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中國水務集團有限公司*

China Water Affairs Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 855)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

The board of directors (the "Board") of China Water Affairs Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2010	2009
		(unaudited)	(unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**627,403**	670,556
Cost of sales		**(337,788)**	(418,641)
Gross profit		**289,615**	251,915
Other income	4	**47,740**	46,767
Selling and distribution costs		**(25,063)**	(20,211)
Administrative expenses		**(133,361)**	(88,903)
Gain on disposal of assets classified as held for sale		**201,189**	–
Fair value gain on financial assets at fair value through profit or loss		**–**	135,207
Change in fair value of derivative financial instruments (including conversion options embedded in convertible bonds and warrants)		**68,284**	15,580
Loss on redemption of convertible bonds		**(16,460)**	–

* *For identification purposes only*

	Notes	Six months ended 30 September **2010** **(unaudited)** ***HK$'000***	2009 (unaudited) *HK$'000*
Profit from operation	5	**431,944**	340,355
Finance costs	6	**(63,660)**	(39,931)
Share of results of associates		**3,558**	5,278
Share of results of a jointly-controlled entity		**–**	730
Profit before income tax		**371,842**	306,432
Income tax expense	7	**(35,925)**	(35,284)
Profit for the period		**335,917**	271,148
Attributable to:			
Owners of the Company		**271,240**	226,073
Minority interests		**64,677**	45,075
Profit for the period		**335,917**	271,148
Earnings per share attributable to owners of the Company during the period	8	***HK cents***	*HK cents*
Basic		**20.30**	17.48
Diluted		**18.04**	16.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Profit for the period	**335,917**	271,148
Other comprehensive income:		
Change in fair value of available-for-sale financial assets	**(137,512)**	–
Other comprehensive income for the period	**(137,512)**	–
Total comprehensive income for the period	**198,405**	271,148
Total comprehensive income attributable to:		
Owners of the Company	**133,728**	226,073
Minority interests	**64,677**	45,075
	198,405	271,148

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at **30 September 2010 (unaudited)** *HK$'000*	As at 31 March 2010 (audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,153,344**	3,063,979
Prepaid land lease payments		**440,527**	429,164
Investment properties		**718,409**	718,409
Interests in associates		**91,707**	88,149
Available-for-sale financial assets		**490,147**	455,512
Goodwill		**166,492**	175,343
Other intangible assets		**173,576**	176,109
Deposits and prepayments		**174,995**	191,220
		5,409,197	5,297,885
Current assets			
Properties under development		**226,302**	166,216
Properties held for sale		**1,511**	1,511
Inventories		**77,467**	55,987
Trade receivables	10	**604,943**	539,000
Amounts due from grantors for contract work		**90,827**	94,588
Financial assets at fair value through profit or loss		**52,537**	53,841
Derivative financial instruments		**49,708**	142,897
Due from minority equity holders of subsidiaries		**126,208**	131,566
Prepayments, deposits and other receivables		**517,690**	233,311
Pledged deposits		**78,284**	83,111
Cash and cash equivalents		**806,404**	522,678
		2,631,881	2,024,706
Assets classified as held for sale		**84,158**	453,519
		2,716,039	2,478,225

		As at	
		30 September	31 March
		2010	2010
		(unaudited)	(audited)
	Notes	***HK$'000***	*HK$'000*
Current liabilities			
Trade payables	11	**343,510**	326,848
Accrued liabilities, deposits received and other payables		**739,122**	738,173
Borrowings		**532,568**	636,815
Due to minority equity holders of subsidiaries		**90,616**	118,175
Provision for tax		**86,875**	85,520
Warrants		**157**	2,754
Derivative financial instruments		**32,540**	252
Convertible bonds		**–**	257,252
		1,825,388	2,165,789
Net current assets		**890,651**	312,436
Total assets less current liabilities		**6,299,848**	5,610,321
Non-current liabilities			
Borrowings		**1,459,651**	1,535,960
Deferred government grants		**50,302**	51,446
Convertible bonds		**552,798**	–
Deferred tax liabilities		**196,137**	196,137
		2,258,888	1,783,543
Net assets		**4,040,960**	3,826,778
EQUITY			
Equity attributable to owners of the Company			
Share capital		**13,542**	13,277
Proposed dividend		**27,083**	39,980
Reserves		**2,627,427**	2,496,397
		2,668,052	2,549,654
Minority interests		**1,372,908**	1,277,124
Total equity		**4,040,960**	3,826,778

