星晨集團有限公司*

Morning Star Resources Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2010 FINAL RESULTS ANNOUNCEMENT

The Board of Directors of Morning Star Resources Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**558,981**	505,586
Cost of sales		**(495,691)**	(447,225)
Gross profit		**63,290**	58,361
Other income	*5*	**8,639**	13,875
Selling expenses		**(6,229)**	(4,828)
Administrative expenses		**(73,815)**	(61,693)
(LOSS)/PROFIT FROM OPERATIONS		**(8,115)**	5,715
Finance costs		**—**	(3)
Non-recurring expenses	*6*	**(12,517)**	—
Share of loss of a jointly-controlled entity		**—**	(14)
(LOSS)/PROFIT BEFORE TAX		**(20,632)**	5,698
Income tax expense	*7*	**(1,957)**	(4,113)
(Loss)/profit for the year from continuing operations		**(22,589)**	1,585

	Note	2010 HK$'000	2009 HK$'000
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	8	**(517)**	(282)
(LOSS)/PROFIT FOR THE YEAR		**(23,106)**	1,303
Attributable to:			
Owners of the Company		**(11,157)**	2,596
Non-controlling interests		**(11,949)**	(1,293)
		(23,106)	1,303
(LOSS)/EARNINGS PER SHARE	9		
Basic			
— For (loss)/profit for the year		**(0.46 cent)**	0.11 cent
— For (loss)/profit from continuing operations		**(0.44 cent)**	0.12 cent
Diluted			
— For (loss)/profit for the year		**—**	—
— For (loss)/profit from continuing operations		**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(23,106)**	1,303
Other comprehensive income:		
Changes in fair value of available-for-sale financial assets	**(199)**	6,567
Exchange differences on translation of foreign operations	**4,659**	(2,859)
Other comprehensive income for the year	**4,460**	3,708
Total comprehensive (expense)/income for the year	**(18,646)**	5,011
Attributable to:		
Owners of the Company	**(6,697)**	6,304
Non-controlling interests	**(11,949)**	(1,293)
	(18,646)	5,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	Note	**2010** **HK$'000**	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**17,038**	18,084
Property under development		**3,806**	3,806
Prepaid land lease payments		**2,983**	2,931
Investment in an associate		**—**	—
Available-for-sale financial assets		**26,826**	27,012
Other assets		**8,217**	8,255
Pledged bank balances		**2,417**	3,397
Deferred tax assets		**10,086**	12,023
		71,373	75,508
CURRENT ASSETS			
Properties held for sale under development		**65,908**	65,599
Properties held for sale		**59,719**	73,012
Inventories		**380**	329
Trade receivables	*10*	**8,435**	22,387
Prepayments, deposits and other receivables		**27,063**	22,300
Financial assets at fair value through profit or loss		**—**	—
Due from related companies		**8,093**	7,888
Due from associates		**920**	915
Client trust bank balances		**—**	6,291
Cash and cash equivalents		**134,791**	134,610
		305,309	333,331
Assets of a disposal group classified as held for sale	*8*	**17,323**	—
TOTAL CURRENT ASSETS		**322,632**	333,331

	Note	2010 HK$'000	2009 HK$'000
CURRENT LIABILITIES			
Due to related companies		**2,279**	1,921
Due to associates		**129**	129
Tax payables		**4,382**	5,148
Trade payables, other payables and accruals	*11*	**87,121**	88,905
Non-interest bearing other borrowings		**16,710**	16,710
		110,621	112,813
Liabilities directly associated with the assets classified as held for sale	*8*	**6,589**	—
TOTAL CURRENT LIABILITIES		**117,210**	112,813
NET CURRENT ASSETS		**205,422**	220,518
NET ASSETS		**276,795**	296,026
CAPITAL AND RESERVES			
Share capital		**482,910**	482,910
Reserves		**(264,983)**	(255,226)
Equity attributable to owners of the Company		**217,927**	227,684
Non-controlling interests		**58,868**	68,342
TOTAL EQUITY		**276,795**	296,026

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention except for certain financial assets which have been measured at fair value. Disposal group held for sale is stated at the lower of their carrying amounts and fair values less costs to sell as further explained in note 8. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all of the new and revised HKFRSs which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2010.

The adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements unless otherwise stated below:

HKFRS 3 (Revised) *Business Combinations* introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) *Consolidated and Separate Financial Statements* requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

Improvements to HKFRSs 2009 issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group.

Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

Amendment to HK Interpretation 4 *Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases* is revised as a consequence of the amendment to HKAS 17 included in *Improvements to HKFRSs 2009*. Following this amendment, the scope of HK Interpretation 4 has been expanded to cover all land leases, including those classified as finance leases. As a result, this interpretation is applicable to all leases of property accounted for in accordance with HKAS 16 *Property, Plant and Equipment*, HKAS 17 and HKAS 40 *Investment Property*.

The Group has reassessed its leases in Mainland China, previously classified as operating leases, upon the adoption of the amendments. The classification of leases in Mainland China remained as operating leases.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements.

		Effective for annual periods beginning on or after
HKFRS 1 (Amendment)	*Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*	1 July 2010
HKFRS 1 (Amendments)	*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	1 July 2011
HKFRS 7 (Amendments)	*Transfers of Financial Assets*	1 July 2011
HKFRS 9	*Financial Instruments*	1 January 2013
HKAS 12 (Amendments)	*Deferred Tax: Recovery of Underlying Assets*	1 January 2012
HKAS 24 (Revised)	*Related Party Disclosures*	1 January 2011
HKAS 32 (Amendment)	*Classification of Rights Issues*	1 February 2010
HK(IFRIC) Int–14 (Amendments)	*Prepayments of a Minimum Funding Requirement*	1 January 2011
HK(IFRIC) Int–19	*Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010
HKFRS (Amendments)	*Improvements to HKFRSs 2010*	
	— amendments to HKFRS 3 and 7	1 July 2010
	— amendments to other HKFRSs	1 January 2011

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is to be expected in the period of initial application. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. REVENUE

Revenue, which also is the Group's turnover, represents the value of services rendered, and proceeds from sales of properties held for sale during the year.

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Rendering of travel and travel-related services	**536,891**	465,250
Sales of properties held for sale	**22,090**	40,336
	558,981	505,586

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Other income		
Bank interest income	**323**	611
Other interest income	**30**	32
	353	643
Visa income	**318**	361
Commission income	**4,584**	4,254
Others	**1,413**	2,378
	6,668	7,636
Gains		
Gain on disposal of property, plant and equipment	**—**	101
Gain on deregistration of subsidiaries	**1,870**	—
Waiver of amount due to an associate	**—**	2,948
Foreign exchange gains, net	**101**	3,190
	1,971	6,239
	8,639	13,875

6. NON-RECURRING EXPENSES

	2010	2009
	HK$'000	*HK$'000*
Written-off irrecoverable balances of trade and other receivables	**12,517**	—

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2009: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Continuing operations		
Current — Hong Kong	**—**	—
Current — PRC		
Charge for the year	**14**	3,864
Underprovision in prior years	**—**	73
	14	3,937
Current — Other countries		
Charge for the year	**—**	—
Underprovision in prior years	**—**	197
	—	197
Deferred	**1,943**	(21)
Total tax charge for the year	**1,957**	4,113

In 2010, no provision for Hong Kong profits tax has been made as the Group did not have sufficient assessable profits from continuing operations in Hong Kong to set off tax losses available (2009: Nil).

8. DISCONTINUED OPERATION

On 3 December 2010, the board of directors announced a plan to dispose of a wholly-owned subsidiary Morning Star Securities Limited (the "MSSL") which carried out almost all of the Group's financial services operations. The disposal is consistent with the Group's long-term policy to focus its activities on the travel and travel-related services and properties development. The disposal had been completed on 28 February 2011. As at 31 December 2010, final negotiations for the sale were in progress and the MSSL was classified as a disposal group held for sale.

