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STRONG PETROCHEMICAL HOLDINGS LIMITED
海峽石油化工控股有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 852)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The board of directors (the "Board") of Strong Petrochemical Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008 as follows:

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

	NOTES	Six months ended 30 September 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited)
Revenue		**2,362,047**	4,574,373
Cost of sales		**(2,120,710)**	(4,630,633)
Gross profit (loss)		**241,337**	(56,260)
Other income		**13,223**	3,071
Fair value changes on derivative financial instruments		**(79,216)**	89,070
Fair value changes on held for trading investments		**—**	(1,998)
Administrative and other expenses		**(76,161)**	(22,900)
Finance costs	4	**(4,091)**	(2,739)
Share of (loss) profit of an associate		**(129)**	13
Profit before taxation		**94,963**	8,257
Taxation	5	**—**	(98)
Profit for the period	6	**94,963**	8,159
Other Comprehensive income			
Exchange differences arising on translation		**375**	1,547
Total comprehensive income for the period		**95,338**	9,706
Earnings per share	8		
Basic (HK cents)		**5.93**	0.68
Diluted (HK cents)		**5.74**	0.68

Condensed Consolidated Statement of Financial Position

At 30 September 2009

	NOTES	**30 September 2009**	31 March 2009
		HK$'000	*HK$'000*
		(unaudited)	*(audited)*
Non-current assets			
Property, plant and equipment		**191,037**	8,348
Prepaid lease payments		**20,806**	20,876
Available-for-sale investments		**392**	392
Bank structured deposit		**18,376**	17,496
Interest in an associate		**84,104**	50,420
		314,715	97,532
Current assets			
Inventories held for sales		**529,374**	—
Prepaid lease payments		**438**	435
Trade and bills receivables	9	**539,350**	460,747
Other receivables, deposits and prepayments		**1,922**	3,740
Amount due from an oil trading company		**—**	5,528
Deposits placed with brokers		**101,828**	75,289
Pledged bank deposits		**97,029**	41,476
Bank balances and cash		**299,767**	228,149
		1,569,708	815,364
Current liabilities			
Trade and bills payables	10	**565,712**	280,090
Other payables and accruals		**85,658**	16,656
Bank borrowings		**507,763**	—
Derivative financial instruments		**14,067**	29,636
Tax payable		**12,405**	12,405
		1,185,605	338,787
Net current assets		**384,103**	476,577
Total assets less current liabilities		**698,818**	574,109
Equity			
Share capital		**40,112**	40,000
Reserves		**658,706**	534,109
Total equity		**698,818**	574,109

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 (HKAS 34), "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2009 except for the application of the following accounting policies during the period.

Inventories

Inventories are stated at the lower of cost and net realised value. Cost is calculated using the weighted average method.

Equity-settled Share-based Payment Transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

2. PRINCIPAL ACCOUNTING POLICIES – Continued

Equity-settled Share-based Payment Transactions – Continued

Share options granted to suppliers/consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2009.

HKAS 1 (revised 2007) Presentation of Financial Statements

HKAS 1 (revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. 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 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. 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

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 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 in order to allocate resources to segments and to assess 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 geographical segments by location of the oil trading companies of the Group. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments. Such redesignation will not materially affect the basis of measurement of segment profit for last year.

In previous years, since the Group's revenue is substantially derived from single business segment of trading of petroleum products and crude oil ("Trading business"), the Directors of the Company report the geographical segment by location of the oil trading companies of the Group, which are mainly located in Hong Kong, Macao and the People Republic of China (the PRC, excluding Hong Kong and Macao), as the Group primary segment. However, based on the internal information that are regularly reviewed by the Directors, only the aggregate financial information for Trading business, irrespective of the location of oil trading companies, will be used for the purposes of assessment of performance. Accordingly, the segment information presentation has to be redesignated by combining the financial information of primary geographical segment of Hong Kong and Macao as determined in accordance with HKAS 14 in the annual financial statements for the year ended 31 March 2009.

