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**GREAT CHINA HOLDINGS LIMITED**

**大中華集團有限公司**

*(Incorporated in Hong Kong with limited liabilities)*

**(Stock code: 141)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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 2010 together with the comparative figures of the corresponding last year. The Group’s audited consolidated financial statements for the year ended 31 December 2010 have been reviewed by the Audit Committee of the Company.

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<i>Notes</i>	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>Revenue</b>	2	<b>2,467,033</b>	1,866,805
Cost of sales		<b>(2,278,114)</b>	(1,620,314)
<b>Gross profit</b>		<b>188,919</b>	246,491
Other income	3	<b>50,292</b>	7,541
Increase in fair value of investment properties		<b>58,246</b>	56,591
Change in fair value of financial assets designated at fair value through profit or loss		<b>661</b>	1,841
Change in fair value of derivative financial instruments		<b>(16,724)</b>	(1,549)
Gain on disposal of available-for-sale financial assets		<b>750</b>	—
(Impairment loss) reversal of impairment loss on available-for-sale financial assets		<b>(3)</b>	680
Distribution costs		<b>(109,863)</b>	(104,746)
Administrative expenses		<b>(40,973)</b>	(40,269)
Finance costs	4	<b>(12,915)</b>	(6,876)
Share of results of associates		<b>9,680</b>	11,571
<b>Profit before taxation</b>	5	<b>128,070</b>	171,275
Income tax expense	6	<b>(10,833)</b>	(16,379)
<b>Profit for the year attributable to owners of the Company</b>		<b>117,237</b>	154,896
<b>Earnings per share — Basic</b>	7	<b>HK44.80 cents</b>	HK59.19 cents

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit for the year	<u>117,237</u>	<u>154,896</u>
<b>Other comprehensive income</b>		
Exchange difference arising on translation	31,071	3,804
Increase in fair value of available-for-sale financial assets	565	1,025
Reclassification adjustment for cumulative gain included in profit or loss upon disposal	<u>(750)</u>	<u>—</u>
Other comprehensive income for the year	<u>30,886</u>	<u>4,829</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<u><u>148,123</u></u>	<u><u>159,725</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*AT 31 DECEMBER 2010*

	<i>Notes</i>	<b>31.12.2010</b> <i>HK\$'000</i>	31.12.2009 <i>HK\$'000</i> (Restated)	1.1.2009 <i>HK\$'000</i> (Restated)
<b>Non-current assets</b>				
Goodwill		<b>3,000</b>	3,000	3,000
Investment properties		<b>841,098</b>	730,215	675,092
Property, plant and equipment		<b>50,563</b>	51,758	53,875
Prepaid lease payments for land		<b>279</b>	283	287
Deposit paid for acquisition of an investment property		—	9,114	—
Interests in associates		<b>137,958</b>	119,201	106,660
Loan to an associate		<b>16,911</b>	16,547	17,358
Amount due from an associate		<b>44,640</b>	—	—
Available-for-sale financial assets		<b>1,752</b>	3,340	1,635
		<b>1,096,201</b>	933,458	857,907
<b>Current assets</b>				
Properties held for sale		<b>17,996</b>	16,928	16,317
Inventories		<b>29,100</b>	78,126	120,371
Prepaid lease payments for land		<b>4</b>	4	4
Trade and other receivables	9	<b>580,530</b>	308,180	92,530
Amount due from an associate		—	44,616	44,596
Financial assets designated at fair value through profit or loss		—	21,085	—
Derivative financial assets		<b>112</b>	652	7,735
Bank balances and cash		<b>193,303</b>	97,693	164,065
Pledged bank deposits		<b>807,864</b>	148,329	—
		<b>1,628,909</b>	715,613	445,618
Assets classified as held for sale	10	—	2,672	—
		<b>1,628,909</b>	718,285	445,618

