TOMORROW INTERNATIONAL HOLDINGS LIMITED
明日國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 00760)

2010 ANNUAL RESULTS ANNOUNCEMENT

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Continuing operations			
Revenue		**409,402**	294,199
Cost of sales		**(346,803)**	(246,330)
Gross profit		**62,599**	47,869
Other revenue and net income	*4*	**12,194**	11,692
Gain on bargain purchase of subsidiaries	*21*	**556,615**	—
Gain on disposal of available-for-sale financial assets		**4,333**	—
Distribution costs		**(6,752)**	(6,016)
Administrative and other operating expenses		**(84,629)**	(68,998)
Finance costs	*5*	**(14,570)**	—
Profit/(loss) before income tax	*6*	**529,790**	(15,453)
Income tax credit/(expense)	*7*	**398**	(388)
Profit/(loss) for the year from continuing operations		**530,188**	(15,841)
Discontinued operations			
Gain for the year from discontinued operations, attributable to the owners of the Company	*8*	**—**	7,455
Profit/(loss) for the year		**530,188**	(8,386)

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Other comprehensive income			
Release of translation reserve upon disposal of subsidiaries		**—**	146
Surplus on revaluation of buildings		**6,432**	7,627
Surplus on available-for-sale financial assets		**1,578**	914
Realisation of change in fair value of available-for-sale financial assets		**(4,358)**	—
Exchange loss on translation of financial statements of foreign operations		**(88)**	—
Other comprehensive income for the year		**3,564**	8,687
Total comprehensive income for the year		**533,752**	301
Profit/(loss) attributable to:			
Owners of the Company		**531,067**	(8,386)
Non-controlling interests		**(879)**	—
		530,188	(8,386)
Total comprehensive income attributable to:			
Owners of the Company		**534,650**	301
Non-controlling interests		**(898)**	—
		533,752	301
Basic earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the year	*9*		
From continuing operations		**23.63 cents**	(0.70) cents
From discontinued operations		**—**	0.33 cents
From continuing and discontinued operations		**23.63 cents**	(0.37) cents
Diluted earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the year	*9*		
From continuing operations		**4.64 cents**	N/A
From discontinued operations		**—**	N/A
From continuing and discontinued operations		**4.64 cents**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	2010 HK$'000	2009 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	*10*	**1,146,409**	—
Property, plant and equipment		**587,317**	56,992
Leasehold land and land use rights	*11*	**1,119,384**	9,049
Interests in an associate		**539,388**	—
Deferred product development costs		**751**	937
Deposits for acquisition of property, plant and equipment		**—**	3,707
Available-for-sale financial assets		**3,036**	2,815
		3,396,285	73,500
Current assets			
Leasehold land and land use rights	*11*	**252**	252
Financial assets at fair value through profit or loss		**7,172**	11,157
Properties under development	*12*	**3,017,941**	—
Completed properties held for sale		**902,593**	—
Inventories		**48,000**	38,929
Trade and bill receivables	*13*	**104,093**	31,006
Prepayments, deposits and other receivables	*14*	**589,221**	6,116
Tax recoverable		**14**	158
Restricted cash		**16,273**	—
Cash and cash equivalents		**777,378**	636,435
		5,462,937	724,053
Current liabilities			
Trade payables	*15*	**(58,721)**	(31,765)
Accruals and other payables	*16*	**(1,594,406)**	(22,955)
Provision for tax		**(124,197)**	(824)
Current portion of interest-bearing borrowings	*18*	**(29,577)**	—
Obligations under finance lease		**(41)**	(48)
		(1,806,942)	(55,592)
Net current assets		**3,655,995**	668,461
Total assets less current liabilities		**7,052,280**	741,961

	Notes	**2010**	2009
		HK$'000	*HK$'000*
Non-current liabilities			
Provision for long service payment		**(2,160)**	(2,160)
Deferred tax liabilities	*17*	**(1,139,046)**	—
Interest-bearing borrowings	*18*	**(1,325,658)**	—
Obligations under finance lease		**—**	(39)
Convertible notes	*19*	**(1,981,639)**	—
Promissory notes	*20*	**(135,272)**	—
		(4,583,775)	(2,199)
Net assets		**2,468,505**	739,762
EQUITY			
Share capital		**8,991**	8,991
Reserves		**1,868,300**	730,771
Equity attributable to the Company's owners		**1,877,291**	739,762
Non-controlling interests		**591,214**	—
Total equity		**2,468,505**	739,762

1. ADOPTION OF NEW OR AMENDED HKFRSs

New and amended standards and interpretations adopted by the Group

In the current year, the Group has applied for the first time the following new or revised standards, amendments an interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2010:

Improvements to HKFRSs 2009

The HKICPA has issued improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1 January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group reassessed the classification of its unexpired leases of land at 1 January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment had been applied retrospectively except where the necessary information is not available. In that situation, the leases had been assessed on the date when the amendment is adopted. There were no material effect on the Group's result and financial position compared with previous year.