The management now considers the Group has two reportable operating segments as follows:

– Trading business.

– Oil storage business in the PRC.

Since the oil storage business in the PRC is still in construction, it has not yet generated any revenue up to 30 September 2009, the management has not assessed the performance of oil storage business, but will keep eyes on the cash outflow to the construction of storage facilities.

The Group's revenue is substantially derived from trading of petroleum and crude oil for the period. The Directors consider that these activities constitute one reportable segment since these activities are related and are subject to similar risks and rewards. Accordingly, a single segment of trading business is presented.

Segment profit represents the profit earned by each segment mainly without allocation of central administration costs and directors' salaries, some items of other income, share of result of associate, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

The following tables provide an analysis of the Group's revenue from external customers and reportable segment profit and the reconciliation of reportable segment profit to the profit for the period of the Group under review.

3. SEGMENT INFORMATION – Continued

Six months ended 30 September 2009

	Trading business HK$'000	Oil storage business HK$'000	Consolidated HK$'000
Revenue from external customers	2,362,047	—	2,362,047
Reportable segment profit	162,143	—	162,143
Unallocated amounts:			
Unallocated corporate expenses			(76,161)
Other income			13,201
Share of loss of an associate			(129)
Finance costs			(4,091)
Profit before taxation			94,963
Taxation			—
Profit for the period			94,963

Note:

No reconciliation of segment revenue is provided as the total revenue for reportable segments is the same as the Group's revenue.

3. SEGMENT INFORMATION – Continued

Six months ended 30 September 2008

	Trading business *HK$'000*	Oil storage business *HK$'000*	Consolidated *HK$'000*
Revenue from external customers	4,574,373	—	4,574,373
Reportable segment profit	32,810	—	32,810
Unallocated amounts:			
Unallocated corporate expenses			(22,900)
Other income			3,071
Share of profit of an associate			13
Fair value changes on held for trading investments			(1,998)
Finance costs			(2,739)
Profit before taxation			8,257
Taxation			(98)
Profit for the period			8,159

Note:

No reconciliation of segment revenue is provided as the total revenue for reportable segments is the same as the Group's revenue.

3. REVENUE AND SEGMENTAL INFORMATION – Continued

The following is an analysis of the Group's assets:

As at 30 September 2009

	Trading business *HK$'000*	**Oil storage business** *HK$'000*	**Consolidated** *HK$'000*
ASSETS			
Segment assets	**1,355,502**	**28,789**	**1,384,291**
Interest in an associate			**84,104**
Unallocated corporate assets			**416,028**
			1,884,423

As at 31 March 2009

	Trading business *HK$'000*	Oil storage business *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	470,074	28,534	498,608
Interest in an associate			50,420
Unallocated corporate assets			363,868
			912,896

4. FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Interests on short-term borrowings	**1,108**	507
Bank charges on letter of credit facilities	**2,983**	2,232
	4,091	2,739

5. TAXATION

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Underprovision of Hong Kong Profits Tax in prior year	**—**	98

No provision for Hong Kong Profits Tax was provided as there were no assessable profit for both periods.

No provision for PRC Enterprise Income Tax was provided for the Group's PRC subsidiary as the PRC subsidiary has no assessable profit for both periods.

Pursuant to the Decree Law No. 58/99M, Chapter 2, Article 12 dated 18th October,1999, issued by the Macao Special Administration Region Government, Strong Petrochemical Limited (Macao Commercial Offshore), a subsidiary established in Macao, is exempted from Macao Complementary Tax.

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period is arrived after charging (crediting):		
Amortisation of prepaid lease payments	**219**	218
Depreciation of property, plant and equipment	**5,992**	321
Net foreign exchange (gains) losses	**(114)**	611
Listing expenses	**—**	4,809
(Gain) loss on disposal of property, plant and equipment	**(9)**	2
Gross rental income from leasing of storage spaces of vessel	**(12,043)**	—

7. DIVIDENDS

On 23 November 2009, the Board declared an interim dividend of HK3 cents per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 3 December 2009.

