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GREAT CHINA HOLDINGS LIMITED 大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 0141)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The Board of Directors (the “Board”) of Great China Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2008 together with the comparative figures of the corresponding last year. The Group’s audited consolidated financial statements for the year ended 31 December 2008 have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	2008 <i>HK\$’000</i>	2007 <i>HK\$’000</i>
Revenue	2	1,604,840	1,395,161
Cost of sales		<u>(1,449,221)</u>	<u>(1,348,685)</u>
Gross profit		155,619	46,476
Other income	3	20,452	11,057
Net (loss)/gain on investment properties		(3,372)	98,850
Change in fair value of derivative financial instruments		6,268	–
Gain on disposal of asset classified as held for sale	7	21,604	–
Impairment of goodwill		–	(19,308)
Impairment loss on available-for-sale financial assets		(1,235)	–
Distribution costs		(104,609)	(83,333)
Administrative expenses		(29,164)	(30,163)
Finance costs	5	(18,343)	(15,960)
Share of results of associates		<u>4,569</u>	<u>26,770</u>
Profit before taxation	4	51,789	34,389
Income tax expense	6	<u>(1,227)</u>	<u>(4,549)</u>
Profit for the year		<u>50,562</u>	<u>29,840</u>
Dividends	9	<u>5,234</u>	<u>5,234</u>
Earnings per share - Basic	8	<u>HK19.32 cents</u>	<u>HK11.40 cents</u>

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Non-current assets			
Goodwill		3,000	3,000
Investment properties		675,092	661,521
Property, plant and equipment		15,898	6,382
Prepaid lease payments for land		37,945	503
Deposit paid on acquisition of leasehold land and buildings		–	4,466
Interests in associates		106,660	93,098
Loan to an associate		17,358	21,464
Available-for-sale financial assets		1,635	4,101
		<u>857,588</u>	<u>794,535</u>
Current assets			
Properties held for sale		16,317	29,764
Inventories		120,371	90,224
Prepaid lease payments for land		323	5
Trade and other receivables	10	92,530	183,632
Amount due from an associate		44,596	44,003
Derivative financial assets		7,735	–
Bank balances and cash		164,065	70,778
Pledged bank deposit		–	8,602
		<u>445,937</u>	<u>427,008</u>
Asset classified as held for sale	7	–	14,881
		<u>445,937</u>	<u>441,889</u>
Current liabilities			
Trade and bills payables	11	115,838	159,318
Other payables and accrued expenses		46,452	69,568
Rental deposits received		83	6
Borrowings		230,815	158,871
Taxation payable		1,901	1,215
		<u>395,089</u>	<u>388,978</u>
Net current assets		<u>50,848</u>	<u>52,911</u>
Total assets less current liabilities		<u>908,436</u>	<u>847,446</u>
Non-current liabilities			
Borrowings		121,755	134,435
Deferred tax liabilities		81,721	81,322
Rental deposits received		7,190	6,504
		<u>210,666</u>	<u>222,261</u>
		<u>697,770</u>	<u>625,185</u>
Capital and reserves			
Share capital		52,337	52,337
Reserves		645,433	572,848
Total equity		<u>697,770</u>	<u>625,185</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2007	52,337	19,516	13,310	–	(596)	479,056	563,623
Exchange difference arising on translation	–	–	19,516	–	–	–	19,516
Share of associates' exchanges reserve	–	–	15,613	–	–	–	15,613
Gain on fair value changes of available-for-sale financial assets	–	–	–	–	1,827	–	1,827
Net income recognised directly in equity	–	–	35,129	–	1,827	–	36,956
Profit for the year	–	–	–	–	–	29,840	29,840
Total recognised income for the year	–	–	35,129	–	1,827	29,840	66,796
Dividends paid	–	–	–	–	–	(5,234)	(5,234)
At 31 December 2007	<u>52,337</u>	<u>19,516</u>	<u>48,439</u>	<u>–</u>	<u>1,231</u>	<u>503,662</u>	<u>625,185</u>
Exchange difference arising on translation	–	–	19,868	–	–	–	19,868
Share of associates' exchange reserve	–	–	8,125	–	–	–	8,125
Surplus on revaluation of properties	–	–	–	495	–	–	495
Decrease in fair value of available-for-sale financial assets	–	–	–	–	(2,466)	–	(2,466)
Net income (expense) recognised directly in equity	–	–	27,993	495	(2,466)	–	26,022
Profit for the year	–	–	–	–	–	50,562	50,562
Impairment loss of available-for-sale financial assets	–	–	–	–	1,235	–	1,235
Total recognised income (expense) for the year	–	–	27,993	495	(1,231)	50,562	77,819
Dividends paid	–	–	–	–	–	(5,234)	(5,234)
At 31 December 2008	<u>52,337</u>	<u>19,516</u>	<u>76,432</u>	<u>495</u>	<u>–</u>	<u>548,990</u>	<u>697,770</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