HKFRS 3 Business combinations

The standard is applicable in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The Group adopted the new standard for the acquisition the new subsidiaries during the year.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

HKAS 27 (Amendments) Cost of investment in a subsidiary, jointly controlled entity or an associate

The revised standard is effective for accounting periods beginning on or after 1 July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The revised standard have no material effect on the Group's financial statements.

HK Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation, as a clarification of an existing standard, is effective immediately. According to the Interpretation, the classification of a term loan in accordance with paragraph 69(d) of HKAS 1 shall depend on whether or not the borrower has an unconditional right to defer payment for at least twelve months after the reporting period. Consequently, amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as current in its consolidated statement of financial position. This Interpretation did not have a material impact on the Group's consolidated financial statements.

2. **PRINCIPAL ACTIVITY**

The principal activity of the Company is investment holding. The Group's principal activities consisted of the design, development, manufacture and sale of electronic products, the trading of listed equity investments and commodities, the provision of loan financing, properties development and properties investment in the PRC and hotel operation in the PRC.

3. **SEGMENT INFORMATION**

The executive directors have identified the Group's six (2009: three) products and service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

For the year ended 31 December 2010

	Continuing operations						
	Electronic products *HK$'000*	Equity and commodity investments *HK$'000*	Provision of loan finance *HK$'000*	Properties development *HK$'000*	Properties investment *HK$'000*	Hotel operation *HK$'000*	Total *HK$'000*
Revenue from external customer							
Reportable segment revenue	345,398	—	—	61,944	2,060	—	409,402
Reportable segment profit/(loss)	10,241	162	(20)	115	1,855	(1,863)	10,490
— Products development income	1,877	—	—	—	—	—	1,877
— Compensation from vendors	89	—	—	—	—	—	89
— Exchange gains	40	1,565	—	—	—	—	1,605
— Unrealised gain on inventory at fair value	—	1,267	—	—	—	—	1,267
— Realised gain on financial assets at fair value through profit and loss	—	234	—	—	—	—	234
— Gain on disposal of property, plant and equipment	82	—	—	—	—	—	82
— Depreciation on property, plant and equipment	(6,185)	—	—	—	—	—	(6,185)
— Amortisation of leasehold land and land use rights	(62)	—	—	—	—	(1,863)	(1,925)
— Business tax, other levies and land appreciation tax	—	—	—	(17)	(205)	—	(222)
— Distribution costs	(6,573)	—	—	(11)	—	—	(6,584)
— Unrealised loss on financial assets at fair value through profit and loss	—	(3,276)	—	—	—	—	(3,276)
— Loss on written off of property, plant and equipment	(2)	—	—	—	—	—	(2)
— Amortisation of deferred product development costs	(957)	—	—	—	—	—	(957)
— Income tax	(956)	—	—	—	—	—	(956)
Reportable segment assets	167,308	12,945	—	3,980,407	1,149,265	1,625,827	6,935,752
Additions to non-current segment assets during the year	8,801	—	—	—	—	—	8,801
Reportable segment liabilities	(73,396)	(40)	(10)	(375,533)	(5,699)	—	(454,678)

For the year ended 31 December 2009

	Continuing operations			
	Electronic products *HK$'000*	Equity and commodity investments *HK$'000*	Provision of loan finance *HK$'000*	Total *HK$'000*
Revenue from external customer				
Reportable segment revenue	281,884	12,315	—	294,199
Reportable segment profit/(loss)	(1,937)	676	—	(1,261)
— Dividend income from listed investments	—	45	—	45
— Products development income	2,215	—	—	2,215
— Reversal of provision for impairment of trade receivables	455	—	—	455
— Sales of obsolete inventories and raw materials	15	—	—	15
— Compensation from vendors	122	—	—	122
— Unrealised gain on inventory at fair value	—	291	—	291
— Realised gain on financial assets at fair value through profit and loss	—	2,721	—	2,721
— Gain on disposal of property, plant and equipment	286	—	—	286
— Depreciation on property, plant and equipment	(7,092)	—	—	(7,092)
— Amortisation of leasehold land and land use rights	(62)	—	—	(62)
— Distribution costs	(6,016)	—	—	(6,016)
— Unrealised loss on financial assets at fair value through profit and loss	—	(2,962)	—	(2,962)
— Amortisation of deferred product development costs	(1,128)	—	—	(1,128)
— Loss on disposal of property, plant and equipment	(3,276)	—	—	(3,276)
— Provision for slow moving inventories	(1,878)	—	—	(1,878)
— Income tax	(388)	—	—	(388)
Reportable segment assets	140,956	154,829	1,004	296,789
Additions to non-current segment assets during the year	4,450	—	—	4,450
Reportable segment liabilities	(53,994)	(40)	(10)	(54,044)