		<b>31.12.2010</b>	31.12.2009	1.1.2009
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>Current liabilities</b>				
Trade and bills payables	<i>11</i>	<b>297,130</b>	329,639	115,838
Other payables and accrued expenses		<b>53,218</b>	54,950	46,452
Rental deposits received		<b>1,344</b>	3,529	83
Borrowings		<b>1,131,861</b>	187,210	230,815
Taxation payable		<b>3,195</b>	7,582	1,901
Derivative financial liabilities		<b>16,483</b>	618	—
		<b>1,503,231</b>	583,528	395,089
<b>Net current assets</b>		<b>125,678</b>	134,757	50,529
<b>Total assets less current liabilities</b>		<b>1,221,879</b>	1,068,215	908,436
<b>Non-current liabilities</b>				
Borrowings		<b>117,888</b>	119,678	121,755
Deferred tax liabilities		<b>103,298</b>	92,659	81,721
Rental deposits received		<b>5,543</b>	3,617	7,190
		<b>226,729</b>	215,954	210,666
<b>NET ASSETS</b>		<b>995,150</b>	852,261	697,770
<b>Capital and reserves</b>				
Share capital		<b>52,337</b>	52,337	52,337
Reserves		<b>942,813</b>	799,924	645,433
<b>TOTAL EQUITY</b>		<b>995,150</b>	852,261	697,770

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2009	52,337	19,516	76,432	495	—	548,990	697,770
Exchange difference arising on translation	—	—	3,804	—	—	—	3,804
Increase in fair value of available-for-sale financial assets	—	—	—	—	1,025	—	1,025
Other comprehensive income for the year	—	—	3,804	—	1,025	—	4,829
Profit for the year	—	—	—	—	—	154,896	154,896
Total comprehensive income for the year	—	—	3,804	—	1,025	154,896	159,725
Dividends paid ( <i>note 8</i> )	—	—	—	—	—	(5,234)	(5,234)
At 31 December 2009	52,337	19,516	80,236	495	1,025	698,652	852,261
Exchange difference arising on translation	—	—	31,071	—	—	—	31,071
Increase in fair value of available-for-sale financial assets	—	—	—	—	565	—	565
Reclassification adjustment for cumulative gain included in profit or loss upon disposal	—	—	—	—	(750)	—	(750)
Other comprehensive income for the year	—	—	31,071	—	(185)	—	30,886
Profit for the year	—	—	—	—	—	117,237	117,237
Total comprehensive income for the year	—	—	31,071	—	(185)	117,237	148,123
Dividends paid ( <i>note 8</i> )	—	—	—	—	—	(5,234)	(5,234)
At 31 December 2010	52,337	19,516	111,307	495	840	810,655	995,150

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31 DECEMBER 2010*

**1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)/CHANGES IN ACCOUNTING POLICIES**

In the current year, the Group has applied the following new and revised standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners
HK — Int 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised standards, amendments and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

**Amendments to HKAS 17 “Leases”**

As part of “Improvements to HKFRSs” issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payments for land to property, plant, and equipment retrospectively. This resulted in prepaid lease payments for land with the carrying amounts of HK\$37,977,000 and HK\$37,658,000 as at 1 January 2009 and 31 December 2009, respectively being reclassified to property, plant and equipment.

As at 31 December 2010, leasehold land that qualifies for finance lease classification with the carrying amount of HK\$37,339,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

## Summary of the effects of the above changes in accounting policies

The effects of the above changes in accounting policies on the financial positions of the Group as at 1 January 2009 and 31 December 2009 are as follows:

	As at 1.1.2009 (Originally stated) HK\$'000		As at 1.1.2009 (Restated) HK\$'000		As at 31.12.2009 (Originally stated) HK\$'000		As at 31.12.2009 (Restated) HK\$'000	
		Adjustments HK\$'000		(Restated) HK\$'000		Adjustments HK\$'000		(Restated) HK\$'000
Property, plant and equipment	15,898	37,977	53,875	14,100	37,658	51,758		
Prepaid lease payments for land	38,268	(37,977)	291	37,945	(37,658)	287		
Total effect on net assets	54,166	—	54,166	52,045	—	52,045		

## New and revised standards, amendments and interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 <sup>1</sup>
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets <sup>4</sup>
HKAS 24 (as revised in 2009)	Related Party Disclosures <sup>5</sup>
HKAS 32 (Amendments)	Classification of Rights Issues <sup>6</sup>
HK(IFRIC) — Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>5</sup>
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>7</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2013.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2012.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>6</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>7</sup> Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 “Financial Instruments” (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial Instruments” (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.
- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial



liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and are in the process of assessing the impact from the application of the new standard on the results and the financial position of the Group.

The amendments to HKFRS 7 titled "Disclosures — Transfers of Financial Assets" increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The directors of the Company do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

In addition, the amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process of assessing the potential impact.

