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珠光控股
ZHUGUANG HOLDINGS

ZHUGUANG HOLDINGS GROUP COMPANY LIMITED
珠 光 控 股 集 團 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(stock code: 1176)

2009 RESULTS ANNOUNCEMENT

The board ("Board") of directors ("Directors") of Zhuguang Holdings Group Company Limited (the "Company") announces the audited consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2009 together with the comparative figures for the previous year as follows:—

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
Turnover	*2*	**7,761**	10,849
Rental outgoings		**(3,654)**	(4,619)
Gross profit		**4,107**	6,230
Other income		**199**	383
Fair value gains/(losses) on investment properties		**11,915**	(328)
Administrative expenses		**(12,586)**	(15,411)
Other operating expenses		**(1,468)**	(20,129)
Profit/(Loss) from operations		**2,167**	(29,255)
Share of profits of jointly controlled entities		**—**	16,255
Loss on disposal of jointly controlled entities		**—**	(603)
Gain on disposal of subsidiaries/ (Loss on disposal of a subsidiary)		**7,330**	(8,969)
Profit/(Loss) before tax		**9,497**	(22,572)
Income tax	*3*	**(2,235)**	(1,424)
Profit/(Loss) for the year	*4*	**7,262**	(23,996)
Basic earnings/(loss) per share	*6*	**0.39 cents**	(1.47) cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 *HK$'000*	2008 *HK$'000*
Profit/(Loss) for the year	**7,262**	(23,996)
Other comprehensive income		
Exchange differences on translating foreign operations		
Exchange differences arising during the year	**463**	5,042
Reclassification adjustments relating to foreign operations disposed of during the year	**(5,451)**	—
	(4,988)	5,042
Share of exchange differences on translating foreign operations of jointly controlled entities		
Share of other comprehensive income of jointly controlled entities during the year	**—**	9,755
Reclassification adjustments relating to jointly controlled entities disposed of during the year	**—**	(16,047)
	—	(6,292)
Other comprehensive income for the year, net of tax	**(4,988)**	(1,250)
Total comprehensive income for the year	**2,274**	(25,246)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**673**	63
Investment properties		**150,733**	136,300
Properties under development		**109,731**	75,379
Prepayment for properties acquisition		**15,000**	58,163
		276,137	269,905
Current assets			
Accounts receivable	7	**148**	2,905
Consideration receivables	8	**144,316**	151,041
Deposit for renovation, electrical and mechanical systems		**—**	41,303
Prepayments, deposits and other receivables		**13,322**	499
Bank and cash balances		**108,931**	179
		266,717	195,927
Current liabilities			
Accruals and other payables		**18,561**	9,077
Current tax liabilities		**1,392**	573
Finance lease payable		**6**	—
		19,959	9,650
Net current assets		**246,758**	186,277
Total assets less current liabilities		**522,895**	456,182
Non-current liabilities			
Finance lease payable		**22**	—
Deferred tax liabilities		**5,526**	4,101
		5,548	4,101
NET ASSETS		**517,347**	452,081
Capital and reserves			
Share capital		**226,882**	163,200
Reserves		**290,465**	288,881
TOTAL EQUITY		**517,347**	452,081

Notes:

1. **ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs had no material impact on the Group's results and financial position for the current or prior years, and did not result in any significant changes in the accounting policies of the Group. Nevertheless, certain changes in presentation and disclosure have been adopted by the Group in compliance with the following new and revised HKFRSs:

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

(b) Operating Segments

HKFRS 8 "Operating Segments" 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 the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving as the starting point for the identification of such segments. The Group has determined that its primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced considering the potential impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. **TURNOVER AND SEGMENT INFORMATION**

The Group has two reportable segments as follows:

Property sales — property development and sales

Property rental — property investment and property rental activities

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

Segment profits or losses do not include corporate income and expenses. Segment assets include all tangible assets and current assets but do not include corporate assets which are managed on a central basis. Segment liabilities include accruals and other payables, current and deferred tax liabilities managed directly by the segments.

Information regarding the Group's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Information about reportable segment profit or loss, assets and liabilities

	Property sales *HK$'000*	**Property rental** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2009			
Revenue from external customers *(Note)*	**—**	**7,761**	**7,761**
Segment profit	**4,700**	**13,752**	**18,452**
Other information			
Interest revenue	**3**	**—**	**3**
Depreciation	**13**	**—**	**13**
Fair value gains on investment properties	**—**	**11,915**	**11,915**
Gain on disposal of subsidiaries	**5,880**	**1,450**	**7,330**
Income tax	**—**	**2,235**	**2,235**
Deposit paid written off	**—**	**488**	**488**
At 31 December 2009			
Segment assets	**293,383**	**246,197**	**539,580**
Segment liabilities	**11,511**	**11,417**	**22,928**

Note: The Group's turnover represents rental income generated during the year.