The results of the MSSL for the year are presented below:

	2010	2009
	HK$'000	*HK$'000*
Revenue	**1,530**	2,032
Expenses	**(2,047)**	(2,314)
Loss before tax from the discontinued operation	**(517)**	(282)
Attributable income tax expense	**—**	—
	(517)	(282)
Loss for the year from the discontinued operation	**(517)**	(282)

The major classes of assets and liabilities of the MSSL classified as held for sale as at 31 December 2010 are as follows:

	2010	2009
	HK$'000	*HK$'000*
Assets		
Property, plant and equipment	**2**	—
Other assets	**600**	—
Trade receivables	**202**	—
Prepayments, deposits and other receivables	**31**	—
Client trust bank balances	**6,313**	—
Cash and cash equivalents	**10,175**	—
Assets classified as held for sale	**17,323**	—
Liabilities		
Trade payables	**124**	—
Other payables and accruals	**6,465**	—
Liabilities directly associated with the assets classified as held for sale	**6,589**	—
Net assets directly associated with the disposal group	**10,734**	—

The net cash flows incurred by the MSSL are as follows:

	2010	2009
	HK$'000	*HK$'000*
Operating activities	**(527)**	(54)
Investing activities	**(13,291)**	260
Net cash (outflow)/inflow	**(13,818)**	206
Loss per share (note 9):		
From the discontinued operation		
Basic	**(0.02 cent)**	(0.01 cent)
Diluted	**—**	—

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 2,414,547,555 (2009: 2,414,547,555) in issue during the year.

No diluted (loss)/earnings per share are presented as the Company had no potentially dilutive ordinary shares in issue during 2009 and 2010.

10. TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables, gross	**8,676**	22,712
Provision for impairment	**(241)**	(325)
	8,435	22,387

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 1 month	**363**	10,606
1–3 months	**5,698**	10,087
4–12 months	**2,198**	1,485
Over 1 year	**176**	209
	8,435	22,387

Trade receivables that were past due but not impaired relate to a number of independent customers with good track records with the Group. Based on past experience, if the directors of the Group are of the opinion that there has not been a significant change in credit quality of the customers, no provision for impairment is necessary. The balances owed by the customers concerned are still considered fully recoverable.

The Group does not hold any collateral or other credit enhancements over these balances.

The trade receivables included in a disposal group (note 8) of HK$202,000 are aged within 1 month as neither past due nor impaired.

11. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**31,106**	48,852
Received in advance for sales of properties held for sale	**8,222**	2,751
Other payables and accruals	**47,793**	37,302
	87,121	88,905

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 1 month	**26,954**	43,514
1–3 months	**2,389**	2,598
4–12 months	**767**	1,411
Over 1 year	**996**	1,329
	31,106	48,852

The trade payables included in a disposal group (note 8) of HK$124,000 are aged within one month.

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

FINANCIAL RESULTS

The Group reported a loss from its continuing operations of HK$8.1 million for the year ended 31 December 2010 (2009: profit of HK$5.7 million).

The Group's consolidated loss attributable to the owners of the Company for 2010 amounted to HK$11.2 million (2009: profit of HK$2.6 million).

DIVIDEND

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2010 (2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Group Overview

For the year under review, the Group recorded a loss from operations of HK$8.1 million as compared to a profit of HK$5.7 million for 2009. The loss was due to, amongst others, the finalisation of Land Value Added Tax in respect of properties sold by Property Division of the Group in Zhongshan, PRC. Loss attributable to owners of the Company for the year ended 31 December 2010 amounted to HK$11.2 million against a profit of HK$2.6 million for 2009.

For the year ended 31 December 2010, the Group's revenue from continuing operations grew by 10.6% from HK$505.6 million in 2009 to HK$559.0 million in 2010. Accompanying the gradual economic recovery in 2010, Travel and Tourism Division, the main business division of the Group, recorded a substantial growth in turnover and profit.