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2010	2009
	HK$'000	*HK$'000*
Reportable segment revenue and Group revenue	**409,402**	294,199
Reportable segment profit/(loss)	**10,490**	(1,261)
Operating lease charges	**(7,281)**	(8,469)
Discontinued operations	**—**	7,455
Gain on bargain purchase of subsidiaries	**556,615**	—
Gain on disposal of available-for-sale financial assets	**4,333**	—
Finance costs	**(14,570)**	—
Unallocated expenses	**(25,616)**	(10,874)
Unallocated income	**6,217**	4,763
Profit/(loss) for the year	**530,188**	(8,386)
Reportable segment assets	**6,935,752**	296,789
Corporate assets	**1,923,470**	500,764
Group assets	**8,859,222**	797,553
Reportable segment liabilities	**(454,678)**	(54,044)
Corporate liabilities	**(5,936,039)**	(3,747)
Group liabilities	**(6,390,717)**	(57,791)

During the year ended 31 December 2010, approximately HK$167,286,000 or 41% (2009: approximately HK$88,908,000 or 30%) of the Group's revenues depended on two customers (2009: one customer) in the trading of electronic products segment.

At the reporting date, 27% (2009: 31%) of the Group's trade receivables was due from the above customers.

The Group's revenues from external customers and its non-current assets (other than financial instruments and interests in associate) are divided into the following geographical areas:

Revenue from external customers:

	2010 **Continuing operations** ***HK$'000***	2009 Continuing operations *HK$'000*
Hong Kong (domicile) *(note (a))*	**38,938**	52,429
North America *(note (b))*	**58,453**	51,971
Europe *(note (c))*	**30,477**	26,053
Japan	**201,631**	144,539
Mainland China	**66,318**	—
Others *(note (d))*	**13,585**	19,207
Total	**409,402**	294,199

Non-current assets:

	2010 **Continuing operations** ***HK$'000***	2009 Continuing operations *HK$'000*
Hong Kong (domicile) *(note (a))*	**36,586**	31,090
Mainland China	**2,817,275**	39,595
Total	**2,853,861**	70,685

Notes:

(a) The place of domicile is determined based on the location of central management.

(b) Principally included the United States of America ("the USA") and Canada.

(c) Principally included the United Kingdom, France, Germany and the Mainland Europe.

(d) Principally included Taiwan, Korea and elsewhere in Asia.

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets is based on the physical location of the assets.

4. OTHER REVENUE AND NET INCOME

	2010 *HK$'000*	2009 *HK$'000*
Other revenue		
Interest income on financial assets carried at amortised costs	**3,778**	4,902
Dividend income from listed investments	**—**	45
Sales of obsolete inventories and raw materials	**—**	15
Products development income	**1,877**	2,215
Other interest income on financial assets carried at amortised costs	**—**	42
Compensation from vendors	**89**	122
Reversal of provision for impairment of trade receivables	**—**	455
Gross rental income from plant and equipment	**57**	—
Others	**276**	884
	6,077	8,680
Other net income		
Exchange gain, net	**4,534**	—
Realised gain on financial assets at fair value through profit or loss	**234**	2,721
Gain on disposal of property, plant and equipment	**82**	—
Unrealised gain on inventory at fair value	**1,267**	291
	6,117	3,012
	12,194	11,692

5. FINANCE COSTS

	2010 *HK$'000*	2009 *HK$'000*
Interest on bank loan borrowing	**1,583**	—
Interest on other loans wholly repayable within five year	**1,778**	—
Interest on convertible notes	**10,290**	—
Interest on promissory notes	**919**	—
	14,570	—

6. PROFIT/(LOSS) BEFORE INCOME TAX

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before income tax is arrived at after charging/(crediting):		
Cost of inventories sold	**220,541**	207,609
Cost of properties sold	**61,800**	—
Business tax and other levies *(note (b))*	**216**	—
Land appreciation tax *(note (c))*	**6**	—
Depreciation on property, plant and equipment *(note (a))*		
— Owned assets	**9,407**	9,321
— Leased assets	**55**	55
Amortisation of leasehold land and land use rights	**2,115**	252
Research and development costs (including amortisation charge on capitalised deferred product development costs)	**1,292**	1,514
Operating lease charges in respect of land and buildings	**7,278**	8,469
Operating lease charges in respect of plant and equipment	**3**	—
Unrealised loss on financial assets at fair value through profit or loss	**3,276**	2,962
Auditors' remuneration	**1,244**	760
Provision for slow moving inventories	**—**	1,878
Reversal of allowance on inventories	**(1,249)**	—
Gain on disposal of property, plant and equipment	**(82)**	(286)
Loss on disposal of property, plant and equipment	**—**	3,276
Loss on written off of property, plant and equipment	**2**	—
Exchange loss, net	**—**	244

Notes:

(a) Depreciation expenses

Depreciation expenses of approximately HK$3,787,000 and HK$5,675,000 (2009: approximately HK$5,039,000 and HK$4,337,000) have been included in cost of sales and administrative expenses respectively.

