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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

The board ("Board") of directors ("Directors") of Zhuguang Holdings Group Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 together with the comparative figures for the previous year as follows:—

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Turnover	2	**7,855**	7,761
Rental outgoings		**(3,081)**	(3,654)
Gross profit		**4,774**	4,107
Other income		**3,097**	199
Fair value gains on investment properties		**24,920**	11,915
Selling and marketing expenses		**(6,765)**	—
Administrative expenses		**(16,031)**	(12,586)
Other operating expenses		**(1,477)**	(1,468)
Profit from operations		**8,518**	2,167
Finance costs		**(58)**	—
Gain on disposal of subsidiaries		**—**	7,330
Profit before tax		**8,460**	9,497
Income tax	3	**(3,319)**	(2,235)
Profit for the year	4	**5,141**	7,262
Basic earnings per share	6	**0.23 cents**	0.39 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**5,141**	7,262
Other comprehensive income		
Exchange differences on translating foreign operations		
Exchange differences arising during the year	**12,757**	463
Reclassification adjustments relating to foreign operations disposed of during the year	**—**	(5,451)
Other comprehensive income for the year, net of tax	**12,757**	(4,988)
Total comprehensive income for the year	**17,898**	2,274

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**2,094**	673
Investment properties		**839,317**	150,733
Properties under development		**—**	109,731
Prepayment for properties acquisition		**15,000**	15,000
		856,411	276,137
Current assets			
Properties under development		**330,201**	—
Accounts receivable	*7*	**4,797**	148
Consideration receivables	*8*	**—**	144,316
Prepayments, deposits and other receivables		**11,066**	13,322
Current tax assets		**8,262**	—
Restricted bank deposits		**124,418**	—
Bank and cash balances		**17,733**	108,931
		496,477	266,717
Current liabilities			
Accounts payable	*9*	**1,058**	—
Proceeds received from pre-sale of properties		**223,039**	—
Accruals and other payables		**28,266**	18,561
Current tax liabilities		**2,286**	1,392
Finance lease payables		**347**	6
		254,996	19,959
Net current assets		**241,481**	246,758
Total assets less current liabilities		**1,097,892**	522,895
Non-current liabilities			
Bank loans		**81,199**	—
Finance lease payables		**746**	22
Deferred tax liabilities		**55,679**	5,526
		137,624	5,548
NET ASSETS		**960,268**	517,347
Capital and reserves			
Share capital		**243,059**	226,882
Reserves		**717,209**	290,465
TOTAL EQUITY		**960,268**	517,347

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") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

   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.

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 2010			
Revenue from external customers *(Note)*	**—**	**7,855**	**7,855**
Segment (loss)/profit	**(12,005)**	**26,606**	**14,601**
Other information			
Interest revenue	**1,773**	**1,233**	**3,006**
Depreciation	**216**	**—**	**216**
Fair value gains on investment properties	**—**	**24,920**	**24,920**
Income tax	**—**	**3,319**	**3,319**
Additions to segment non-current assets	**1,852**	**—**	**1,852**
At 31 December 2010			
Segment assets	**492,146**	**859,114**	**1,351,260**
Segment liabilities	**312,548**	**77,523**	**390,071**

Note: The Group's turnover represents rental income generated, net of business tax, during the year.

	Property sales HK$'000	Property rental HK$'000	Total HK$'000
Year ended 31 December 2009			
Revenue from external customers	—	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

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

	2010 *HK$'000*	2009 *HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**14,601**	18,452
Unallocated amounts		
Other corporate expenses*	**(9,460)**	(11,190)
Consolidated profit for the year	**5,141**	7,262
Assets		
Total assets of reportable segments	**1,351,260**	539,580
Unallocated amounts		
Other corporate assets	**1,628**	3,274
Consolidated total assets	**1,352,888**	542,854
Liabilities		
Total liabilities of reportable segments	**390,071**	22,928
Unallocated amounts		
Other corporate liabilities	**2,549**	2,579
Consolidated total liabilities	**392,620**	25,507

* Other corporate expenses include the following:

	2010 *HK$'000*	2009 *HK$'000*
Other income	**(65)**	(196)
Unallocated administration costs	**9,525**	11,386
	9,460	11,190

Geographical information

All the revenue generated by the Group for the two years ended 31 December 2010 and 2009 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 (2009: 3) which accounted for 10% or more of the Group's total revenue amounted to approximately HK$3,666,000, HK$2,749,000 and HK$1,440,000 respectively (2009: HK$3,622,000, HK$2,716,000 and HK$1,423,000 respectively). These revenues are attributable to the property rental segment.