Travel and Tourism Division

Total revenue of the Group's Travel and Tourism Division for the year ended 31 December 2010 amounted to HK$536.9 million, an increase of 15.4% compared to HK$465.3 million in 2009. The growth in revenue was mainly attributable to the increase in turnover contributed by Morning Star Travel Service Limited ("MST") in Hong Kong.

During the year, the Group aimed at reducing its operating costs, enhancing the productivity and improving gross profit margin. As a result, the Travel and Tourism Division achieved an increase in its operating profit from HK$4.2 million in 2009 to HK$12.7 million in 2010.

The year of 2010 had been very encouraging for Travel and Tourism Division. In spite of the road ahead to an assured economic recovery in the US and Asia could be full of uncertainties, a testament to the sheer nature of the business of travel and tourism. Threats of socio-political, economical, and environmental nature can change the travel and tourism business overnight and flow off certain goals set by the management. To combat the ever-changing market conditions in the 21st century, the management will be vigilant and proactive in attempting to achieve set of performance goals of the year. This is intended to safeguard the shareholders' interest and profitability of the Group for the years ahead.

Looking forward to 2011, the Group has identified business priorities that capitalize on its competitive strengths to support sustainable growth, and has been taking actions to infuse income generators to the Travel and Tourism Division, which include Corporate Ticketing, Events & Management, On-line Web-based Call Center and Cruise Centre. The Group will continue to explore and develop quality and competitive travel products, and make use of the well-established service platforms to remain a preferred travel agent in Hong Kong.

Property Division

For the year ended 31 December 2010, total revenue of the Property Division amounted to HK$22.1 million compared to HK$40.3 million for 2009 with a corresponding loss of HK$14.2 million for 2010 against a profit of HK$3.2 million for 2009. The loss was mainly attributable to the finalisation of Land Value Added Tax in respect of properties sold by the Property Division from the years of 2004 to May 2010 amounting to HK$10.3 million, and the payment to the PRC government in respect of an idle land held by the Group in Zhongshan, PRC amounting to HK$0.6 million.

During the year, the management continued focusing on the sale of unsold completed residential units in Morning Star Villa ("MSV") and Morning Star Plaza ("MSP") resulting in HK$17.0 million worth of stocks on hand being sold during the year. The profit margin for the residential units in MSV and MSP sold in 2010 was dropped as comparing to the units sold in 2009. In line with the normal approach adopted in the recognition of sales, the revenue and profits arising from 52 units sold with an accumulated sales value of HK$21.9 million and profits of HK$2.9 million have not been recognised in the Group's income statement.

To-date, approximately 99.4% of all residential units completed under Phase I to Phase VIII of MSV had been sold, and approximately 95.2% of all residential and commercial units completed under Phase I to Phase IV of MSP had been sold.

Discontinued Operation

In view of the contribution from the MSSL is meager in terms of the Group's total revenue and operating results, the Board announced on 3 December 2010 to dispose entire issued share capital in MSSL. The disposal had been completed on 28 February 2011.

Geographical Segments

The revenue for Hong Kong SAR mainly relates to travel and travel-related services, and the revenue for elsewhere in the PRC relates principally to (i) property development and (ii) travel and travel-related services.

REVIEW OF FINANCIAL POSITION

Overview

Non-current assets as at 31 December 2010, consisting mainly of property, plant and equipment, property under development, available-for-sale financial assets, pledged bank balances and deferred tax assets, amounted to HK$71.4 million, a decrease of HK$4.1 million, compared to HK$75.5 million as at 31 December 2009. Current assets as at 31 December 2010 amounted to HK$322.6 million against HK$333.3 million as at 31 December 2009. Current liabilities as at 31 December 2010 amounted to HK$117.2 million, compared to HK$112.8 million as at 31 December 2009.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2010, the Group's total borrowings was HK$16.7 million (2009: HK$16.7 million) comprising non-interest-bearing other borrowings. As at 31 December 2010, the Group's available banking facilities not utilised is Nil (2009: Nil).

The Group's total equity as at 31 December 2010 was HK$276.8 million (2009: HK$296.0 million).