Notes:

1. **BASIS OF PREPARATION**

The unaudited condensed 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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. **PRINCIPAL ACCOUNTING POLICIES**

The basis of preparation and accounting policies adopted in preparing these interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 March 2010 except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA that have become effective for accounting period beginning on 1 April 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time-Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

The application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no material effect on the interim condensed consolidated financial statements of the Group. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no material effect on the interim condensed consolidated financial statements of the Group.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of the new and revised standards, amendments or interpretations to the Group in future periods. So far, it has included that the adoption of the new and revised standards, amendments or interpretations is unlikely to have material impact on the Group's results and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group has identified the following reportable segments:

(i) "Water" segment, which is presented as "City water supply operation and construction" and "Sewage treatment operation and construction" segments, involves the provision of water supply and sewage treatment operation and construction services respectively (including the transfer-operate-transfer ("TOT") and build-operate-transfer ("BOT") arrangements);

(ii) "Property development and investment" segment involves development of properties for sale and investment in properties for capital appreciation;

(iii) "Other infrastructure construction" segment involves construction of road and other municipal works; and

(iv) "All other" segment includes manufacture and sale of concrete products and other business activities.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except for equity-settled share option expenses, gain on disposal of assets classified as held for sale, fair value gain/loss on financial assets at fair value through profit or loss, fair value change on derivative financial instruments, finance costs, share of results of associates and jointly controlled entity, corporate income, corporate expenses, excess over the cost of business combination recognised in profit and loss, reversal of impairment loss, impairment loss on available-for-sale financial assets, income tax expense and gain/loss on repurchase/redemption of convertible bonds. Segment assets consist primarily of intangible assets, goodwill, property, plant and equipment, prepaid land lease payments, inventories and trade receivables and mainly exclude corporate assets, available-for-sale financial assets, financial assets at fair value through profit or loss, and interests in associates and a jointly controlled entity.

For the financial period ended 30 September 2010

	City water supply operation and construction (unaudited) *HK$'000*	Sewage treatment operation and construction (unaudited) *HK$'000*	Property development and investment (unaudited) *HK$'000*	Other infrastructure construction (unaudited) *HK$'000*	All other (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Revenue						
From external customers	**521,100**	**21,773**	**–**	**–**	**84,530**	**627,403**
From inter-segment	**–**	**–**	**–**	**–**	**–**	**–**
Reportable segment revenue	**521,100**	**21,773**	**–**	**–**	**84,530**	**627,403**
Reportable segment profit/(loss)	**184,978**	**9,442**	**486**	**(1,006)**	**27,224**	**221,124**
Unallocated corporate income						**17,099**
Unallocated corporate expense						**(59,292)**
Gain on disposal of assets classified at held for sale						**201,189**
Change in fair value of derivative financial instruments (including conversion options embedded in convertible bonds and warrants)						**68,284**
Loss on redemption of convertible bonds						**(16,460)**
Share of results of associates						**3,558**
Finance costs						**(63,660)**
Profit before income tax						**371,842**
Income tax expense						**(35,925)**
Profit for the period						**335,917**
Total segment assets	**4,265,978**	**223,655**	**1,135,413**	**454,911**	**240,698**	**6,320,655**

For the financial period ended 30 September 2009

	City water supply operation and construction (unaudited) *HK$'000*	Sewage treatment operation and construction (unaudited) *HK$'000*	Property development and investment (unaudited) *HK$'000*	Other infrastructure construction (unaudited) *HK$'000*	All other (unaudited) *HK$'000*	Inter-segment elimination (unaudited) *HK$'000*	Total (unaudited) *HK$'000*
Revenue							
From external customers	353,213	16,095	33,307	208,513	59,428	–	670,556
From inter-segment	2,594	–	–	–	30,589	(33,183)	–
Reportable segment revenue	355,807	16,095	33,307	208,513	90,017	(33,183)	670,556
Reportable segment profit	154,784	6,208	380	39,276	8,302	–	208,950
Unallocated corporate income							1,973
Unallocated corporate expenses							(21,355)
Fair value gain on financial assets at fair value through profit or loss							135,207
Change in fair value of derivative financial instruments (including conversion options embedded in convertible bonds and warrants)							15,580
Finance costs							(39,931)
Share of results of associates							5,278
Share of result of a jointly-controlled entity							730
Profit before income tax							306,432
Income tax expense							(35,284)
Profit for the period							271,148
Total segment assets	2,695,222	155,089	821,776	554,545	140,352	–	4,366,984