	Property sales *HK$'000*	Property rental *HK$'000*	Total *HK$'000*
Year ended 31 December 2008			
Revenue from external customers	—	10,849	10,849
Segment profit/(loss)	10,041	(19,781)	(9,740)
Other information			
Interest revenue	383	—	383
Depreciation	12	—	12
Fair value losses on investment properties	—	328	328
Loss on disposal of jointly controlled entities	603	—	603
Loss on disposal of a subsidiary	—	8,969	8,969
Share of profits of jointly controlled entities	16,255	—	16,255
Income tax	—	1,424	1,424
Impairment of goodwill	4,520	—	4,520
Impairment of prepayments for acquisition of investment properties	—	13,546	13,546
Other receivables written off	—	540	540
Additions to segment non-current assets	36	—	36
At 31 December 2008			
Segment assets	184,646	280,672	465,318
Segment liabilities	1,543	9,846	11,389

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2009	2008
	HK$'000	*HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**18,452**	(9,740)
Unallocated amounts		
Other corporate expenses	**(11,190)**	(14,256)
Consolidated profit/(loss) for the year	**7,262**	(23,996)
Assets		
Total assets of reportable segments	**539,580**	465,318
Unallocated amounts		
Other corporate assets	**3,274**	514
Consolidated total assets	**542,854**	465,832
Liabilities		
Total liabilities of reportable segments	**22,928**	11,389
Unallocated amounts		
Other corporate liabilities	**2,579**	2,362
Consolidated total liabilities	**25,507**	13,751

Geographical information

All the revenue generated by the Group for the two years ended 31 December 2009 and 2008 were attributable to customers based in the People's Republic of China (the "PRC"). In addition, majority of the Group's non-current assets are located in the PRC. Accordingly, no geographical analysis is presented.

Revenue from major customers

During the year, revenues derived from the Group's largest 3 customers (2008: 4) which accounted for 10% or more of the Group's total revenue amounted to approximately HK$3,622,000, HK$2,716,000 and HK$1,423,000 respectively (2008: HK$3,202,000, HK$2,566,000, HK$2,204,000 and HK$1,888,000 respectively). These revenues are attributable to the property rental segment.

3. INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**817**	1,114
Deferred tax		
PRC Enterprise Income Tax		
Current year	**1,418**	110
Effect of change in effective tax rate	**—**	200
	1,418	310
	2,235	1,424

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits arising in Hong Kong for both years.

Subsidiaries established in the PRC are subject to PRC Enterprise Income Tax at 25% (2008: 25%) based on existing legislation, interpretation and practices in respect thereof.

According to the PRC enterprise income tax law and the relevant PRC issued implementation regulation, the Group is subject to PRC withholding income tax of 10% on the gross rental income (2008: 10%).

4. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2009	2008
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit	**800**	700
— Others	**62**	170
	862	870
Deposit paid written off	**488**	—
Depreciation	**79**	16
Direct operating expenses of investment properties that did not generate rental income	**—**	379
Direct operating expenses of investment properties that generated rental income	**3,654**	4,240
Exchange loss	**—**	4,056
Operating lease rental in respect of land and buildings	**2,140**	2,594
Other receivables written off	**—**	540
Staff costs including directors' emoluments		
— Salaries and allowances	**5,093**	5,028
— Retirement benefit scheme contributions	**125**	118
	5,218	5,146

5. DIVIDENDS

The Directors do not recommend the payment of any dividend (2008: NIL) in respect of the year.

6. BASIC EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit for the year of approximately HK$7,262,000 (2008: loss for the year of approximately HK$23,996,000) divided by the weighted average number of ordinary shares of 1,839,620,767 (2008: 1,632,000,000) in issue during the year.

There were no dilutive potential shares during the years ended 31 December 2009 and 2008. Therefore, no diluted earnings/(loss) per share have been presented.

7. ACCOUNTS RECEIVABLE

The Group's accounts receivable, representing rental receivable from tenants, are due on presentation of invoices.

The aging analysis of accounts receivable, based on the invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 3 months	**148**	2,043
4 to 6 months	**—**	862
	148	2,905

As of 31 December 2009, the above accounts receivable were past due but not impaired. All the balances were subsequently settled. The Group holds a rental deposit as collateral from each tenant.