The Group's gearing ratio as at 31 December 2010 was 6.0% compared to 5.6% for 2009. The gearing ratio was based on total borrowings over the total equity of the Group.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Chinese Renminbi, which is derived from its sales of property units in Zhongshan, PRC.

Capital Commitments

The Group had capital commitments amounting to HK$3.4 million as at 31 December 2010 (2009: Nil).

Contingent Liabilities

As at 31 December 2010, the Group had contingent liabilities amounting to HK$27.1 million (2009: HK$50.6 million). The contingent liabilities were mainly in respect of buy-back guarantee in favour of banks to secure mortgage loans granted to the purchasers of the properties developed by Morning Star Villa and Morning Star Plaza. The Directors considered that the fair value of such guarantee on initial recognition was insignificant.

Charges on Group Assets

As at 31 December 2010, non-current bank balances amounting to HK$2.4 million (2009: HK$3.4 million) were pledged to certain banks to secure mortgage loan facilities to purchasers of properties developed by Morning Star Villa and Morning Star Plaza in Zhongshan, PRC.

Proposed Capital Reorganisation and Open Offer with Bonus Issue

On 19 November 2010, the Board announced to (i) implement a proposed capital reorganisation which will involve (a) the consolidation of every 10 Shares of HK$0.20 each into 1 Consolidated Share of HK$2.00 each; (b) the cancellation of any fractional entitlements remaining following aggregation of all fractional entitlements arising on the Share Consolidation; and a reduction in the nominal value of the then issued Consolidated Shares from HK$2.00 to HK$0.01 each; (c) the subdivision of each authorised but unissued Consolidated Share of HK$2.00 each into 200 Adjusted Shares of HK$0.01 each; and (d) the total credit arising from the Capital Reduction will be credited to a reserve account of the Company, which will be used, amongst others, to set off against the accumulated losses of the Company; (ii) change of board lot size for trading in the shares of Morning Star Resources Limited ("the Company") from 2,000 Shares to 8,000 Adjusted Shares upon the Capital

Reorganisation becoming effective; and (iii) propose open offer on the basis of five offer shares for every one adjusted share held with bonus issue on the basis of two bonus shares for every five offer shares taken up under the open offer. The Board expects that the Share Consolidation will reduce the transaction costs for dealing after completion of the Capital Reorganisation, and believes that it would provide flexibility for the Company to raise fund via the issue of Adjusted Share in the future. The Capital Reorganisation will enable the Company to apply part of the amount standing to the credit of its reserve account to eliminate the accumulated losses of the Company. This will facilitate the payment of dividends as and when the Directors consider it appropriate in future. The Board considers that the Open Offer with the Bonus Issue is in the interests of the Company and the Shareholders as a whole as the Open Offer allows the Group to significantly strengthen its financial position.

STAFF ANALYSIS

The total number of staff employed by the Group as at 31 December 2010 was 370 compared to 374 as at 31 December 2009. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group does not have a share option scheme for its employees. The Group continues to implement its overall human resource training and development programme to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

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

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010 save for the deviation as follows:

Under code of provision A.4.1, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing Non-Executive Directors of the Company is appointed for a specific term but all directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the audited financial statements for the year ended 31 December 2010. The Audit Committee constituted three Independent Non-Executive Directors.

DISCLOSURE OF INFORMATION OF THE STOCK EXCHANGE'S WEBSITE

The annual report of the Group for the year ended 31 December 2010 containing the relevant information required by the Listing Rules will subsequently be published on the Stock Exchange's website in due course.

By order of the Board
CHI Chi Hung, Kenneth
Executive Director

Hong Kong, 28 March 2011

As at the date of this announcement, the Executive Directors are Mr SUNG Wai Man, Peter, Mr CHI Chi Hung, Kenneth and Mr YEUNG Kwok Leung; the Non-Executive Director is TSO Shiu Kei, Vincent; and the Independent Non-Executive Directors are Ms CHAN Hoi Ling , Ms SO Wai Lam and Mr SUNG Yat Chun.

* *For identification purposes only*