For the period ended 30 September 2009, 31% of the Group's total revenue was attributable to other infrastructure construction services revenue from one customer of HK$208,513,000.

The Group's revenues from external customers by geographical areas are not presented as the geographical segments other than the PRC are less than 10% of the aggregate amount of all segments.

4. OTHER INCOME

	Consolidated Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Other income:		
Interest income	**1,607**	1,133
Dividend income from financial assets	**9,347**	1,562
Government grants and subsidies	**27,610**	40,440
Miscellaneous income	**9,176**	3,632
Total	**47,740**	46,767

5. PROFIT FROM OPERATION

Profit from operation is arrived at after charging:

	Consolidated Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Depreciation	**68,171**	45,398
Amortisation of prepaid land lease payments	**3,356**	2,726
Amortisation of other intangible assets	**3,813**	4,128

6. FINANCE COSTS

	Consolidated Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**33,997**	21,551
Interest on other borrowings	**8,746**	10,213
Interest on convertible bonds	**26,226**	10,834
Convertible bonds issuance expenses charged to income statement	**1,289**	–
Total borrowing costs	**70,258**	42,598
Less: interest capitalised included in property, plant and equipment	**(6,598)**	(2,667)
	63,660	39,931

7. INCOME TAX EXPENSE

Taxation for other jurisdiction is calculated at the rates prevailing in the relevant jurisdictions. Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the period (2009: Nil).

	Consolidated Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Current		
– PRC	**35,925**	33,534
Deferred		
– tax charge for the period	**–**	1,750
Total tax charge for the period	**35,925**	35,284

8. EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the Company of HK$271,240,000 (2009: HK$226,073,000) and on the weighted average of 1,336,273,868 (2009: 1,293,666,741) ordinary shares in issue during the period.

In the calculation of the diluted earnings per share attributable to the owners of the Company for the period ended 30 September 2010, the Company's warrants were not taken into account as they had an anti-dilutive effect. Therefore, the calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company of HK$271,240,000 and after adjustments to reflect the effect of deemed exercise or conversion of convertible bonds, which was HK$269,608,000 and on the weighted average of 1,494,735,072 ordinary shares outstanding during the period, being the weighted average number of ordinary shares of 1,336,273,868 used in basic earnings per share calculation and adjusted for the effect of share options and deemed exercise or conversion of convertible bonds existing during the period of 158,461,204.

In the calculation of the diluted earnings per share attributable to the owners of the Company for the period ended 30 September 2009, the potential shares arising from the conversion of the Company's convertible bonds would increase the earnings per share attributable to the owners of the Company and were not taken into account as they had an anti-dilutive effect. Therefore, the calculation of diluted earnings per share is based on the profit for the period attributable to owners of the Company of HK$226,073,000 and on the weighted average of 1,344,001,875 ordinary shares outstanding during the period, being the weighted average number of ordinary shares of 1,293,666,741 used in basic earnings per share calculation and adjusted for the effect of share options existing during the period of 50,335,134.

9. DIVIDENDS

(a) Dividends attributable to the interim period

	Consolidated Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Interim dividend		
– HK$0.02 (2009: HK$0.02) per ordinary share	**27,083**	26,537

The interim dividend proposed after the reporting date has not been recognised as a liability at the reporting date, but reflected as an appropriation of contributed surplus for the financial period ended 30 September 2010.

(b) Dividends attributable to the previous financial year, approved and paid during the interim period

	2010	2009
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year of HK$0.03 (2009: HK$0.03) per ordinary share	**40,625**	39,806

10. TRADE RECEIVABLES

An analysis of the aging of the Group's trade receivables is as follows:

	As at	
	30 September 2010 (unaudited)	31 March 2010 (audited)
	HK$'000	*HK$'000*
Current to 90 days	**112,073**	138,774
91 to 180 days	**40,066**	58,592
Over 180 days	**452,804**	341,634
	604,943	539,000

The Group has a policy of allowing trade customers with credit terms of normally within 90 days except for construction project for which settlement is made in accordance with the terms specified in the contracts governing the relevant transaction.