8. CONSIDERATION RECEIVABLES

(a) Included in the consideration receivables is an amount of approximately HK$32,316,000 due from the purchaser derived from the disposal of the Group's subsidiary, Nam Fong Liwan Plaza Limited ("NF Liwan"), in 2008. This consideration receivable is secured by all issued shares of NF Liwan. In addition, original title documents of certain properties of NF Liwan were in the Group's custody.

This consideration receivable was past due by 14 months up to 31 December 2009. In April 2010, it was fully settled.

(b) Included in the consideration receivables are amounts of HK$64,000,000 and HK$48,000,000 arising from the disposal of the Group's subsidiaries, Boshing Investments Limited ("Boshing Investments") and Brilliant Champion Development Limited ("Brilliant Champion") respectively.

These consideration receivables will be due on 30 June 2010 and are secured by the issued share of Boshing Investments and Brilliant Champion respectively.

BUSINESS REVIEW

The Group is principally engaged in property development, property investment and property rental activities in the PRC.

Property Investment

The Group's major property investment is certain floors in Royal Mediterranean Hotel, with a total gross floor area of approximately 6,098 square meters, which is located at Tianhe Road, Tianhe District, Guangzhou, Guangdong Province, the PRC. Such investment has generated a recurring gross rental income of approximately HK$680,000 per month.

Another property investment of the Group is the twelve shop units at Jiang Bian Road, Meizhou City, Guangdong Province, the PRC, with a total gross floor area of approximately 2,384 square meters and the levels 1 to 9 of the accessional building, the tricorn region besides the River View Hotel at Jiang Bian Road, Meizhou City, Guangdong Province, the PRC, with a total gross floor area of approximately 12,898 square meters. As announced on 31 December 2009, the Group has disposed of Brilliant Champion, the holding company of the said properties which has no other business except the holding of the said properties.

Property Development

As at 31 December 2009, the Group's core property development project is located at Nansha District, Guangzhou, Guangdong Province, the PRC which is preliminarily named "Zhuguang Nansha Yujing" ("Nansha Yujing"). As announced on 16 November 2009, the Group won an auction to acquire the property development project located at Jinzhou Main Street, Nansha District, Guangzhou, Guangdong Province, the PRC, including the land with a site area of approximately 34,904 square meters, two buildings where the construction has been suspended and four buildings which have been partly sold. The Group intends to complete the development of the semi-finished property and further develop it into a residential and commercial community, which will comprise ten 18-storey towers including residential units, a single-storey commercial podium and a car park at basement level with an expected total gross floor area of approximately 109,066 square meters. The development of Nansha Yujing commenced in the fourth quarter of 2009. It is estimated by the Group that the pre-sale will commence by mid 2010 and the development will be completed by the fourth quarter of 2011.

Another property development project of the Group is Holiday Bay Chaohu Phase I ("Chaohu I"), which is located at Zhongmiao Town, Chaohu City, Anhui Province, the PRC. As announced on 29 December 2009, the Group has disposed of Boshing Investments, the holding company of the said development project which has no other business except the holding of the said development project.

PROSPECT AND OUTLOOK

In 2009, under the central government's proactive fiscal policies and moderately loose monetary policies, and coupled with the implementation of a basket of stimulus measures, the economic downturn in the PRC was effectively staved off. The PRC still achieved strong annual GDP growth rate of 8.7% in 2009. The economy of Hong Kong has also improved in 2009.

During the year, the PRC property market has evidently improved. Although some recent policies and measures have already affected the property market in the short term, the Group is still optimistic about the long-term development of the PRC property market. The property industry has become a pillar industry in the PRC and is critical to the economic development of the country. Moreover, rapid ongoing urbanization will likely to continue to drive up the property market for some time. In the coming year, the Group will follow the market conditions closely so as to master changes in the market and capture investment opportunities including acquisition of prime land parcels. The Group will continue to expand the Group's business.

On top of the existing development projects and property investments held by the Group, the Group has exerted great efforts in enhancing and expanding its property investment and development business. Based on the Group's extensive experience in the property market in the PRC, the Group will continue to explore quality properties with a view to expanding its land bank should suitable opportunities arise.

Furthermore, the Group will also strive to expedite the development of its business and will consider expanding its development scale through joint venture cooperation and mergers and acquisitions.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Turnover and Segmental Information

Rental income

The Group's turnover represents rental income generated. Rental income decreased by 28% to approximately HK$7.8 million in 2009 from approximately HK$10.8 million in 2008. The decrease in rental income was mainly due to the disposal of the property investment in Liwan Plaza in 2008.