8. EARNINGS PER SHARE

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

	For the six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to the owners of the Company)	**94,963**	8,159

	For the six months ended 30 September	
	2009	2008
	Number of shares	Number of shares
	(unaudited)	*(unaudited)*
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,600,265,793**	1,200,000,000
Effect of dilutive potential ordinary shares in respect of share options	**53,246,689**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,653,512,482**	1,200,000,000

Notes:

(a) The weighted average number of shares for the purpose of calculating basic earnings per share for the period ended 30 September 2008 is based on the assumption that the 20,000,000 shares issued and outstanding upon the Corporate Reorganisation had been in issue as at beginning of the period.

(b) The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for each of the two periods ended 30 September 2009 and 2008 has been adjusted for the share division which took effect on 18 August 2009.

9. TRADE AND BILLS RECEIVABLES

The following is an aged analysis of trade and bills receivables at the balance sheet date:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade receivables:		
0 to 30 days	**490,798**	373,866
31 to 60 days	**—**	50,797
61 to 90 days	**—**	26,317
	490,798	450,980
Bills receivables:		
31 to 60 days	**48,552**	9,767
	539,350	460,747

The credit period on sale of goods is 30 to 90 days.

10. TRADE AND BILLS PAYABLES

The aged analysis of trade and bills payables is stated as follows:

	30 September 2009	31 March 2009
	HK$'000	*HK$'000*
	(unaudited)	*(audited)*
Trade payables:		
0 to 30 days	**528,860**	160,517
31 days to 60 days	**36,852**	—
61 days to 90 days	**—**	29,140
91 days to 180 days	**—**	464
	565,712	190,121
Bills payables:		
0 to 30 days	**—**	89,969
	565,712	280,090

The credit period on purchases of goods is 30 to 90 days.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the trading of oil products. 89.6% of the Group's revenue is generated from trading of crude oil for the six months ended 30 September 2009 (84.6% for the six months ended 30 September 2008). The remaining revenue is generated from trading of petroleum products and petrochemical products.

Demand in PRC

Aiming at preventing the economy from the recessive impact of the global financial crisis, the PRC Government had launched stimulus packages at the beginning of this year. The prime objective of the packages is to maintain the GDP at a 8% growth for 2009. Induced by the packages, the domestic demand for oil products has been steadily increasing in the months forward. However, the recent raise in the price of petroleum product has, to some extent, neutralized such increasing trend on the domestic demand of oil products.

Acquisition of Vessel

Pursuant to a vessel purchase agreement dated 20 April 2009, the Group completed the acquisition of an oil tanker (the "Vessel") from an independent third party on 29 June 2009. During the period, a total of US$14.4 million has been paid. The remaining balance of US$9.6 million is payable by the end of December 2009. The Vessel is a single hulled oil tanker built in 1988 with a gross tonnage of approximately 142,639 metric tons and deadweight of approximately 265,243 metrics tons. Currently, approximately 2/3 of the capacity is for self storage of oil products. The remaining 1/3 of capacity is sublet to an external customer charging at a competitive market rate. The self storage facility provided by the Vessel is in line with our strategy on the expansion of our principal trading activity, it also broadened the revenue base and strengthening customers' relationships with value added services.

Bank Facilities

After the completion of the acquisition of the Vessel, a new banking facility of US$80 million has been granted to finance the inventory procurement. During the period, the total credit facilities granted has increased by approximately HK$624 million from HK$1,927 million to HK$2,551 million. The increase of credit facilities of the Group has elevated our trading capacity and loosened our cash on margin requirement.

