Madex International (Holdings) Limited
盛明國際(控股)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00231)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	**2011 HK$'000**	2010 HK$'000
Continuing operations			
Revenue	*4*	**27,310**	24,814
Cost of sales		**(7,031)**	(7,205)
Gross profit		**20,279**	17,609
Other revenue	*4*	**468**	1,593
Distribution costs		**(3)**	(62)
Administrative expenses		**(37,469)**	(22,154)
Finance costs	*5*	**(25,401)**	(6,513)
Gain on disposal of subsidiaries		**-**	5,643
Fair value change in investment properties		**155,158**	18,233
Fair value change on derivative financial assets		**(107,767)**	-
Fair value change on derivative financial liabilities		**70,341**	-
Fair value change on contingent consideration		**7,419**	-
Written back of impairment loss in respect of other receivables		**1,309**	-
Impairment loss recognised in respect of trade and other receivables		**(16)**	(1,592)
Share of profits of a jointly controlled entity		**4,375**	843
Profit before tax		**88,693**	13,600
Income tax expenses	*6*	**(38,789)**	(4,558)
Profit for the year from continuing operations	*8*	**49,904**	9,042
Discontinued operation			
Profit for the year from discontinued operation	*7*	**-**	43,947
Profit for the year		**49,904**	52,989

	Note	**2011**	2010
		HK$'000	HK$'000
Profit for the year attributable to owners of the Company:			
- from continuing operations		49,824	10,322
- from discontinued operation		-	43,947
Profit for the year attributable to owners of the Company		49,824	54,269
Profit (loss) for the year attributable to non-controlling interests			
- from continuing operations		80	(1,280)
- from discontinued operation		-	-
Profit (loss) for the year attributable to non-controlling interests		80	(1,280)
		49,904	52,989
Earnings per share	*9*		
From continuing and discontinued operations			
- Basic and diluted		0.82 cents	1.38 cents
From continuing operations			
- Basic and diluted		0.82 cents	0.26 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

	2011 **HK$'000**	2010 HK$'000
Profit for the year	49,904	52,989
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations:		
Exchange differences arising during the year	48,614	13,401
Reclassification adjustments for the cumulative exchange difference included in profit or loss upon disposal of foreign operations	-	(21,675)
Other comprehensive income (expense) for the year	48,614	(8,274)
Total comprehensive income for the year	98,518	44,715
Total comprehensive income attributable to:		
Owners of the Company	98,279	45,793
Non-controlling interests	239	(1,078)
	98,518	44,715

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,345**	37,096
Prepaid lease payments		**4,632**	4,572
Investment properties		**2,898,148**	367,811
Intangible asset		**45,491**	46,961
Available-for-sale investments		**-**	-
Interest in a jointly controlled entity		**40,218**	35,843
		3,023,834	492,283
CURRENT ASSETS			
Inventories		**598**	748
Trade and other receivables	*10*	**18,937**	18,983
Pledged bank balances		**4,031**	3,479
Derivative financial assets		**57,660**	-
Bank balances and cash		**11,646**	28,467
		92,872	51,677
CURRENT LIABILITIES			
Other payables	*11*	**193,488**	38,955
Borrowings		**96,161**	70,909
Tax liabilities		**210**	210
Amount due to a related party		**1,856**	-
Amount due to a shareholder		**34,031**	-
Amount due to a jointly controlled entity		**5,274**	-
Derivative financial liabilities		**282,904**	-
Provisions		**-**	-
		613,924	110,074
NET CURRENT LIABILITIES		**(521,052)**	(58,397)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,502,782**	433,886
CAPITAL AND RESERVES			
Share capital		**415,366**	196,667
Reserves		**697,452**	96,163
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**1,112,818**	292,830
NON-CONTROLLING INTERESTS		**4,739**	4,500
TOTAL EQUITY		**1,117,557**	297,330
NON-CURRENT LIABILITIES			
Borrowings		**451,330**	83,421
Deferred tax liabilities		**440,577**	53,135
Convertible notes		**280,912**	-
Provision for contingent consideration		**212,406**	-
		1,385,225	136,556
		2,502,782	433,886

Notes:

1. Basis of preparation

The Group's current liabilities exceeded its current assets by approximately HK$521,052,000 as at 31 December 2011. Nevertheless, the consolidated financial statements of the Group have been prepared by the directors of the Company on a going concern basis.

In the opinion of directors of the Company, 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) a standby loan facility of RMB165,000,000 (approximately HK$203,277,000) has been granted to the Group from 27 March 2012 to 26 March 2013 per a loan confirmation letter signed on 27 March 2012. The terms of the loan including interests charged, securities/guarantee provided, loan period and repayment terms are negotiable upon the withdrawal of loans.