Gross profit

Gross profit decreased by 34% to approximately HK$4.1 million in 2009 from approximately HK$6.2 million in 2008, mainly due to the fall in rental income received.

Other income

Other income decreased by 50% to approximately HK$0.2 million in 2009 from approximately HK$0.4 million in 2008, mainly due to the decrease in bank interest income received.

Other operating expenses

Other operating expenses decreased by 93% to approximately HK$1.5 million in 2009 from approximately HK$20.1 million in 2008, primarily attributable to the fact that there were no impairment of goodwill and no impairment of prepayments for acquisition of investment properties during the year.

Profit/(Loss) before tax

The Group recorded a profit before tax of approximately HK$9.5 million in 2009 whereas a loss before tax of approximately HK$22.6 million was reported in 2008 mainly due to the increase in fair value on investment properties and the gain on disposal of subsidiaries.

Income tax

Income tax increased by 57% to approximately HK$2.2 million in 2009 from approximately HK$1.4 million in 2008, primarily attributable to the increase in deferred tax in 2009.

Liquidity and Capital Resources

Cash position

As at 31 December 2009, the Group's bank and cash balances amounted to approximately HK$108.9 million (2008: HK$0.18 million).

Borrowings, charges on group assets and gearing ratio

Apart from finance lease payable of approximately HK$28,000, the Group had no other borrowings as at 31 December 2009 (2008: NIL) and the gearing ratio as at 31 December 2009, expressed as total borrowing over the total equity was NIL (2008: NIL).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities for the year ended 31 December 2009.

FOREIGN EXCHANGE RATE

The Group conducts its business almost exclusively in Renminbi ("RMB") except that certain receipts of sales proceeds and the borrowings are in Hong Kong dollar ("HKD"). The conversion of RMB into HKD or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HKD and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. The Group has not adopted any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide the hedging policy required against the possible foreign exchange risk that may arise.

STAFF AND REMUNERATION POLICIES

The Group had approximately 40 employees in Hong Kong and the PRC for the year ended 31 December 2009. They are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include year end bonus.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group adopted the Model Code for Securities Transactions by Directors (the "Code") as contained in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). Special enquiry has been made of all Directors, and all Directors have confirmed that they have complied with the required standards set out in the Code for the year ended 31 December 2009.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions (except code provisions A.2.1 and A.4.2) of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009.

Under code provision A.2.1, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Before 9 September 2009, the Company did not have a chief executive officer and the role of chief executive officer was performed by the chairman of the Board. On 9 September 2009, Mr. Liao Tengjia was appointed as chairman of the Board whist Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) was appointed as chief executive officer of the Company. Thereafter, the different duties and roles of the chairman of the Board and the chief executive officer of the Company have been clearly defined. The chairman is responsible for providing leadership in the Board to set policies and achieve the Group's goals. The chief executive officer is responsible for coordinating and managing the Group's business and operations, implementing the strategies laid down by the Board. The management performs their duties in managing the actual operations of businesses.

Under code provision A.4.2, every Director should be subject to retirement by rotation at least once every three years. According to the articles of association of the Company, the chairman of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the roles of the chairman provide the Group with strong and consistent leadership and allow more effective planning and execution of long-term business strategy. As such, the Board is of the view that the chairman of the Board should not be subject to retirement by rotation.

AUDIT COMMITTEE

The audit committee of the Company comprises three Independent Non-executive Directors. The committee has reviewed the accounting principles and practice adopted by the Group and discussed with the management regarding auditing, internal control and financial reporting matters including the review of the Company's audited results for the year ended 31 December 2009.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditors, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2009. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

APPRECIATION

The Board would like to take this opportunity to thank the shareholders of the Company and the management and the staff members of the Group for their dedication and support.

By Order of the Board of
Zhuguang Holdings Group Company Limited
Liao Tengjia
Chairman

Hong Kong, 26 April 2010

As at the date of this announcement, the Board comprises Mr. Liao Tengjia (Chairman), Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) (Deputy Chairman and Chief Executive Officer), Mr. Chu Muk Chi (alias Mr. Zhu La Yi) and Mr. Huang Jia Jue as Executive Directors and Mr. Leung Wo Ping JP, Dr. Zhang Jianqi and Dr. Zhou Chunsheng as Independent Non-executive Directors.

This announcement is published on the website of the Company (www.zhuguang.com.hk) and the designated issuer website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).