discontinued operation		
Other revenue	–	51
Expenses	**(942)**	(11,825)
Loss before tax	**(942)**	(11,774)
Attributable income tax expense	–	–
	(942)	(11,774)
Gain on the Disposal	**44,889**	–
	44,889	–
Profit (loss) for the year from the discontinued operation	**43,947**	(11,774)

	Period ended 30 September 2010	Year ended 31 December 2009
	HK$'000	*HK$'000*
Profit (Loss) for the year from discontinued operation include the following:		
Staff cost:		
Other staff cost	**211**	1,034
Depreciation for property, plant and equipment	**21**	410
Loss on disposal of property, plant and equipment	**–**	1
Impairment loss recognised in respect of trade and other receivables	**–**	8,363

No tax charge or credit arose on gain on discontinuance of the operation.

Cash flows from discontinued operation:

Net cash flows from operating activities	**697**	(590)
Net cash inflows (outflows)	**697**	(590)

8. PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

Profit (loss) for the year has been arrived at after charging:

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Staff costs:		
Directors' emoluments	**2,258**	4,934
Other staff cost	**2,538**	3,486
Retirement benefit scheme contributions (excluding directors)	**51**	67
Total staff costs	**4,847**	8,487
Amortisation of an intangible asset (included in cost of sales)	**3,258**	2,254
Amortisation of prepaid lease payments	**208**	218
Depreciation for property, plant and equipment	**2,393**	924
Total depreciation and amortisation	**5,859**	3,396
Auditors' remuneration	**600**	625
Minimum lease payments under operating lease charges	**876**	2,370
Loss on disposal of property, plant and equipment	**465**	1
Allowance for obsolete inventories	**253**	–
Cost of inventories recognised as an expense	**1,229**	1,312

9. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

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

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company	**54,269**	(18,357)

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**3,933,329,504**	3,837,517,907

Diluted earnings (loss) per share and basic earnings (loss) per share for each of the year ended 31 December 2010 and 2009 were the same as there were no potential ordinary shares outstanding for both years.

From continuing operations

The calculation of the basic and diluted earnings (loss) per share from continuing operations attributable to the owners of the Company is based on the following data:

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss) figures are calculated as follows:		
Profit (loss) for the year attributable to owners of the Company	**54,269**	(18,357)
Less:		
(Profit) loss for the year from discontinued operation	**(43,947)**	11,774
	10,322	(6,583)

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Basic and diluted earnings per share for the discontinued operation is HK1.12 cents per share (2009: basic and diluted loss of HK0.31 cents per share) based on the profit for the year from the discontinued operation of approximately HK$43,947,000 (2009: loss for the year from the discontinued operation of approximately HK$11,774,000) and the denominators detailed above for both basic and diluted earnings (loss) per share.

10. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**6,496**	12,041
Less: allowance for doubtful debts	**(428)**	(7,541)
	6,068	4,500
Other receivables	**8,747**	591
Prepayment and deposits	**4,168**	1,297
	18,983	6,388

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

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**1,463**	1,406
4 to 6 months	**1,463**	2,192
Over 6 months	**3,142**	902
Total	**6,068**	4,500

11. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**–**	24,842
Other payables and accrued charges	**18,284**	24,243
Outstanding consideration for acquisition of an intangible asset through acquisition of a subsidiary	**10,000**	10,000
Refundable deposits received	**4,379**	4,194
Rental received in advance	**6,292**	5,603
	38,955	68,882

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

	2010	2009
	HK$'000	*HK$'000*
Over 6 months but less than 1 year	**–**	–
Over 1 year but less than 2 years	**–**	–
Over 2 years	**–**	24,842
	–	24,842

The average credit period on purchases of goods is up to 90 days. As at 31 December 2010, there were no retention monies held by the Group for contract work (2009: approximately HK$24,842,000) included in trade payables.

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 December 2010 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$58,397,000 as at 31 December 2010. This condition indicates the existence of a material uncertainty which may cast doubt about the Group's ability to continue as going concern."

DIVIDENDS

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

RESULTS

For the year ended 31 December 2010, the Group recorded an audited consolidated turnover of approximately HK$24,814,000, representing an increase of approximately HK$10% as compared to the year ended 31 December 2009, and net profit of approximately HK$52,989,000 (as compared to a net loss of approximately HK$18,170,000 for the year ended 31 December 2009). The increase in net profit was mainly attributable to a gain of disposal of certain subsidiaries of the Company in the sum of approximately HK$50,532,000 recognised in the year ended 31 December 2010.

BUSINESS REVIEW

The year 2010 was 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 formally changed its name to "Madex International (Holdings) Limited" and adopt "盛明國際（控股）有限公司" as its secondary name, projecting a fresh corporate image for the Group. During the year, the Group has also moved in its Hong Kong Head Office, a self-owned office premises which was purchased in late 2009 at a relatively low price. All these positive moves have boosted our staff morale and the confidence of our investors and business partners.