FINANCIAL REVIEW

Revenue

		Six months ended 30 September					
		2009			2008		
Products	**Units**	**Number of shipment**	**Sales quantity**	**Turnover HK$ million**	Number of shipment	Sales quantity	Turnover HK$ million
Crude oil	BBL	**13**	**4,145,574**	**2,115.3**	9	4,442,321	3,869.7
Petroleum products	BBL	**1**	**293,877**	**144.4**	3	497,740	629.7
Petrochemical products	MT	**6**	**16,874**	**102.3**	3	8,751	75.0
Total		**20**		**2,362.0**	15		4,574.4

Revenue for the six months period ended 30 September 2009 was approximately HK$2,362.0 million, representing a decrease of 48.4% when compared to approximately HK$4,574.4 million for the same period of last year. The decrease of revenue was contributed by the fall in international crude oil price. In the 2nd and 3rd quarters of 2008, the international crude oil was trading at the highest price which is over US$100 per barrel. However, in the same period of 2009, the international crude oil price was trading at around US$70 per barrel. The average price difference is in the range of US$40 to US$50 per barrel.

Cost of Sales

Cost of sales for the six months period ended 30 September 2009 was approximately HK$2,120.7 million, representing a decrease of 54.2% when compared to HK$4,630.6 million for the same period of last year. Such decrease was in line with the decrease in revenue.

Gross Profit

Gross profit for the six months period ended 30 September 2009 was approximately HK$241.3 million, representing a 528.6% increase when compared to HK$56.3 million of loss for the same period of last year. The Group had suffered losses on three physical cargoes during the same period of last year as the international oil price fell sharply after peaking at US$147 per barrel.

Fair Value Changes on Derivative Financial Instruments

During the period, the aggregate loss on fair value changes on derivative financial instruments was amounted to approximately HK$79.2 million. For the same period in 2008, there was an aggregate gain of HK$89.1 million.

Profit for the Period

Profit for the six months period ended 30 September 2009 was approximately HK$95.0 million, representing an increase of HK$86.8 million when comparing with HK$8.2 million in the six months period ended 30 September 2008.

Use of IPO Proceeds

Nantong project is the development of storage of petrochemical and petroleum products business in Nantong City, Jiangsu Province, the PRC. Nantong project is carried out by Strong Petrochemical (Nantong) Logistics Co., Ltd., an indirect wholly owned subsidiary of the Company. As at 30 September 2009, the improvements on the foundation and ground works of the Nantong project have been completed and the schedule of the Nantong project is being reviewed and reassessed by the management. The management saw that revisions of the project could make more comprehensive storage service provision to potential customers and higher future cash inflow possible. Up to 30 September 2009, the total capital expenditure is amounted to RMB26.2 million. The application for petroleum products storage operation licence will be submitted upon the completion of the entire Nantong project.

The Tianjin project is the establishment and operation of storage facilities for crude oil, petroleum products and petrochemical products located in Tianjin Nanjiang Port Zone. It is carried out by Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. (the "Tianjin Company"). An indirect wholly owned subsidiary of the Company holds 15% interest of the Tianjin Company. The Tianjin project is still undergoing the first phase construction. A total of 14 storage tanks have been delivered to the construction site. The preparation works on tank base as well as the rust proof work have been completed. All 14 tanks are ready for installation. During the period, a contribution of approximately RMB29.5 million has been injected by the Group to finance the first phase construction. The Group's total investment in the Tianjin project up to 30 September 2009 was RMB74.5 million.

LIQUIDITY AND FINANCIAL RESOURCE

The bank balances and cash as at 30 September 2009 was amounted to HK$299.8 million which is increased by approximately 31.4% when comparing with HK$228.1 million as at 31 March 2009.

The banking facilities as at 30 September 2009 amounted to US$327 million (equivalent to HK$2,551 million), which was increased by US$80 million when comparing with US$247 million (equivalent to HK$1,927 million) as at 31 March 2009. Save for the Group's bank borrowings of approximately HK$507.8 million, the Group had no bank overdraft as at 30 September 2009.

Net cash used in operating activities for the period ended 30 September 2009 was approximately HK$209.7 million. Net cash used in investing activities was approximately HK$229.4 million and was used as acquisition of the Vessel, pledged bank deposit and deposits placed with brokers. The main financing activity is the bank borrowings for inventory procurement.