31 December 2008

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to Hong Kong Accounting Standard (“HKAS”) and new Hong Kong (IFRIC) Interpretations (“HK (IFRIC) – Int”) (collectively the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendments)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC) – INT 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation ⁵
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners ³
HK(IFRIC) – INT 18	Transfers of Assets from Customers ⁶

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods ending on or after 30 June 2009

⁵ Effective for annual periods beginning on or after 1 July 2008

⁶ Effective for annual periods beginning on or after 1 October 2008

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. SEGMENT INFORMATION

Business segments

For management purposes, the Group was organised into two operating divisions – general trading and property investment in prior years. In current year, the management of the Group identifies the business of trading of properties, which was included in property investment in prior years, as a separate reportable segment as this business is starting to have a higher contribution to the results of the Group. The Group is currently organised into three divisions – general trading, property investment and trading of properties. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

General trading	–	trading of animal feed (mainly fishmeal and tapioca chips)
Property investment	–	rental income from investment properties and provision of real estate agency services
Trading of properties	–	sale of properties held for sale

Analysis of revenue by category is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Sales		
Sales of goods	1,549,699	1,349,922
Sales of properties	22,793	17,354
Rental income from investment properties	31,773	25,417
Agency fee income	575	2,468
	<u>1,604,840</u>	<u>1,395,161</u>

2008

	General trading HK\$'000	Property investment HK\$'000	Trading of properties HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	<u>1,549,699</u>	<u>32,348</u>	<u>22,793</u>	<u>1,604,840</u>
RESULT				
Segment result	<u>11,047</u>	<u>21,490</u>	<u>5,677</u>	38,214
Change in fair value of derivative financial instruments	–	–	–	6,268
Gain on disposal of asset classified as held for sale	–	–	–	21,604
Impairment loss on available-for-sale financial assets	–	–	–	(1,235)
Bank interest income	–	–	–	11,151
Unallocated corporate expenses	–	–	–	(10,439)
Finance costs	–	–	–	(18,343)
Share of results of associates	–	4,569	–	4,569
Profit before taxation				51,789
Income tax expense				(1,227)
Profit for the year				<u>50,562</u>

CONSOLIDATED BALANCE SHEET

	General trading HK\$'000	Property investment HK\$'000	Trading of properties HK\$'000	Consolidated HK\$'000
ASSETS				
Segment assets	371,455	692,920	16,317	1,080,692
Interests in associates	–	106,660	–	106,660
Loan to an associate	–	17,358	–	17,358
Amount due from an associate	–	44,596	–	44,596
Unallocated corporate assets				54,219
Consolidated total assets				<u>1,303,525</u>
LIABILITIES				
Segment liabilities	30,503	21,630	–	52,133
Unallocated corporate liabilities				553,622
Consolidated total liabilities				<u>605,755</u>

2008

	General trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
OTHER INFORMATION					
Capital additions	1,936	2,805	–	47,075	51,816
Depreciation of property, plant and equipment	533	647	–	388	1,568
Amortisation of prepaid lease payments for land	–	5	–	239	244
Allowance for inventories	4,698	–	–	–	4,698
Impairment of properties held for sale	–	–	16	–	16
Loss on disposal of property, plant and equipment	2,719	–	–	–	2,719
Exchange (gain)/loss	<u>(8,631)</u>	<u>837</u>	<u>–</u>	<u>730</u>	<u>(7,064)</u>

2007

	General trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
External sales	<u>1,349,922</u>	<u>27,885</u>	<u>17,354</u>	<u>1,395,161</u>
RESULT				
Segment result	<u>(72,957)</u>	<u>118,651</u>	<u>2,963</u>	48,657
Impairment of goodwill	(19,308)	–	–	(19,308)
Bank interest income	–	–	–	5,547
Unallocated corporate expenses	–	–	–	(11,317)
Finance costs	–	–	–	(15,960)
Share of results of associates	–	26,770	–	<u>26,770</u>
Profit before taxation				34,389
Income tax expense				<u>(4,549)</u>
Profit for the year				<u>29,840</u>