3. INCOME TAX

	2010	2009
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax	**827**	817
Deferred tax		
PRC Enterprise Income Tax	**2,492**	1,418
	3,319	2,235

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% (2009: 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 (2009: 10%).

4. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2010	2009
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit	**900**	800
— Others	**800**	62
	1,700	862
Deposit paid written off	**—**	488
Depreciation	**431**	79
Direct operating expenses of investment properties that generated rental income	**3,081**	3,654
Exchange loss	**160**	—
Operating lease rental in respect of land and buildings	**1,210**	2,140
Staff costs including directors' emoluments		
— Salaries and allowances	**5,284**	5,093
— Retirement benefit scheme contributions	**125**	125
	5,409	5,218

5. DIVIDENDS

The Directors do not recommend the payment of any dividend (2009: nil) in respect of the year.

6. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of approximately HK$5,141,000 (2009: HK$7,262,000) divided by the weighted average number of ordinary shares of 2,272,808,902 (2009: 1,839,620,767) in issue during the year.

There were no dilutive potential shares during the years ended 31 December 2010 and 2009. Therefore, no diluted earnings 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:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**2,115**	148
4 to 6 months	**2,115**	—
7 to 12 months	**567**	—
	4,797	148

As of 31 December 2010, the above accounts receivable were past due for which the Group has not provided for impairment loss since the balances were either settled subsequent to the reporting date or sufficient rental deposits were held as collateral over the balances. The Group holds a rental deposit as collateral from each tenant.

8. CONSIDERATION RECEIVABLES

The consideration receivables were fully settled during the year.

9. ACCOUNTS PAYABLE

The aging analysis of accounts payable, based on the payment due date, is as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 3 months	**799**	—
4 to 6 months	**259**	—
	1,058	—

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

During the year, the Group carried out a detailed review on the existing business for the purpose of formulating business plans and strategies for the future business development of the Group.

In 2010, the Group's major investment property remained the holding of certain floors in Royal Mediterranean Hotel, and its property development is Pearl Nansha Scenic development project. During the year under review, in addition to retain the holding of certain floors in Royal Mediterranean Hotel with a total gross floor area of approximately 6,248 square meters for rental income purpose, the Group also completed the acquisition of other floors in the hotel with a total gross floor area of approximately 21,306 square meters. As at 31 December 2010, the Group total holding of the investment property in the hotel amounted to gross floor area of approximately 27,554 square meters.

In October 2010, the Group entered into a share transfer agreement with an independent vendor, pursuant to which the Group has conditionally agreed to acquire the entire interest in (i) Gains Wide Holdings Limited ("Gains Wide"); (ii) Rainbow High Holdings Limited ("Rainbow High"); (iii) Talent Wide Holdings Limited ("Talent Wide"); and (iv) Zhang Tong Holdings Limited ("Zhang Tong") at an aggregate consideration of HK$630,000,000. The consideration was by means of cash and/or new shares to be allotted and issued by the Company. As announced on 23 December 2010, the Group completed the acquisition of 100% shareholding interest in Rainbow High, Talent Wide and Zhang Tong (they were holding certain floors in Royal Mediterranean Hotel with a total gross floor area of approximately 21,306 square meters). In respect of Gains Wide, the Board noted that there were encumbrances on the properties owned by it and considered that the conditions precedent regarding Gains Wide had not been fulfilled. In this connection, the Group has notified the vendor to postpone the completion for 100% shareholding interest in Gains Wide to a date not later than 30 June 2011 subject to the fulfillment of the conditions precedent relating to Gains Wide. The Board considered that the acquisition would bring in stable rental revenue stream to the Group and the acquired properties would have good appreciation potential.

During the year, the Group's core property development project was Pearl Nansha Scenic located at Jinzhou Main Street, Nansha District, Guangzhou, Guangdong Province, the PRC, with a land area of approximately 28,319 square meters. According to the construction design, the Project comprises ten 18-storey towers including residential units, a single-storey commercial podium, a car park at basement level and other public facilities with a total gross floor area of approximately 103,266 square meters. The Phase I development of Pearl Nansha Scenic commenced in the fourth quarter of 2009 and pre-sale was launched during the year. The result of the pre-sale was satisfactory with 60,206 square meters sold for approximately HK$460,804,000, The project is now in Phase II development. It is estimated that the whole development will be completed by the fourth quarter of 2011.