(iii) bank loans with the aggregate carrying amount of approximately HK$17,953,000 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 2011 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 of the Company believe that the bank will not exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

(iv) as at 31 December 2011, included in the current liabilities of the Group was derivative financial liabilities of approximately HK$282,904,000 which represented an option to ensure the holders to subscribe for convertible notes to be issued with a maturity date of 5 years upon issuance of the convertible notes on 7 July 2011. Such derivative financial liabilities shall not have any cash outflow impact on the Group.

Accordingly, the directors of the Company 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 HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC)–Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC)–Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

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

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

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- 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 periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the 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 liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge on 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 presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC)-Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Cont'd)**

HKFRS 13 Fair Value Measurement (Cont'd)

The directors of the Company anticipate that HKFRS 13 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 may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

Property leasing	Property leased for rental income
Right to receive royalty fee	Royalty fee related to the royalty right leasing
Trading of goods	Trading of goods

The operation of property development was discontinued in last 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 2011

Continuing operations

	Property leasing	Right to receive royalty fee	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	20,364	6,627	319	27,310
Segment profit/(loss)	162,284	(1,450)	(145)	160,689
Unallocated corporate expenses				(51,175)
Unallocated other revenue				205
Share of profits of a jointly controlled entity				4,375
Finance costs				(25,401)
Profit before tax from continuing operations				88,693

3. SEGMENT INFORMATION (Cont'd)

For the year ended 31 December 2010

Continuing operations

	Property leasing	Right to receive royalty fee	Trading of goods	Total
	HK$'000	HK$'000	HK$'000	HK$'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

The accounting policies of the operating segments are the same as the Group's accounting policies. 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, 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:

	2011	2010
Segment assets	**HK$'000**	HK$'000
Continuing operations		
Property leasing	**2,900,411**	369,151
Right to receive royalty fee	**52,946**	53,542
Trading of goods	**7,727**	7,419
Total segment assets	**2,961,084**	430,112
Unallocated corporate assets	**155,622**	113,848
Consolidated assets	**3,116,706**	543,960
Segment liabilities		
Continuing operations		
Property leasing	**196,947**	13,592
Right to receive royalty fee	**12,124**	11,965
Trading of goods	**290**	268
Total segment liabilities	**209,361**	25,825
Unallocated corporate liabilities	**1,789,788**	220,805
Consolidated liabilities	**1,999,149**	246,630

3. **SEGMENT INFORMATION (Cont'd)**

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

- all assets are allocated to operating segment assets other than certain other receivables, interest in a jointly controlled entity, equipment of head office, pledged bank balances, bank balances and cash, derivative financial assets and deferred tax assets.

- all liabilities are allocated to operating segment liabilities other than bank borrowings, tax liabilities, deferred tax liabilities, certain other payables, derivative financial instrument, convertible notes and provision for contingent consideration.

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 from continuing operation for the year is as follows:

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Revenue		
Gross rental income from investment properties (note)	**20,364**	16,392
Royalty income	**6,627**	5,747
Trading of goods	**319**	2,675
	27,310	24,814

	2011	2010
Continuing operations		
Interest income from banks	**205**	284
Write-back of other payables	**-**	1,172
Sundry income	**263**	137
	468	1,593

Note: The direct operating expenses of approximately HK$2,468,000 (2010: HK$2,269,000) was incurred from investment property that generated rental income during the year.

5. **FINANCE COSTS**

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Interests on:		
- bank borrowings and other interest bearing borrowings wholly repayable within five years	**1,290**	524
- bank borrowings and other interest bearing borrowings wholly repayable over five years	**7,113**	5,989
- effective interest expenses on convertible notes	**16,998**	-
Borrowing costs incurred in connection with bank borrowings for investment properties under redevelopment	**34,976**	-
Total borrowing costs	**60,377**	6,513
Less: amounts capitalised	**(34,976)**	-
	25,401	6,513

6. INCOME TAX EXPENSES

	2011 **HK$'000**	2010 HK$'000
Continuing operations		
Current tax		
PRC Enterprise Income Tax		
- Current year	-	-
	-	-
Deferred tax		
- Current year	**38,789**	4,558
	38,789	4,558

No provision for Hong Kong Profits Tax has been made as the Group does not have any assessable profits subject to Hong Kong Profits Tax for both years.