2007

CONSOLIDATED BALANCE SHEET

	General trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS				
Segment assets	311,596	692,437	29,764	1,033,797
Interests in associates	–	93,098	–	93,098
Loan to an associate	–	21,464	–	21,464
Amount due from an associate	–	44,003	–	44,003
Unallocated corporate assets				<u>44,062</u>
Consolidated total assets				<u><u>1,236,424</u></u>
LIABILITIES				
Segment liabilities	94,757	28,071	–	122,828
Unallocated corporate liabilities				<u>488,411</u>
Consolidated total liabilities				<u><u>611,239</u></u>

	General trading <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
OTHER INFORMATION					
Capital additions	111	608	–	–	719
Amortisation of prepaid lease payments for land	–	16	–	–	16
Allowance for trade and other receivables	2,420	16	–	–	2,436
Allowance for inventories	364	–	–	–	364
Impairment of goodwill	19,308	–	–	–	19,308
Depreciation of property, plant and equipment	405	974	–	–	1,379
Loss on disposal of property, plant and equipment	–	57	–	–	57
Exchange (gain)/loss	(640)	2	–	2,301	1,663
	<u>(640)</u>	<u>2</u>	<u>–</u>	<u>2,301</u>	<u>1,663</u>

Geographical segments

The Group's operations are located in Hong Kong and Mainland China.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Sales revenue by geographical market	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong	15,007	16,318
Other regions in the People's Republic of China (the "PRC")	1,589,833	1,326,596
Others	–	52,247
	<u>1,604,840</u>	<u>1,395,161</u>

The following is an analysis of the carrying amount of segment assets, additions to prepaid lease payments for land and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

2008

	Carrying amount of segment assets <i>HK\$'000</i>	Additions to prepaid lease payments for land <i>HK\$'000</i>	Additions to property, plant and equipment <i>HK\$'000</i>
Hong Kong	370,706	38,216	8,859
Other regions in the PRC	709,874	–	4,741
Others	<u>112</u>	<u>–</u>	<u>–</u>
Total segment assets	<u><u>1,080,692</u></u>	<u><u>38,216</u></u>	<u><u>13,600</u></u>

2007

	Carrying amount of segment assets <i>HK\$'000</i>	Additions to prepaid lease payments for land <i>HK\$'000</i>	Additions to property, plant and equipment <i>HK\$'000</i>
Hong Kong	370,180	–	145
Other regions in the PRC	663,476	–	574
Others	<u>141</u>	<u>–</u>	<u>–</u>
Total segment assets	<u><u>1,033,797</u></u>	<u><u>–</u></u>	<u><u>719</u></u>

3. OTHER INCOME

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Bank interest income	11,151	5,547
Exchange gain, net	7,064	–
Gain on fair value change of financial assets at fair value through profit or loss	293	402
Sundry income	<u>1,944</u>	<u>5,108</u>
	<u><u>20,452</u></u>	<u><u>11,057</u></u>

4. PROFIT BEFORE TAXATION

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	–	2,436
Allowance for inventories	4,698	364
Auditor's remuneration	1,168	1,253
Depreciation of property, plant and equipment	1,568	1,379
Amortisation of prepaid lease payments for land	244	16
Impairment of properties held for sale	16	–
Loss on disposal of property, plant and equipment	2,719	57
Share of taxation of an associate	3,381	3,218
Staff costs including directors' emoluments	17,095	16,441
Cost of inventories and properties held for sale recognised as an expense	1,444,523	1,348,321
Exchange loss, net	–	1,663
and after crediting:		
Gross rental income from investment properties	31,773	25,417
Less: Outgoings	<u>(2,511)</u>	<u>(3,575)</u>
Net rental income from investment properties	29,262	21,842
Reversal of allowance for doubtful debts	<u>188</u>	<u>–</u>

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$1,334,000 (2007: HK\$1,391,000) are included in staff costs.

5. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on bank loans and overdrafts:		
– wholly repayable within 5 years	14,788	9,263
– not wholly repayable within 5 years	<u>3,555</u>	<u>6,697</u>
	<u>18,343</u>	<u>15,960</u>

6. INCOME TAX EXPENSE

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	630	37
Overprovision in prior years	<u>(6)</u>	<u>(563)</u>
	624	(526)
Other jurisdictions – current year	<u>1,675</u>	<u>1,127</u>
	2,299	601
Deferred tax liabilities		
Current year	1,962	4,538
Effect of change in tax rate	<u>(3,034)</u>	<u>(590)</u>
Taxation attributable to the Company and its subsidiaries	<u><u>1,227</u></u>	<u><u>4,549</u></u>

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group’s subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards.