As at the reporting date, the Group had no significant balances of trade receivables that were past due but not impaired. The directors of the Company are of the opinion that no further allowance for impairment of trade receivables is necessary as there was no recent history of significant default in respect of these trade debtors. Trade receivables that were neither past due nor impaired related to a large number of independent customers that had a good track record of credit with the Group. In general, the Group does not hold any collateral or other credit enhancements over these balances.

11. TRADE PAYABLES

An analysis of the aging of the Group's trade payable is as follows:

	As at	
	30 September 2010 (unaudited)	31 March 2010 (audited)
	HK$'000	*HK$'000*
Current to 90 days	**97,166**	95,170
91 to 180 days	**12,524**	30,969
Over 180 days	**233,820**	200,709
	343,510	326,848

The credit terms of trade payables vary according to the terms agreed with different suppliers.

12. COMPARATIVE INFORMATION

Comparative information were restated to conform to current period's presentation as a result of the adoption of the new HKFRSs.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.02 per ordinary share for the six months ended 30 September 2010 (2009: HK$0.02 per ordinary share). The interim dividend will be payable on or about Monday, 3 January 2011 to the shareholders whose names appear on the register of member on Friday, 24 December 2010.

BUSINESS REVIEW

Despite the decline in the Group's total revenue from 670.6 million for the six months ended 30 September 2009 to 627.4 million for the six months ended 30 September 2010, the Group recorded a robust growth in its "Water" segment. For the period under review, the total revenue attributable to the "Water" segment amounted to RMB542.9 million, which represented approximately 86.5% of the total revenue. For the corresponding period under review, the total revenue attributable to the "Water" segment amounted to RMB369.3 million, which represented approximately 55.1% of the total revenue only. This represented a substantial growth of "Water" segment revenue of 47.0%, which is mainly attributed to the successful growth of the Group through various mergers and acquisition, increase in operating efficiency and tariff of the water supply and sewage treatment plants.

(i) *Water Supply Business Analysis*

City water supply projects of the Group are well spread in various provincial cities and regions across China, including Hunan, Henan, Jiangsu, Hubei, Jiangxi, Guangdong and Chongqing.

For the period under review, the revenue from city water supply operation and construction amounted to HK$521.1 million (2009: HK$353.2 million), representing an increase of 47.5% as compared with the last corresponding period. The total water segment profit (including city water supply, water related installation works and meter installation) amounted to HK$185.0 million (2009: HK$154.8 million), representing an increase of 19.5 % as compared with the last corresponding period.

(ii) *Sewage Treatment Business Analysis*

Sewage treatment projects of the Group are mainly located in Hubei and Jiangxi provinces of China.

For the period under review, the revenue from sewage treatment operation and construction business amounted to HK$21.8 million (2009: HK$16.1 million), representing an increase of 35.4% as compared with the last corresponding period. The total sewage treatment segment profit (including sewage treatment operating and construction) amounted to HK$9.4 million (2009: HK$6.2 million), representing an increase of 51.6 % as compared with the last corresponding period.

(iii) *Property Business Analysis*

The Group held various property development and investment projects which are mainly located in Jiangxi provinces.

For the period under review, the Group did not record any revenue from the property business segment (2009: HK$33.3 million). The total property business segment profit amounted to HK$0.5 million (2009: HK$0.4 million), representing an increase of 25% as compared with the last corresponding period. The Group presold one of its property projects in Jiangxi province and received deposits of approximately HK$139.9 million. The Group expected that the related revenue and result will be reflected in the second half this year.

(iv) *Other Infrastructure Construction Business Analysis*

For the period under review, the Group did not record any revenue from the other infrastructure construction business segment (2009: HK$208.5 million) as the progress of the Group's contracted infrastructure construction project in Jiangxi province was in the final stage in the last financial year. The total other infrastructure construction business segment loss amounted to HK$1.0 million (2009: profit of HK$39.3 million).