(b) Business tax and other levies

The Group with business operation in the PRC is subject to business taxes on their revenue at the following rates:

Category	**Rate**
Sales of properties	5%
Rental income from investment properties and car park units	5%

(c) Land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures.

7. INCOME TAX (CREDIT)/EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax		
Hong Kong		
— Tax for the year	**1,536**	222
— Over provision in respect of prior years	**(975)**	(38)
	561	184
The PRC — Corporate Income Tax		
— Tax for the year	**880**	131
— (Over)/Under provision in respect of prior years	**(1,839)**	73
	(959)	204
Total income tax (credit)/expense	**(398)**	388

Reconciliation between tax (credit)/expense and accounting profit/(loss) at applicable tax rates:

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before taxation		
Continuing operations	**529,790**	(15,453)
Discontinued operations	**—**	7,455
	529,790	(7,998)
Income tax at Hong Kong profits tax rate of 16.5%	**87,415**	(1,320)
Tax effect of different taxation rates in other tax jurisdictions	**383**	(20)
Over provision in prior years	**(2,814)**	(38)
Under provision in prior years	**—**	73
Tax effect of non-taxable revenue	**(95,000)**	(3,136)
Tax effect of non-deductible expenses	**6,162**	1,797
Tax effect of temporary differences not provided	**3**	—
Tax effect of prior year's unrecognised tax losses utilised this year	**(156)**	(117)
Tax effect of unused tax losses not recognised	**3,622**	3,149
Others	**(13)**	—
Income tax (credit)/expense	**(398)**	388

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The National People's Congress of the PRC approved the Corporate Income Tax Law of the PRC (the "New Tax Law") on 16 March 2007. With effective from 1 January 2008, the tax rate applicable to the enterprises established in the PRC will be unified at 25% with certain preferential provisions. Except for one of the Group's subsidiaries, Gaojin Electronics (Shenzhen) Co., Ltd is entitled to preferential tax treatments granted by the relevant tax authorities in the PRC and is subject to a lower income tax rate of 20%, until the unified tax rate of 25% gradually transitioned in 2012.

Furthermore, in accordance with the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding tax. As at 31 December 2010, the Group has not accrued any withholding income tax for the earnings of its PRC subsidiaries (2009: Nil), because the Group does not have a plan to distribute earnings from its PRC subsidiaries generated in the period from 1 January 2008 to 31 December 2010 in the foreseeable future.

8. GAIN ON DISPOSAL OF DISCONTINUED OPERATIONS

On 5 January 2009, the Group entered into a sales and purchase agreement with an independent third party, for the disposal of its entire equity interests in Allied Trade Limited and its subsidiaries for a cash consideration of HK$100,000. The assets and liabilities attributable to the business, which were sold in the year of 2009, had been classified as a disposal group held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2008. The net proceeds of the disposal exceeded the net carrying amount of the relevant assets and liabilities after incorporating the carrying amount of the related non-controlling interests of the entities disposed of, accordingly, no impairment loss was recognised for the year ended 31 December 2008. The disposal was completed on 5 January 2009.

	2010	2009
	HK$'000	*HK$'000*
Net liabilities disposed of:		
Property, plant and equipment	—	17,346
Inventories	—	12,266
Trade receivables	—	7,202
Prepayment, deposits and other receivables	—	14,223
Cash and cash equivalents	—	1,661
Trade payables	—	(25,750)
Amount due to a related company	—	(13,563)
Accruals and other payables	—	(11,626)
Provision for tax	—	(361)
Non-controlling interests	—	(8,899)
	—	(7,501)
Release of translation reserve upon disposal of subsidiaries	—	146
	—	(7,355)
Gain on discontinued operations	—	7,455
Total consideration, satisfied by cash	—	100

9. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share from continuing and discontinued operations

The calculation of basic earnings/(loss) per share is based on the profit/(loss) attributable to the owners of the Company of approximately HK$531,067,000 (2009: loss of approximately HK$8,386,000) and on the weighted average of approximately 2,247,682,010 (2009: approximately 2,247,682,010) ordinary shares in issue during the year.

Basic earnings/(loss) per share from continuing operations

The calculation of basic earnings/(loss) per share for continuing operations is based on the profit/(loss) attributable to the owners of the Company of approximately HK$531,067,000 (2009: loss of approximately HK$15,841,000) and on the weighted average of 2,247,682,010 (2009: 2,247,682,010) ordinary shares in issue during the year.

Basic earnings/(loss) per share from discontinued operations

There are no discontinued operations for the year ended 31 December 2010 and no calculation of basic earnings per share from discontinued operations for the year.

The calculation of basic earnings per share for discontinued operations for the year ended 31 December 2009 was based on the profit attributable to the owners of the Company of approximately HK$7,455,000 and on the weighted average of 2,247,682,010 ordinary shares in issue during the previous year.

Diluted earnings/(loss) per share from continuing and/or discontinued operations

Diluted earnings per share is calculated by adjusting the profit and (loss) attributable to ordinary equity holder of the Company and the weighted average number of ordinary shares outstanding to the effect of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options and convertible notes. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. For the convertible notes, it is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expenses.