Business Outlook

The overall economic performance of the PRC was good, while the economic structural reform was a more difficult mission. The Chinese government was putting more effort in resolving the structural problems by implementing various measures of the marco economic policy, of which it was apparently effective. The PRC's property market tended to become more rational under the influence of such measures. The Group continues to actively moving ahead with its operation in an orderly manner by expanding the quality land reserve in different ways and acquiring new development projects. The Group is optimistic about the medium and long term development of the property market in the PRC. It will continue to monitor closely the trend of the economy, the regulatory environment and the changes in property market and will respond to such changes effectively in a timely manner.

Apart from the investment properties in Royal Mediterranean Hotel and the Pearl Nansha Scenic development project, the Group will continue to looking for quality properties with a view to expanding its land reserve should suitable opportunities arise.

Financial Review

Turnover and Segmental Information

Rental income

The Group's turnover represents rental income generated. Rental income was approximately HK$7,900,000 in 2010 which was similar to the rental income in 2009 of approximately HK$7,800,000. The Group's acquisition of the investment properties in the Royal Mediterranean Hotel in December 2010 has not yet contributed any rental income during the year.

Gross profit

Gross profit slightly increased by 16% to approximately HK$4,800,000 in 2010 from approximately HK$4,100,000 in 2009, mainly due to the Group's effective control on rental outgoings.

Other income

Other income increased to approximately HK$3,100,000 in 2010 from approximately HK$200,000 in 2009, these were mainly derived from interest income from consideration receivables.

Selling and marketing expenses

During the year, the selling and marketing expenses amounted to approximately HK$6,800,000 (2009: Nil). This was mainly attributable to the promotion and selling of the Pearl Nansha Scenic project.

Administrative expenses

Administrative expenses increased by 27% to approximately HK$16,000,000 in 2010 from HK$12,600,000 in 2009, mainly because of increase in professional fee for the acquisition of the investment properties in the Royal Mediterranean Hotel in 2010.

Profit before tax

The Group recorded a profit before tax of approximately HK$8,500,000 in 2010 whereas a profit before tax of approximately HK$9,500,000 was reported in 2009.

Income tax

Income tax increased to approximately HK$3,300,000 in 2010 from approximately HK$2,200,000 in 2009, primarily attributable to the increase in deferred tax in 2010.

Liquidity and Capital Resources

Cash position

As at 31 December 2010, the Group's bank and cash balances amounted to approximately HK$17,700,000 (31 December 2009: HK$108,900,000).

Borrowings, charges on group assets and gearing ratio

As at 31 December 2010, the Group's bank loans amounted to approximately HK$81,199,000 which were secured by pledged bank deposits and properties under development of the Group and corporate guarantee of a related company. The bank loans were repayable between three and five years. The gearing ratio as at 31 December 2010, expressed as total borrowing over the total equity was 9% (31 December 2009: NIL).

Contingent Liabilities

	2010	2009
	HK$'000	*HK$'000*
Guarantees given to banks for mortgage facilities granted to and utilised by purchasers	**59,483**	—

The Group provided guarantees in respect of mortgage facilities granted by two banks in connection with the mortgage loans entered into by certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there are any defaults on the mortgages, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulting purchasers to banks. The Group is then entitled to take over the legal title and possession of the related properties. The guarantees shall be released upon the purchasers' property ownership certificates were issued and in the custody of the banks.

At the reporting date, the Directors consider that the likelihood of default in payments by purchasers is minimal and do not consider it probable that a claim will be made against the Group under the above guarantees.

The fair value of the guarantees at date of inception is not material and is not recognised in the financial statements.

Save as disclosed above, the Group did not have any other significant contingent liabilities as at 31 December 2010.

Foreign Exchange Rate

The Group conducts its business almost exclusively in Renminbi ("RMB") except that certain borrowings are in Hong Kong dollar ("HK$"). The conversion of RMB into HK$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$ 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 as at 31 December 2010 (31 December 2009: 40). 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 2010.

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 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 2010.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the code provisions (except code provisions 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 2010.

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 2010.

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 2010 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 2010. 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, 29 March 2011

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).