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 approximately HK$19,396,000 (2010: HK$15,128,000) 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:

	2011 **HK$'000**	2010 HK$'000
Profit before tax from continuing operations	**88,693**	13,600
Tax at the domestic income tax rate of 25% (2010: 25%)	**22,173**	3,400
Tax effect of share of profits of a jointly controlled entity	**(1,094)**	(211)
Tax effect of expenses not deductible for tax purpose	**39,134**	3,619
Tax effect of income not taxable for tax purpose	**(21,095)**	(3,061)
Utilisation of tax losses previously not recognised	**(329)**	-
Tax effect of unused tax losses not recognised	**-**	811
Tax charge for the year relating to continuing operations	**38,789**	4,558

The Group has tax losses arising in Hong Kong and the PRC of approximately HK$125,541,000 (2010: HK$125,541,000) and HK$2,516,000 (2010: HK$3,831,000) 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) had been inactive since late 2008, it was unable to generate any revenue or income to the Group. The directors of the Company considered that the Disposal represented a good opportunity for the Group to realise Fairyoung (Shanghai) and to strengthen the financial position of the Group.

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 had been included in the consolidated income statement, were as follows:

	Period ended 30 September 2010 HK$'000
Profit for the year from discontinued operation	
Other revenue	-
Expenses	(942)
Loss before tax	(942)
Attributable income tax expense	-
	(942)
Gain on the Disposal	44,889
	44,889
Profit for the year from the discontinued operation	43,947

	Period ended 30 September 2010 HK$'000
Profit for the year from discontinued operation include the following:	
Staff cost:	
Other staff cost	211
Depreciation for property, plant and equipment	21

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
Net cash inflows	697

8. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year has been arrived at after charging:

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Staff costs:		
Directors' emoluments	**2,601**	2,258
Other staff costs	**4,505**	2,538
Retirement benefit scheme contributions (excluding directors)	**88**	51
Total staff costs	**7,194**	4,847
Amortisation of an intangible asset (included in cost of sales)	**3,415**	3,258
Amortisation of prepaid lease payments	**112**	208
Depreciation for property, plant and equipment	**2,923**	2,393
Total depreciation and amortisation	**6,450**	5,859
Allowance for obsolete inventories	**-**	253
Impairment loss recognised on trade and other receivables	**16**	1,592
Auditors' remuneration	**900**	600
Minimum lease payments under operating lease charges	**281**	876
Loss on disposal of property, plant and equipment	**29**	465
Cost of inventories recognised as an expense	**810**	1,229

9. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2011	2010
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**49,824**	54,269

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**6,066,402,156**	3,933,329,504

9. EARNINGS PER SHARE (continued)

From continuing operations

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

	2011	2010
	HK$'000	HK$'000
Earnings figures are calculated as follows:		
Profit for the year attributable to owners of the Company	**49,824**	54,269
Less:		
Profit for the year from discontinued operation	**-**	(43,947)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	**49,824**	10,322

From discontinued operations

Basic and diluted earnings per share for the discontinued operation is HK1.12 cents per share based on the profit for the year ended 31 December 2010 from the discontinued operation of approximately HK$43,947,000 and the denominators detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible notes for the year ended 31 December 2011 since their exercise would result in an increase in profit per share from continuing operations.

10. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	HK$'000
Trade receivables	**6,508**	6,496
Less: allowance for doubtful debts	**-**	(428)
	6,508	6,068
Other receivables	**9,614**	8,747
Prepayment and deposits	**2,815**	4,168
	18,937	18,983

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. The Group does not hold any collateral over these balances.

	2011	2010
	HK$'000	HK$'000
Within 3 months	**1,526**	1,463
4 to 6 months	**1,526**	1,463
Over 6 months	**3,456**	3,142
Total	**6,508**	6,068

11. OTHER PAYABLES

	2011	2010
	HK$'000	HK$'000
Other payables and accrued charges	76,728	18,284
Outstanding consideration for acquisition of an intangible asset through acquisition of a subsidiary	10,000	10,000
Refundable deposits received	100,048	4,379
Rental received in advance	6,712	6,292
	193,488	38,955

MODIFICATION IN INDEPENDENT AUDITOR'S REPORT

The auditor's report on the consolidated financial statements for the year ended 31 December 2011 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$521,052,000 as at 31 December 2011. 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 2011 (2010: Nil).

RESULTS

For the year ended 31 December 2011, the Group recorded an audited consolidated turnover of approximately HK$27,310,000, representing an increase of approximately 10% as compared to the year ended 31 December 2010, and net profit of approximately HK$49,904,000, representing a decrease of approximately 6% as compared to the year ended 31 December 2010. The decrease in net profit was mainly attributable to the net effect on fair value change on investment properties, derivative financial assets, derivative financial liabilities and contingent consideration.

BUSINESS REVIEW

2011 saw a changing and complicated economic environment, worldwide and domestic alike, and the development of the Chinese economy softened as a result of the macro control. The property market especially in the first-line cities was substantially affected. However, as a developer of commercial properties in the up and coming cities, the effect of economic downturn on us was comparatively modest.