During the year under review, the Company's principal activity continued to be investment holding. The Group's main asset, the Harbin Commercial Building, remained as our steady revenue generator, the rental income of which accounted for approximately 66% of the Group's total turnover during the year. The Group's another income source was the royalty fee of RMB5 million in connection with Zhuhai City Xiang Quan Hotel Company Limited (珠海市香泉酒店有限公司), which accounted for approximately 23% of the Group's total turnover during the year.

During the year, the Group endeavoured to streamline its operations by disposing of some under-performing assets. In August 2010, the Group sold the entire issued share of Fairyoung (Shanghai) Properties Limited (惠揚(上海)置業有限公司), a wholly-owned subsidiary of the Company which had became inactive after the completion of its property development project in Pudong, Shanghai, PRC. In November 2010, the Group sold the entire equity interests of Nanzhang Shuijinghu Resort Hotel, which had failed to generate any income for the Group in the past few years and its ongoing maintenance would not justify the costs in the view of the management.

On the other hand, in a bid to increasing its market sharing in the property development and management sector of the PRC, the Group formed a joint venture by entering into a joint venture agreement with an independent third party in July 2010, with a view to participating in the market of property management services in the PRC. No revenue has yet been recorded from the establishment.

PROSPECTS AND OUTLOOK

Guarding against possible economic overheat, China is beginning to remove government stimulus and loose monetary policies but instead adopting modest tightening measures, aiming to achieve sustainable growth that meets the long-term interests of the nation and the economy. It is our firm belief that this prudent approach will help China achieve a sustainable and balanced growth in the long run. The property market in China will enjoy healthy development.

While we are optimistic in the overall property market in China, we are particularly confident in the tremendous potential in the western region of China, which has witnessed a higher economic growth rate than the central and eastern regions in the recent years. The Group is now undergoing a very substantial acquisition of a mall in Chongqing, Sichuan Province, a hub of the vast western region. The acquisition, if successful, will greatly enhance our investment portfolio and bring in long term rental income and asset appreciation potential.

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

As at 31 December 2010, the Group's current assets and current liabilities were HK$51,677,000 and HK$110,074,000 respectively. The total secured bank loans amounted to HK$154,330,000.

As at 31 December 2010, main charges on assets of the Group included bank balances of HK$3,479,000, investment properties with fair value of HK$367,811,000 and property, plant and equipment with carrying amount of approximately HK$31,903,000.

As at 31 December 2010, the Group had no significant capital commitments.

The Group's gearing ratio as at 31 December 2010 was 45%, which is calculated on the Group's total liabilities divided by its total assets.

FOREIGN EXCHANGE RISK

The Group's operations are principally in the PRC and all assets and liabilities were 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.

CONTINGENT LIABILITIES

During the year, the Group has received a legal letter from an independent third party in respect of dispute arising from a past exclusive distributorship agreement. Alleged losses of RMB12,000,000 were claimed to have been suffered by the independent third party. Based on the latest circumstances and legal advice obtained, the directors will prepare defence actions in relation to the claims.

The directors considered that the Group had a valid and strong ground for defence as the independent third party has no right to enter into any exclusive distributorship agreement. As a result, the possibility of the Group to lose the case is remote and the Group is not expected to suffer material financial losses arising from such litigation, if any. Accordingly, no provision for any claim amount and other costs were made as at 31 December 2009 and 2010 in the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

On 27 February 2011, Quick Silver Global Enterprises Limited ("Quick Silver"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement (the "Acquisition Agreement"), with Mr. Liang Wenguan ("Mr. Liang"), a controlling shareholder holding directly and indirectly in aggregate approximaely 46.14% of the issued shares of the Company as at 11 March 2011 and Profit China Investments Development Limited ("Profit China"), a company beneficially wholly-owned by Mr. Liang. Pursuant to the Acquisition Agreement, Quick Silver conditionally agreed to acquire the entire equity interest in Glory Point Investments Limited ("Glory Point") and Da Hong Investments Limited ("Da Hong") and the entire amount of loan owing from any member(s) of Glory Point, Da Hong and their subsidiaries (the "Target Group") to Profit China as at the date of Acquisition Agreement at the consideration of approximately HK$1,213,551,000.

The principal assets of the Target Group are the properties situated in Chongqing, the PRC, comprising properties for commercial uses, management offices and car parks.

The consideration of approximately HK$1,213,551,000 is to be satisfied by Quick Silver in the following manner:

(a) as to approximately HK$481,140,000 by way of issue of the consideration shares of the Company to Profit China upon the date of completion; and

(b) as to approximately HK$732,411,000 by way of full conversion of three convertible notes at the initial conversion price of HK$0.128 per conversion share with a total of approximately 5,721,961,000 conversion shares to be issued.

Details are set out in the announcement of the Company dated 11 March 2011.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of approximately 50 employees, who were 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 was provided to its staff from time to time. The Group did not have any share option scheme for its 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 GOVERNANCE 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 of
Madex International (Holdings) Limited
Zhong Guoxing
CEO & Executive Director

Hong Kong, 25 March 2011

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