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) attributable to shareholders of the Company	**531,067**	(8,386)
Add: Imputed finance costs on convertible notes	**10,290**	—
Profit/(loss) attributable to shareholders of the Company (diluted)	**541,357**	(8,386)

	2010	2009
	'000	*'000*
Weighted average number of ordinary shares in issue	**2,247,682**	2,247,682
Adjustments for share options	**29,298**	—
Adjustments for convertible notes	**9,393,940**	—
Weighted average number of ordinary shares in issue (diluted)	**11,670,920**	2,247,682
Diluted earnings per share from continuing and discontinued operations	**4.64 cents**	N/A

Diluted earnings/(loss) per share from continuing operations

Diluted earnings per share for the continued operations is HK4.64 cents per share, based on the profit for the financial year from the continued operations of approximately HK$531,067,000 and the denominators detailed above for diluted earnings per share.

Diluted loss per share from continued operations for the year ended 31 December 2009 has not been presented, as the outstanding share options had an anti-dilutive effect.

Diluted earnings/(loss) per share from discontinued operations

There are no discontinued operations for the year ended 31 December 2010 and no calculation of diluted earnings per share from discontinued operations for the year.

Diluted loss per share from discontinued operations for the year ended 31 December 2009 has not been presented, as the outstanding share options had an anti-dilutive effect.

10. INVESTMENT PROPERTIES

	2010	2009
	HK$'000	*HK$'000*
Additions from the acquisition of subsidiaries and balance as at 31 December 2010	**1,146,409**	—

The fair values of the investment properties of the Group as at 31 December 2010 were assessed by B.I. Appraisals Limited, an independent qualified valuer. Valuations were based on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

As at 31 December 2010, investment properties of approximately value HK$1,084,756,000 were pledged to banks to secure general banking facilities granted to the Group and third parties to the extent of HK$318,450,000 and HK$69,089,000 respectively.

11. LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Opening net carrying amount	**9,301**	9,553
Acquisition of subsidiaries	**1,112,450**	—
Amortisation	**(2,115)**	(252)
Closing net carrying amount	**1,119,636**	9,301
Less: Current portion	**(252)**	(252)
Non-current portion	**1,119,384**	9,049

The analysis of the net carrying amount of leasehold land and land use rights according to lease periods as at 31 December were as follows:

	2010	2009
	HK$'000	*HK$'000*
In Hong Kong, held on:		
Leases of over 50 years	**7,005**	7,196
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**1,112,631**	2,105
	1,119,636	9,301

As at 31 December 2010, land use rights of approximately value HK$1,110,587,000 were pledged to banks to secure general banking facilities granted to the Group to the extent of HK$444,980,000.

12. PROPERTIES UNDER DEVELOPMENT

	2010	2009
	HK$'000	*HK$'000*
Properties under development include:		
— Construction costs and capitalised expenditures	**3,017,941**	—

All properties under development are located in the PRC.

As at 31 December 2010, the properties under development with the approximate fair value of HK$2,208,780,000 were pledged as collateral for the Group's bank borrowings granted to the Group to the extent of HK$878,250,000.

13. TRADE AND BILL RECEIVABLES

The aged analysis of the Group's trade and bill receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 90 days	**41,109**	28,557
91 to 180 days	**6,925**	2,449
181 to 365 days	**20,895**	—
Over 365 days	**35,164**	—
	104,093	31,006

The normal credit period granted by the Group to its trade customers ranges from 30 to 90 days (2009: 30 days to 90 days).

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Non-current asset		
Deposit for acquisition of property, plant and equipment	**—**	3,707
Current assets		
Deposits	**2,451**	1,988
Prepayments	**941**	230
Other receivables *(note (a))*	**585,829**	3,898
	589,221	6,116

Note:

(a) The amount of other receivable in 2010 including the amount of HK$444,980,000 which is indemnified by Talent Trend Holdings Limited according to the sales and purchase agreement for the sale of Talent Central Limited to the Group.

15. TRADE PAYABLES

The aged analysis of the Group's trade payables is as follows:

	2010	2009
	HK$'000	*HK$'000*
0 to 90 days	**42,321**	31,720
91 to 180 days	**1,541**	25
181 to 365 days	**—**	20
Over 365 days	**14,859**	—
	58,721	31,765

16. ACCRUALS AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Deposits received	**1,509**	510
Receipts in advance from customers	**24,214**	—
Accruals	**277,003**	21,720
Other payables *(note a)*	**1,291,680**	725
	1,594,406	22,955

Note:

(a) The amount of other payables in 2010 included the amount of HK$540,000,000 which is the cash payables to Talent Trend Holdings Limited for the acquisition of Talent Central Limited and the approximate amount of HK$312,509,000 which is the amounts due to an associate.

17. DEFERRED TAX

Deferred taxation is calculated in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates.