At the balance sheet date, the Group has unused tax losses of HK\$145,962,000 (2007: HK\$172,333,000) available for offset against future profits. A deferred tax asset of approximately HK\$1,776,000 (2007: HK\$2,739,000) has been recognised in respect of approximately HK\$10,765,000 (2007: HK\$15,651,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$135,197,000 (2007: HK\$156,682,000) of such losses due to the unpredictability of future profit streams.

7. ASSET CLASSIFIED AS HELD FOR SALE

On 31 December 2007, the Company's subsidiary, Silver Regent Development Limited entered into an agreement with Tech-link Silicones Company Limited ("Tech-link Silicones"), an independent third party, for the disposal of the Group's office building located at 6/F, King Kong Commercial Centre, 9 Des Voeux Road West, Hong Kong (the "Property"), which was expected to be sold within the next twelve months from the balance sheet date. The sale was completed in April 2008. The consideration for the disposal of the Property paid by Tech-link Silicones was approximately HK\$36 million with a gain on disposal of approximately HK\$22 million credited to the consolidated income statement.

At 31 December 2007, the Property had been pledged to secure bank facilities granted to the Group.

8. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to equity holders of the Company	<u>50,562</u>	<u>29,840</u>
	Number of shares	
	2008	2007
Number of ordinary shares for the purpose of basic earnings per share	<u>261,684,910</u>	<u>261,684,910</u>

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

9. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim dividend paid for 2008 of HK\$0.01 (2007: HK\$0.01) per ordinary share	2,617	2,617
Final dividend paid for 2007 of HK\$0.01 (2006: HK\$0.01) per ordinary share	<u>2,617</u>	<u>2,617</u>
	<u>5,234</u>	<u>5,234</u>

The dividends paid in 2008 and 2007 were both HK\$5,234,000 (HK\$0.02 per share). A final dividend in respect of the year ended 31 December 2008, of HK\$0.01 per ordinary share, amounting to a total dividend of HK\$2,617,000 is being proposed by directors and to be approved by the shareholders in the annual general meeting of the Company to be held on 20 May 2009.

10. TRADE AND OTHER RECEIVABLES

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade and bills receivable	64,533	160,076
Less: allowance for doubtful debts	<u>(2,559)</u>	<u>(4,325)</u>
	61,974	155,751
Prepayments and deposits	19,327	25,334
Other receivables	<u>11,229</u>	<u>2,547</u>
	92,530	183,632
Trade and other receivables	<u><u>92,530</u></u>	<u><u>183,632</u></u>

The Group allows a credit period ranging from 30 to 90 days to its customers in respect of trading of animal feed. No interest is charged on the trade receivables. The Group has provided fully for all receivables over 120 days because historical experience is such that receivables that are past due beyond 120 days are generally not recoverable. Trade receivables over 120 days are provided for based on estimated irrecoverable amounts from the sale of goods, assessed individually by reference to past default experience.

Included in trade and other receivables are trade and bills receivables with an aged analysis as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-30 days	53,810	151,789
31-60 days	6,528	614
61-90 days	193	4
91-120 days	<u>1,443</u>	<u>3,344</u>
	<u><u>61,974</u></u>	<u><u>155,751</u></u>

11. TRADE AND BILLS PAYABLES

At the balance sheet date, an aged analysis of trade and bills payables are as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0-30 days	69,878	158,737
31-60 days	45,392	-
Over 60 days	<u>568</u>	<u>581</u>
	<u><u>115,838</u></u>	<u><u>159,318</u></u>

12. COMMITMENTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Capital commitments, contracted for but not provided:		
Acquisition of property, plant and equipment	—	38,325

BUSINESS REVIEW

The Group's turnover for the year ended 31 December 2008 was approximately HK\$1,605 million (2007: HK\$1,395 million), representing an increase of around 15% from that of 2007. Profit for the year was approximately HK\$50.6 million (2007: HK\$29.8 million), representing an increase of around 70% from that of 2007.

Due to the downturn of the property market during the year 2008, the Group recorded a decrease of HK\$3.4 million (2007: an increase of HK\$91.2 million) in fair value of investment properties, and the Group's share of results of associates included the attributable share of fair value gain of HK\$4.8 million (2007: HK\$28.8 million) on investment properties in Mainland China.