Gearing Ratio

As at 30 September 2009, the current ratio of the Group was 1.32 (2.41 as at 31 March 2009) and the gearing ratio was 0.73 (Nil as at 31 March 2009). The calculation of gearing ratio was based on the total bank borrowings over the total equity. The increase in gearing ratio is mainly contributed by the increase in bank borrowings for inventory procurement.

Charges of Assets and Contingent Liabilities

As at 30 September 2009, the Group's banking facilities were secured by pledged deposits of approximately HK$97.0 million, pledged inventories of approximately HK$472.7 million and properties with carrying value of approximately HK$1.3 million. As at 30 September 2009, the Group had no significant contingent liabilities.

Foreign Exchange Exposure

The functional currencies of the Group are denominated in US dollars. The reporting currencies are denominated in Hong Kong Dollars. Since the exchange rate of US dollars against Hong Kong dollars is relatively stable during the period, the exposure on foreign exchange is minimal.

Capital Commitments

The Group had authorized but not contracted for the capital expenditure of approximately RMB94.3 million in respect of the construction of the petroleum and petrochemical products storage facilities on the two leasehold land parcel acquired in Nantong, Jiangsu Province, the PRC.

Pursuant to minutes of the board of directors of Sinochem Tianjin Port Petrochemical Terminal Co., Ltd. dated 28 February 2008, the shareholders of this Group's associate agreed to increase the total registered share capital of this Group's associate from RMB300 million to RMB628 million. The Group will pay an additional contribution of approximately RMB49.2 million. During the period, a contribution of approximately RMB29.5 million has been paid. As at 30 September 2009, the outstanding contribution is amounted to RMB19.7 million.

OUTLOOK

Looking ahead, the Group maintains a prudent attitude in development of our core business. Vast experience in the industry and agile responsiveness in trade are our wealth and resource in fulfilling our customers' demand for our reasonable return. The acquisition of the Vessel will further elevate the strengths of the Group in facing challenges emerged from the ever-changing markets and transient opportunities.

INTERIM DIVIDENDS

On 23 November 2009, the Board declared an interim dividend of HK3 cents per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 3 December 2009.

EMPLOYMENT AND REMUNERATION POLICY

At 30 September 2009, the Group had 25 employees. The Group implemented its remuneration policy, bonus and share options schemes based on the achievements and performance of employees.

An remuneration committee has been established by the Company to make recommendations on the Company's remuneration policy.

Other Information

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 to 8 December 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all valid documents in respect of transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share register, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Thursday, 3 December 2009.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the listed securities of the Company during the six months period ended 30 September 2009.

AUDIT COMMITTEE

The Audit Committee has been established to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises all of the three independent non-executive directors, namely, Mr. Lau Hon Kee (Chairman), Mr. Zhu Yao Bin and Ms. Lin Yin. The unaudited interim results of the Group for the six months ended 30 September 2009 have been reviewed by the Audit Committee.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code for the period.

SALE OF EXISTING SHARES

Subsequently on 9 October 2009, Forever Winner International Ltd. ("Forever Winner") sold a total of 160,000,000 shares of the Company to independent third parties. Each of Sino Century Holdings Limited ("Sino Century") and Jin Yao Holdings Ltd. ("Jin Yao") holds 50% of the entire issued share capital of Forever Winner. Mr. Wang Jian Sheng holds the entire issued share capital of Sino Century. Mr. Yao Guoliang holds the entire issued share capital of Jin Yao.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 September 2009.

PUBLICATION OF INTERIM RESULTS

All the financial information and other related information as required by the Listing Rules will be published on the Hong Kong Exchanges and Clearing Limited's website and the Company's website in due course. Printed copy of the interim report will be dispatched to shareholders no later than the end of December 2009.

By the order the Board
Wang Jian Sheng
Chairman

Hong Kong, 23 November 2009

As at the date of this announcement, Mr. Wang Jian Sheng, Mr. Yao Guoliang and Mr. Wong Wing are the executive Directors of the Company, and Mr Zhu Yao Bin, Mr Lau Hon Kee and Ms Lin Yin are the independent non-executive Directors of the Company.

* *for identification purpose only*