For the period under review, the Group recorded a gain on disposal of assets classified as held for sale amounted to RMB201.2 million, which represented the aggregate gain on disposal of 35% equity interest in 江河農村電氣化發展有限公司 and 17.085% equity interest in 中國水務投資有限公司. The Group considered that realisation of the above investments at a gain can provide resources to the Group in developing water supply related businesses in China.

FUTURE PROSPECTS

China is a water-stressed country. The water pollution caused by the fast urbanisation in China is compounding the severity of the problem. The Group believes that water industry in China has large growth potential as solving the problems of water shortage and water pollution are critical to the success of sustainable economic growth and social development in China.

The key missions of environmental protection and rural development are further stressed in the 12th Five-Year Plan. The total national investment in sewage treatment is expected to surge, which is beneficial to the Group's sewage treatment business. The Group also believes that the total national investment in water supply is even higher as the development of safe water supply system is taking a toll in the urbanisation and rural development. The Group is well positioned to enjoy the fast growing water industry ahead due to the Group's strategic locations of water supply projects across China, including second to third tier regions. The Group is also taking active step for tariff hike. The Group expects that water tariff will continue to rise as the consumer price index is expected to allow increasing in larger magnitude and water fee represents a smaller proportion of Chinese disposable income than other utilities such as electricity and gas.

The Group will also keep identifying with effort some promising water projects to enlarge its water supply capacity and coverage. The Group's goal of enhancing the shareholders' value remains paramount in the development and execution of the above strategy.

ISSUE OF CONVERTIBLE BONDS

On 10 March 2010, the Company entered into a subscription agreement with DBS Bank Limited ("DBS") pursuant to which DBS agreed to subscribe for the convertible bonds of the Company in an aggregate principal amount of HK$600 million. The net proceeds from the issue of convertible bonds will be used for capital expenditure, working capital and general corporate purposes. Further details of which are disclosed in the Company's announcement dated 10 March 2010. The transaction was completed on 15 April 2010.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group has total cash and bank balances of approximately HK$884.7 million (31 March 2010: HK$605.8 million). The gearing ratio, calculated as a percentage of total liabilities to total assets, is 50.3% (31 March 2010: 50.8%) as at 30 September 2010. The current ratio is 1.49 times (31 March 2010: 1.14 times) as at 30 September 2010. In the opinion of the directors, the Group will have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future.

HUMAN RESOURCES

As at 30 September 2010, the Group has employed approximately 4,800 staff. Most of them stationed in the PRC and the remaining in Hong Kong. The remuneration package of the employees is determined by various factors including their experience and performance, the market condition, industry practice and applicable employment law.

CORPORATE GOVERNANCE

The Directors consider that the Company has complied with the applicable code provisions of the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 September 2010, except for certain deviations as follows:

Code Provision A.4.2

Under this code provision, every director should be subject to retirement by rotation at least once every three years. According to the Company's bye-laws, at each annual general meeting, one third of the directors shall retire from office by rotation provided that notwithstanding anything therein, 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 Board should not be subject to retirement by rotation.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for the Securities Transaction by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by its directors. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code as provided in Appendix 10 of the Listing Rules for the six months ended 30 September 2010.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 December 2010 to Friday, 24 December 2010 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to the interim dividend for the six months ended 30 September 2010, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 17 December 2010.

REMUNERATION COMMITTEE

The Remuneration Committee comprises the four independent non-executive directors of the Company, is responsible for reviewing and evaluating the remuneration polices of executive directors and making recommendations to the Board from time to time.

AUDIT COMMITTEE

The Audit Committee comprises the four independent non-executive directors of the Company has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim condensed accounts for the six months ended 30 September 2010 with the directors.

On behalf of the Board
Duan Chuan Liang
Chairman

Hong Kong, 26 November 2010

As at the date of this announcement, the Board comprises two executive Directors, being Mr. Duan Chuan Liang and Mr. Li Ji Sheng, four non-executive Directors, being Mr. Chen Guo Ru, Mr. Wu Jiesi, Mr. Zhao Hai Hu and Mr. Zhou Wen Zhi, and four independent non-executive Directors, being Ms. Huang Shao Yun, Ms. Liu Dong, Mr. Chau Kam Wing and Mr. Ong King Keung.