Excluding the results of the revaluation gain or loss on change in fair value of investment properties and the Group's share of associates' attributable fair value gain on investment properties as described above, the Group's profit for the year recorded a turnaround in profitability mainly due to the improved results of the general trading division during the year and a gain on the disposal of assets classified as held for sale.

At the beginning of the year 2008, the Group capitalized on the opportunity of rising prices of office premises and sold its office unit at 6th Floor, 9 Des Voeux Road West, Hong Kong at a consideration of approximately HK\$36.5 million, realizing a gain of around HK\$22 million (2007: Nil) on disposal of assets classified as held for sale.

General Trading

Sales in this segment improved significantly to HK\$1,550 million in 2008 (2007: HK\$1,350 million) recording a segmental profit of HK\$11 million as compared to a loss of HK\$72.9 million in 2007.

Fishmeal Products

Supported by firm market demand for fishmeal products in the PRC market in 2008, the Group's fishmeal sales increased by 28% to HK\$1,488 million. This division has turned around and achieved a profit of around HK\$10 million (2007: loss of around HK\$68 million).

In the second quarter of 2007, the outbreak of pig's disease in PRC had resulted in a significant loss for PRC pig farmers who had then substantially reduced the consumption of fishmeal products in PRC, causing a significant drop in demand for fishmeal products and suppressing in turn fishmeal selling prices.

However, once fishmeal selling prices had found a support level in the last quarter of 2007, price levels moved upwards gradually until the occurrence of the financial tsunami in August 2008. The Group has benefited from this upward price movement. Following the trend of falling prices of commodities, fishmeal selling prices began adjusting downward by about 18% during the period between August and October 2008 and then stabilized. Management quickly responded to the market correction and cleared most of the inventory.

During the year, the Group continued to increase its sales to end-customers in the PRC market and received a significant portion of the sales denominated in Renminbi ("RMB") currency, which sales were mostly deposited in banks in PRC to earn interest income during the year. The appreciation of RMB in 2008 contributed to an exchange gain of around HK\$7 million on RMB sales transactions and a gain in fair value of derivative financial instruments of HK\$6.3 million for hedging purpose.

Tapioca Products

Under unfavourable market conditions, the tapioca division was cautious in ordering inventory, resulting in a drastic drop in the current year's sales of tapioca products by 68% to HK\$60 million as compared to that of 2007.

As the tapioca division had successfully controlled operating expenses, the tapioca business achieved a turnaround in segmental profit of around HK\$0.8 million (2007: segmental loss of HK\$0.6 million).

Property Investment in Hong Kong

During the year 2007, the Group seized the opportunity of rising prices of retail shops in Hong Kong and sold two units of retail shops in Kwun Tong and in Tsim Sha Tsui, resulting in gains on disposal of investment properties of HK\$7.6 million. These two shops, on the other hand, ceased to generate rental income for the full year in 2008. Despite the fact that the Group successfully renewed the tenancy agreements of some of its existing investment properties with increased rents in 2008, rental income derived from Hong Kong properties decreased by around 8% as compared to that of last year.

The current financial tsunami has impacted on Hong Kong property prices. As our investment properties are located at prime locations, the value of the Group's Hong Kong investment properties still recorded a revaluation gain before tax of around HK\$0.2 million (2007: HK\$21 million).

Property Investment in Mainland China

During the year, the Group sold 5 units of Merry Tower apartments located at Jingan District in Shanghai with sales proceeds of around HK\$22.7 million, resulting in a gain on disposal of properties held for sale of around HK\$5.6 million.

In 2008, rental income generated from investment properties located in Mainland China increased by around 80% as compared with last year. This is mainly attributed to one single investment property located at Chang Ning District, Shanghai which was leased out to a new tenant for the whole of 2008 with a monthly rental income of RMB460,000.

However, the downturn of the property market in Shanghai caused a general decrease in market prices of PRC properties in the second half of 2008, resulting in a loss of around HK\$3.5 million from revaluation of the Group's investment properties in Mainland China.

As at 31 December 2008, the share of profit of associates of around HK\$4.5 million (2007: HK\$26.7 million) included the attributable share of fair value gain on investment properties owned by an associate in Mainland China of around HK\$4.8 million (2007: HK\$28.8 million).