The Group has tax losses arising in Hong Kong of approximately HK$143,357,000 (2009: HK$113,360,000), subject to the agreement of Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses which arose in subsidiaries with unpredictability of future profit streams.

Deferred tax liabilities in respect of the temporary differences associated with the undistributed earnings of subsidiaries have not been provided as the Group is in a position to control the timing of reversal of these differences and it is probable that such differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts of deferred tax liabilities of the Group is as follows:

	2010	2009
	HK$'000	*HK$'000*
Deferred income tax liabilities to be settled after more than 12 months	**1,139,046**	—

The net movements on the deferred taxation are as follows:

	2010	2009
	HK$'000	*HK$'000*
Additions from the acquisition of subsidiaries and balance as at end of the year	**1,139,046**	—

18. INTEREST-BEARING BORROWINGS

	2010	2009
	HK$'000	*HK$'000*
Borrowings included in non-current liabilities:		
Bank borrowings — secured	**798,560**	—
Other borrowings — unsecured	**556,675**	—
	1,355,235	
Less: current portion of long-term borrowings — secured	**(29,577)**	—
	1,325,658	—

The maturity of the borrowings included in non-current liabilities is as follows:

	2010	2009
	HK$'000	*HK$'000*
Between 1 and 2 years	**611,825**	—
Between 2 and 5 years	**215,925**	—
Over 5 years	**497,908**	—
	1,325,658	—

The Group has variable-rate borrowings which carry interest ranged from the People's Bank of China 3–15 year loan base rate. Interest is repriced annually.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank loans are ranged from 5.64% to 6.24% for the year ended 31 December 2010 and secured by certain investment properties, properties under development, land use right and construction-in-progress.

The effective interest rates (which are also equal to contracted interest rates) on the Group's other unsecured borrowing are 5.85% for the year ended 31 December 2010.

The fair value of the Group's current borrowings approximates their carrying amounts at each of the reporting dates for the reason that the impact of discounting is not significant or the borrowings carry floating rate interests.

The fair values of the Group's non-current borrowings approximate their carrying amounts at each of the reporting dates as all the non-current borrowings carry floating rate interests.

As at 31 December 2010, the Group's bank loans and other borrowings were all denominated in RMB.

19. CONVERTIBLE NOTES

On 10 December 2010, the Company issued convertible notes with a principal amount of HK$3,100 million as part of the consideration to acquire Talent Central Limited. The convertible notes were denominated in Hong Kong Dollar, unsecured, transferrable and interest-free. The convertible notes entitled the holders thereof to convert the convertible notes, in whole or in part, into ordinary shares of the Company at a conversion price of HK$0.33 per share, at any time after the expiry of the put option to and including 10 December 2015 (the "Maturity Date").

The principal amount of HK$1,090 million of the convertible notes are pledged and will be released to Talent Trend Holdings Limited ("Talent Trend") which is the vendor of Talent Central Limited according to the sale and purchase agreement signed between Talent Trend and Canton Million Investments Limited which is a directly owned subsidiary of the Company for the acquisition of Talent Central Limited.

The convertible notes contained 2 components, liability component and equity component. The effective interest rate for the liability component is 9.05% per annum.

The convertible notes have been split between the liability and equity components as follows:

	2010	2009
	HK$'000	*HK$'000*
Fair value of convertible notes issued	**2,574,228**	—
Equity component	**(602,879)**	—
Liability component at the issuance date	**1,971,349**	—
Imputed finance costs	**10,290**	—
Non-current liability component at the end of the reporting period	**1,981,639**	—

20. PROMISSORY NOTES

On 10 December 2010, the Group issued promissory notes with a principal amount of HK$160 million (the "Notes") as part of the consideration to acquire Talent Central Limited. The Notes were denominated in Hong Kong Dollar, unsecured and transferrable. The Notes carried interest at the rate of 5% per annum, payable at maturity and will mature on 10 June 2013 (the "Maturity Date"), unless redeemed earlier in minimum amount of HK$500,000 or whole multiple thereof without any penalty, fee or other additional payment.

	2010	2009
	HK$'000	*HK$'000*
Principal sum on date of issuance	**160,000**	—
Fair value adjustment at the issuance date	**(25,647)**	—
At initial recognition	**134,353**	—
Imputed finance cost	**919**	—
Non-current liability component at the end of the reporting period	**135,272**	—

The effective interest rate for the Notes is 12.12% per annum.

21. ACQUISITION OF SUBSIDIARIES

On 6 July 2010, the Group entered into an agreement to acquire 100% equity interest in Talent Central Limited at consideration payable by cash, convertible notes and promissory notes in aggregate amount of HK$3,800,000,000, in which its fair value is approximately HK$3,248,581,000 after taking account of the change in fair value of the convertible notes and the promissory notes (the "Acquisition"). The new subsidiaries are principally engaged in real estate development, property investment and hotel operation in the PRC and the acquisition was completed on 10 December 2010.