Eyeing on the tremendous potential in the western region of China, the Group conducted a very substantial acquisition of King's Mall, a mall in Chongqing, Sichuan Province, a hub of the vast western region of the PRC during the year. The acquisition was completed and has become our biggest investment project. Some construction works are still underway because an extension is being made to the mall to increase its floor area and an overhead bridge leading to the mass transit railway is still in progress. Those construction works have delayed the opening of the mall. The decoration works of the mall are now at full swing and a grand opening is scheduled for May 2012. Tenancy agreements have been signed with some anchored tenants, such as New Century Department Store and movie house, which are expected to draw the traffic of shoppers, and in turn bring in remarkable revenue and cashflow.

All other existing projects continued to bring steady income to the Group. During the year, we received rental income of approximately HK$18,631,000 from our mall in Harbin. The Group had also got approximately HK$6,627,000 and HK$4,375,000 being royalty fee income and share of profit respectively from the Xiangquan Hotel project and another joint venture project in 2011.

OUTLOOK

Looking forward, while it is still expected that China will continue to outperform most of the advanced economies, China is projected to grow merely 7.5% in 2012. The slowdown of growth will unavoidably affect different sectors across the board, and the property sector is no exception. However, the Company sees the co-existence of challenges and opportunities.

Aiming at becoming a leading developer in the commercial property sector in China, the Group will strive with prudence to explore new business development opportunities on the solid base we have set up. We are confident that the emerging domestic demand will be a driving force for the Group's growth in long-term.

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

As at 31 December 2011, the Group's current assets and current liabilities were HK$92,872,000 and HK$613,924,000 respectively. The total secured bank loans amounted to HK$537,614,000.

As at 31 December 2011, main charges on assets of the Group included bank balances of HK$4,031,000, investment properties with fair value of HK$2,790,148,000 and leasehold land and buildings with carrying amount of approximately HK$30,290,000.

As at 31 December 2011, the Group had capital commitments of HK$230,552,000 in relation to the acquisition of investment properties under redevelopment.

The Group's gearing ratio as at 31 December 2011 was 64%, 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

(a) During the period from 1 January 2004 to 31 December 2006, certain units and shops of the investment properties located in Chongqing had been sold to the independent third parties (the "Buyers") under the Sale and Purchase Agreements (the SP Agreements"). The leasing agency contracts and the mortgage contracts were signed together with SP Agreements among the Buyers, Chongqing Kings Mall Real Estate Development Company Limited ("Kings Development") and Jia Jun Business Management Consultants Limited ("Jia Jun"). Pursuant to the terms of the leasing agency contracts, Jia Jun would pay the Buyers an annual rental income equivalent to ten percent of the purchase price of the properties over twenty years.

    Based on the legal advice from the legal adviser of the Group, the directors of the Company considered that they have strong and valid ground of defense in relation to the potential claims in respect of the Buyers without entering the cancellation agreements ("Problematic Properties") and the directors of the Company considered that Kings Development would not suffer material financial losses arising from such litigation and has the right to occupy and lease the Problematic Properties to other tenants to generate rental income.

    On 27 February 2011, pursuant to a deed of indemnity being executed by Profit China Investments Development Limited ("Profit China") and Mr. Liang Wenguan ("Mr. Liang") in favour of the Group at the date of acquisition completion, Profit China and Mr. Liang will indemnify the Group against all costs that the Group may suffer in relation to the investment properties acquired on the acquisition of Kings Development and its subsidiary and holding companies (the "Acquired Group") and any disputes and litigation (whether commencing before or after the acquisition completion) against the Group arising or accruing in relation to the operation of the Acquired Group on or before the date of acquisition completion (the "Indemnified Liabilities").

    In addition, on 19 May 2011, Zhu Hai Port Plaza Development Company Limited entered into an undertaking to pay the aforesaid Indemnified Liabilities to the extent that such losses, liabilities and expenses have not been settled by Mr. Liang pursuant to his obligations under the indemnity agreement executed by him in favour of Kings Development that Kings Development may suffer.

CONTINGENT LIABILITIES (Cont'd)

(b) During the year ended 31 December 2010, 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.

The directors of the Company 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 2011 and 2010 in the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

On 12 March 2012, the principal amount of HK$28,160,000 of the First Convertible Note was converted into 220,000,000 new ordinary shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of approximately 250 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.

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 "CG Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CG Code as described below:

Under provision A.4.1 of the CG 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.

AUDIT COMMITTEE

Regular meetings have been held by the Audit Committee since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Audit Committee has reviewed the financial statement of the Group for the year ended 31 December 2011 and discussed with management and the external auditors the accounting principles and policies adopted by the Company.

APPRECIATION

The Board would like to express its sincere gratiude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business partners, bankers and auditors for their support to the Group throughout the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OFTHE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.madex.com.hk). The annual report of the Company for the year ended 31 December 2011 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board of
Madex International (Holdings) Limited
Zhong Guoxing
CEO & Executive Director

Hong Kong, 30 March 2012

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.