PROSPECTS

General Trading

The consumption of fishmeal in Mainland China by the swine and poultry industries in 2008 increased by around 63% and 200% as compared to that in 2007. As fishmeal is one of the best protein sources among the animal proteins and currently there is no other substitute of identical value, Chinese end-users continue to use large quantities of fishmeal in various important industries.

Demand for fishmeal products in Mainland China is expected to be steady in 2009. The Group considers that this sector will be able to maintain a stable margin. Meanwhile, the trading division continues to strengthen inventory and credit controls and is committed to further developing sales channels in Mainland China.

The outbreak of the melamine incident in the Mainland in 2008 also brought government's attention to food safety standards. As our fishmeal products have always maintained a high standard of food safety and attained a reputation of high quality, we are confident that we will enhance customers' preference for our products.

Our tapioca business is expected to be more active in the coming year. Due to the recent introduction by the Chinese government policies to support corn prices so as to protect farmers' interests, the price of corn is expected to remain high in the PRC market in 2009. Tapioca is a close substitute for corn and the recent low prices of tapioca products have attracted feed mills in Southern China to use these products in their feed production to replace partially the use of corn. As a result, demand for tapioca products in 2009 will be extended from existing customers of alcohol factories to new customers of the feed industry.

Property Investment

In the foreseeable future, we believe that the consolidation of property prices in both Hong Kong and Mainland China will continue until the adverse effects of the sub-prime loan crisis in the United States have come under control. The Group will take a cautious approach to property investments. The management team will closely monitor our property portfolio to achieve a high occupancy rate and satisfactory rental yield.

FINANCIAL REVIEW AND ANALYSIS

As at 31 December 2008, the Group's gearing ratio was around 17% (2007: 21%), based on the Group's long term bank borrowings of HK\$122 million (2007: HK\$134 million) and shareholders' equity of HK\$697 million (2007: HK\$625 million). As at 31 December 2008, total bank balances and cash on hand were HK\$164 million (2007: HK\$79 million).

As at 31 December 2008, total bank borrowings of the Group amounted to HK\$353 million (2007: HK\$293 million) and the maturity profile of the Group's bank borrowings falling due within one year was 65% (2007: 54%) and more than one year was 35% (2007: 46%). The total bank borrowings included secured bank loan of HK\$281 million (2007: HK\$163 million) and trust receipt loan of HK\$72 million (2007: HK\$90 million), but there were no discounted bills with recourse (2007: HK\$40 million). The Group's borrowings were denominated in HK dollars, US dollars and RMB.

As at 31 December 2008, the Group has available but not yet utilized banking facilities amounting to approximately HK\$529 million (2007: HK\$465 million). The aforesaid facilities were secured by the following pledged assets approximately: certain leasehold land and land use rights with aggregate book value of HK\$38 million (2007: HK\$0.2 million); asset classified as held for sale of HK\$nil million (2007: HK\$14.9 million); property, plant and equipment of HK\$6.1 million (2007: HK\$1.2 million); properties held for sale of HK\$12.5 million (2007: HK\$27 million); investment properties of HK\$611 million (2007: HK\$651 million).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group are predominantly denominated in HK dollars, US dollars and RMB. During the year, the Group has entered into several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks when necessary.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2008, the total number of employees of the Group was 76 (2007: 95) with staff costs amounting to HK\$9,682,000 (2007: HK\$9,261,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2008.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.01 per ordinary share for the year ended 31 December 2008 to shareholders whose names appear on the Company's register of members on 20 May 2009 (the "Proposed Final Dividend"). Subject to the approval of the Company's shareholders at the Company's forthcoming annual general meeting to be held on 20 May 2009, the Proposed Final Dividend will be paid on or around 5 June 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 May 2009 to Wednesday, 20 May 2009, both days inclusive, during which period no share transfer will be effected. In order to qualify for entitlement to the Proposed Final Dividend and for attending and voting at the forthcoming annual general meeting of the Company, unregistered holders of shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Abacus Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 15 May 2009.

CORPORATE GOVERNANCE

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2008.

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2008 Annual Report.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board
John Ming Tak HO
Managing Director

Hong Kong, 25 March 2009

As at the date of this announcement, Mr Rustom Ming Yu HO (Chairman), Mr John Ming Tak HO (Managing Director) and Mr Patrick Kwok Wai POON are executive directors of the Company; Ms Daphne HO is a non-executive director of the Company; and Mr Lawrence Kam Kee YU BBS MBE JP, Mr David Hon To YU and Mr Hsu Chou WU are independent non-executive directors of the Company.