The Board believes the Acquisition to diversify into properties development, properties investment and hotel operation in the PRC will enable the Group to broaden its income source and provide the Group with opportunity to capture the growth potential of the property sector in the PRC. The Board also believes the investment properties and the hotel held by those subsidiaries could generate stable income for the Group and enhance its investment portfolio and profitability in future. Given the operating environment for the Group's existing business remains challenging, the Board is of the view that the Acquisition is expected to improve the profitability and facilitate the sustainable development of the Group in future.

The assets and liabilities of Talent Central Limited acquired at the date of completion of the Acquisition are as follows:

	2010
	HK'000
Property, plant and equipment	**523,649**
Land use rights	**1,112,450**
Investment properties	**1,146,409**
Interests in an associate	**539,388**
Available-for-sale financial assets	**3,001**
Properties under development	**2,988,392**
Completed properties held for sales	**965,720**
Trade receivables	**66,617**
Prepayment, deposits and other receivables	**525,702**
Cash and cash equivalents	**143,047**
Restricted cash	**11,580**
Trade payables	**(109,755)**
Accruals and other payables	**(933,622)**
Interest-bearing bank borrowing	**(765,895)**
Other unsecured borrowing	**(556,675)**
Provision for taxation	**(123,654)**
Deferred taxation	**(1,139,046)**
Non-controlling interests	**(592,112)**
	3,805,196
Gain on bargain purchases arising on acquisition	**(556,615)**
Total consideration	**3,248,581**
Satisfied by:	
Other payable	**540,000**
Fair value of convertible notes	**2,574,228**
Fair value of unsecured promissory notes	**134,353**
	3,248,581
Analysis of net inflow of cash and cash equivalents in respect of acquisition of subsidiaries:	
Cash and bank balances acquired	**143,047**

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend (2009: Nil).

RESULTS

The Group's profit attributable to owners of the Company for the year was approximately HK$531.1 million (2009: loss of approximately HK$8.4 million).

Earnings per share amounted to HK23.63 cents, as compared with loss per share of HK0.37 cents in previous year. As at 31 December 2010, the Group's net cash position amounted to approximately HK$777.4 million (2009: approximately HK$636.4 million) representing 41.4% (2009: 86%) of the equity attributable to equity holders of the Company of approximately HK$1,877.3 million (2009: approximately HK$739.8 million).

BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group's principal activities consisted of the design, development, manufacture and sale of electronic products, the trading of listed equity investments and commodities and the provision of loan financing. After the Group completed the acquisition of Talent Central Limited on 10 December 2010 (details of which were set out in the circular to shareholders dated 29 October 2010), the Group has diversified into real estate development, property investment and hotel operation in the PRC.

Revenue generated from the electronic products division increased by 22.5% to approximately HK$345.4 million (2009: approximately HK$281.9 million). Electronic products division has recorded operational profit of approximately HK$10.2 million in FY2010 compared with operational loss of approximately HK$1.9 million in year 2009 due to improvement in the global market condition.

On 10 December 2010, the Group completed the acquisition of Talent Central Limited (details of which were set out in the circular to shareholders dated 29 October 2010), which through its subsidiaries, holds interests in various real estate developments with an aggregate gross floor area of approximately 500,000 square meters in the People's Republic of China, mainly in Guangdong Province and Hainan Province. The Board believes the diversification into real estate development and property investment in the PRC by means of the acquisition will enable the Group to broaden its income source and provide the Group with opportunity to capture the growth potential of the property sector in the PRC. The Board also believes the investment properties and the grand opening of hotel which is estimated in third quarter of 2011 will generate stable income source for the Group and enhance its investment portfolio and profitability in the long run.

Due to implemented several cost cutting measures so as to improve the performance of the electronic products segment and there was gain on bargain purchase of subsidiaries amounted to approximately HK$556.6 million after taking into account of the change in fair value of the convertible notes and the promissory notes issued by the Company in December 2010. As a result, a net profit of approximately HK$530.2 million was recorded for the year ended 31 December 2010, as compared with a loss of approximately HK$8.4 million for the last financial year.

FUTURE PLANS

The Group has grasped the opportunities in global market recovery, and our efforts in marketing, product development and cost control in electronic products division has been paid off in year 2010. However, the trend of increasing direct costs in the PRC poses uncertainties ahead. Moreover, the fluctuation of Japanese Yen may affect the margin in products that require components imported from Japan. The division will consider to focus on those products with high profit margin in order to maximise profits rather than to boost revenue. The electronic division will continue its effort in marketing, product development and cost control to overcome the uncertainties in the market.

The Group is constantly seeking opportunity to capture the growth potential of the property sector in the PRC. After the acquisition of Talent Central Limited, it is envisaged the Group will generate substantial revenues from the sale of residential and commercial properties developed by the Project Companies and from the hospitality sector through the operation of the hotel. The Board also believes the investment properties held by Talent Central Limited will generate stable income for the Group and enhance its investment portfolio and profitability in the long run. It is also expected the projects under development in Guangzhou and Haikou will be the key growth engine for the Group's operation.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's total assets as at 31 December 2010 were approximately HK$8,859.2 million (2009: approximately HK$797.6 million) which were financed by the total equity and total liabilities (including convertible notes and promissory notes) of approximately HK$2,468.5 million (2009: approximately HK$739.8 million) and approximately HK$6,390.7 million (2009: approximately HK$57.8 million) respectively.

The directors consider the Group will have sufficient working capital for its operations and financial resources for financing future investment opportunities in suitable business ventures.

The Group's borrowings, bank balances and cash were mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi. As at 31 December 2010, there were no outstanding forward contracts in foreign currency committed by the Group that might involve it in significant foreign exchange risks and exposures.

CAPITAL STRUCTURE

On 10 December 2010, convertible notes and promissory notes of principal amount of HK$3,100 million and HK$160 million respectively were issued as part of the consideration to a vendor for the acquisition of Talent Central Limited (details of which were set out in the circular to shareholders dated 29 October 2010). The Group's gearing ratio then computed as total debts over total assets was approximately 72.1% as at 31 December 2010 (2009: 7.2%).

EXPOSURE TO FOREIGN EXCHANGE

The revenue of the Group is mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi, and the cost of production and purchase are mainly denominated in Hong Kong Dollars, United States Dollars and Renminbi. Therefore, the Group is not exposed to any other material foreign currency exchange risk.

CHARGES ON ASSETS

As at 31 December 2010, certain assets of the Group with an aggregate amount of approximately HK$4,919.4 million (2009:Nil), represented by properties under development of approximately HK$2,208.8 million (2009:Nil), investment properties of approximately HK$1,084.8 million (2009: Nil), construction-in-progress of approximately HK$515.2 million (2009: Nil) and land use right of approximately HK$1,110.6 million (2009: Nil), were pledged to secure general banking facilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the Group employed approximately 1,564 employees, with about 1,513 in the Mainland China, 2 in Macau and 49 in Hong Kong. All employees are remunerated based on industry practice and in accordance with prevailing labour law. In Hong Kong, apart from basic salary, staff benefits include medical insurance, performance related bonuses and mandatory provident fund would be provided by the Group.

CORPORATE GOVERNANCE

The board of directors (the "Board") of the Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes effort to identifying and formalising best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules, except of the following deviations.

Code A.2.1

Under the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, the Company does not appoint chief executive officer. In view of the existing structure of the Board and the operation of the Group, the Board believes that the present structure of the Board will provide a strong leadership for the Group to implement prompt decisions and to formulate efficient strategies, which is for benefits of the Group. Moreover, the day-to-day operations of the Group's businesses are shared among those executive directors and the management of the Company. Therefore, there should be a clear division of the responsibilities at the board level to ensure a balance of power and authority, so that power is not concentrated in any one individual.

Code A.4.1

Under the Code, non-executive directors should be appointed for a specific term, subject to re-election. During the period, two independent non-executive directors of the Company, namely Mr. Ng Wai Hung and Mr. Cheung Chung Leung, Richard, are not appointed for any specific fixed term. In accordance with the bye-laws of the Company, at each annual general meeting of the Company one third of the directors shall retire from office by rotation. The Board considers that sufficient measures will be taken to ensure the corporate governance practices of the Company are not less exacting than those in the Code.

Code B.1

Under the Code, the issuers should establish a remuneration committee with specific written terms of reference which deal clearly with its authority and duties. Currently, there is no remuneration committee in the Board. Meanwhile, the Board conducts an informal assessment of the individual director's contribution. No director decides his or her own remuneration and their remuneration has been relatively stable in the past years.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for directors' securities transactions. Having make specific enquiries of all directors of the Company, they have confirmed that they complied with required standard set out in the Model Code throughout the accounting period covered by the annual report.

CONFIRMATION OF INDEPENDENCE FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or its subsidiaries during the year.

DIRECTORS

The Board comprises of eight directors, of which five are executive directors, namely Mr. Yau Tak Wah, Paul, Ms. Louie Mei Po, Mr. Ng Pui Keung, Mr. You Xiaofei and Ms. Liu Yee Nee and three independent non-executive directors, namely Mr. Ng Wai Hung, Mr. Cheung Chung Leung, Richard and Mr. Lo Wai Hung.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors and reports to the Board. The audit committee meets with the Group's senior management regularly to review the accounting principles and practices adopted by the Group, the effectiveness of the internal control systems and the financial matters including the review of the financial statements for the year ended 31 December 2010 of the Company.

PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE

An annual report of the Company for the year ended 31 December 2010 containing all the information required by the Listing Rules will be published on the websites of the Company (http://www.tihl.com.hk) and The Stock Exchange of Hong Kong Limited (http://www.hkex.com.hk) in due course.

By Order of the Board
Yau Tak Wah, Paul
Chairman

Hong Kong, 30 March 2011