The directors of the Company anticipate that the application of other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

## 2. SEGMENT INFORMATION

Revenue represents revenue arising on sale of fishmeal and tapioca chips, sale of properties, rental and leasing and agency fee income for the year. An analysis of the Group's revenue for the year is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Sales of goods	2,432,803	1,833,872
Rental income from investment properties	31,364	31,910
Agency fee income	2,866	1,023
	<u>2,467,033</u>	<u>1,866,805</u>

The Group's operating and reportable segments under HKFRS 8 are as follows:

1. General trading — trading of fishmeal and tapioca chips
2. Property investment in Hong Kong — leasing of properties situated in Hong Kong
3. Property investment in the People's Republic of China (the "PRC") — leasing of properties situated in the PRC and agency services in the PRC
4. Trading of properties — sale of properties situated in the PRC

Information regarding the above segments is reported below.

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

### 2010

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	<u>2,434,968</u>	<u>13,635</u>	<u>18,430</u>	<u>—</u>	<u>2,467,033</u>
Segment profit	<u>48,875</u>	<u>31,677</u>	<u>46,702</u>	<u>—</u>	<u>127,254</u>
Change in fair value of financial assets designated at fair value through profit or loss					661
Gain on disposal of available-for-sale financial assets					750
Impairment loss on available-for-sale financial assets					(3)
Central administration costs					(8,904)
Unallocated finance costs					(994)
Unallocated income tax expense					<u>(1,527)</u>
Profit for the year					<u>117,237</u>

### 2009

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE					
External sales	<u>1,833,872</u>	<u>15,961</u>	<u>16,972</u>	<u>—</u>	<u>1,866,805</u>
Segment profit	<u>82,468</u>	<u>41,627</u>	<u>38,536</u>	<u>—</u>	<u>162,631</u>
Change in fair value of financial assets designated at fair value through profit or loss					1,841
Reversal of impairment loss on available-for-sale financial assets					680
Central administration costs					(9,095)
Unallocated finance costs					<u>(1,161)</u>
Profit for the year					<u>154,896</u>

Segment profit represents profit earned by each reportable segment without allocation of income and expenses of the Group's head office, including: change in fair value of financial assets designated at fair value through profit or loss, gain on disposal of available-for-sale financial assets, impairment loss/reversal of impairment loss on available-for-sale financial assets, central administration costs, unallocated finance costs and unallocated income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

### At 31 December 2010

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	1,590,542	464,992	599,014	17,996	2,672,544
Corporate assets					52,566
Consolidated assets					<u>2,725,110</u>
<b>LIABILITIES</b>					
Segment liabilities	1,454,338	113,755	84,770	—	1,652,863
Corporate liabilities					77,097
Consolidated liabilities					<u>1,729,960</u>

### At 31 December 2009

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>					
Segment assets	597,011	412,011	567,854	16,928	1,593,804
Corporate assets					57,939
Consolidated assets					<u>1,651,743</u>
<b>LIABILITIES</b>					
Segment liabilities	536,675	91,213	85,656	—	713,544
Corporate liabilities					85,938
Consolidated liabilities					<u>799,482</u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group head office's corporate assets; and
- all liabilities are allocated to reportable segments other than the Group head office's corporate liabilities.

## Other segment information

### 2010

Amounts included in segment profit or segment assets:

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions to non-current assets ( <i>Note</i> )	664	37,862	19,193	—	—	57,719
Interests in associates	—	—	137,958	—	—	137,958
Share of results of associates	—	—	(9,680)	—	—	(9,680)
Increase in fair value of investment properties	—	(23,358)	(34,888)	—	—	(58,246)
Depreciation and amortisation of property, plant and equipment	588	9	829	—	995	2,421
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Gain on disposal of property, plant and equipment	—	(8)	(218)	—	—	(226)
Change in fair value of derivative financial instruments	16,724	—	—	—	—	16,724
Reversal of allowance for doubtful debts	—	—	(468)	—	—	(468)
Allowance for inventories	1,415	—	—	—	—	1,415
Exchange (gain) loss, net	(33,973)	(4)	(202)	—	708	(33,471)
Interest income	(14,349)	—	(67)	—	—	(14,416)
Imputed interest income on loan to an associate	—	—	(331)	—	—	(331)
Interest expense	9,926	638	1,357	—	994	12,915
Income tax expense	46	3,998	5,262	—	1,527	10,833

Amounts included in segment profit or segment assets:

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Unallocated <i>HK\$'000</i> (Restated)	Consolidated <i>HK\$'000</i> (Restated)
Additions to non-current assets ( <i>Note</i> )	168	9,114	12,689	—	—	21,971
Interests in associates	—	—	119,201	—	—	119,201
Share of results of associates	—	—	(11,571)	—	—	(11,571)
Increase in fair value of investment properties	—	(32,760)	(23,831)	—	—	(56,591)
Depreciation and amortisation of property, plant and equipment	532	37	880	—	995	2,444
Amortisation of prepaid lease payments for land	—	—	4	—	—	4
Change in fair value of derivative financial instruments	1,549	—	—	—	—	1,549
Allowance for doubtful debts	—	—	735	—	—	735
Reversal of allowance for inventories	(5,062)	—	—	—	—	(5,062)
Reversal of impairment loss on properties held for sale	—	—	—	(16)	—	(16)
Exchange loss (gain), net	296	12	(117)	—	177	368
Interest income	(5,926)	—	(61)	—	—	(5,987)
Imputed interest income on loan to an associate	—	—	(868)	—	—	(868)
Interest expense	3,557	408	1,750	—	1,161	6,876
Income tax expense	5,866	5,912	4,601	—	—	16,379

*Note:* Non-current assets excluded financial instruments.

### Geographical information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue by location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue		Non-current assets	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i> (Restated)
Hong Kong	13,635	15,961	508,274	457,171
Other regions in the PRC	2,453,398	1,850,844	524,624	456,400
	<u>2,467,033</u>	<u>1,866,805</u>	<u>1,032,898</u>	<u>913,571</u>

*Note:* Non-current assets excluded financial instruments.

### Information about major customers

Revenue from customers contributing over 10% of the total sales of the Group of the corresponding years is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Customer A	633,677	220,384
Customer B	272,607	—
Customer C	251,370	—
	<u>633,677</u>	<u>220,384</u>

Revenue from the above customers are from the general trading segment.

### 3. OTHER INCOME

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Bank interest income	14,416	5,987
Exchange gain, net	33,471	—
Gain on disposal of property, plant and equipment	226	—
Imputed interest income on loan to an associate	331	868
Sundry	1,848	686
	<u>50,292</u>	<u>7,541</u>

### 4. FINANCE COSTS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interest on bank loans		
— wholly repayable within five years	11,283	5,307
— not wholly repayable within five years	1,632	1,569
	<u>12,915</u>	<u>6,876</u>

## 5. PROFIT BEFORE TAXATION

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)

Profit before taxation has been arrived at after charging (crediting):

(Reversal of allowance for) allowance for doubtful debts	(468)	735
Amortisation of prepaid lease payments for land	4	4
Auditor's remuneration	1,230	1,020
Cost of inventories recognised as an expense	2,276,699	1,625,392
Depreciation and amortisation of property, plant and equipment	2,421	2,444
Exchange loss, net	—	368
Allowance (reversal of allowance) for inventories ( <i>Note</i> )	1,415	(5,062)
Reversal of impairment loss on properties held for sale	—	(16)
Share of taxation of an associate	3,614	4,514
Staff costs including directors' emoluments	19,546	23,152
Gross rental income from investment properties	(31,364)	(31,910)
Less: Outgoings	1,349	1,857
Net rental income from investment properties	(30,015)	(30,053)

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$2,213,000 (2009: HK\$1,146,000) are included in staff costs.

*Note:* A reversal of allowance for inventories was recognised during the year ended 31 December 2009 as market price increased during the year ended 31 December 2009.

## 6. INCOME TAX EXPENSE

	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>

The charge comprises:

Hong Kong Profits Tax		
Current year	1,718	—
Other jurisdiction		
Current year	121	5,996
Overprovision in prior years	(4)	(432)
	117	5,564
Deferred tax liabilities		
Current year	8,998	10,815
Taxation attributable to the Company and its subsidiaries	10,833	16,379

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	<u>117,237</u>	<u>154,896</u>

	<b>Number of shares</b>	
	<b>2010</b>	2009
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.

## 8. DIVIDENDS

	<b>2010</b> <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Interim dividend paid for 2010 of HK\$0.01 (2009: HK\$0.01) per ordinary share	<b>2,617</b>	2,617
Final dividend paid for 2009 of HK\$0.01 (2009: for 2008 of HK\$0.01) per ordinary share	<u>2,617</u>	<u>2,617</u>
	<u><b>5,234</b></u>	<u>5,234</u>

A final dividend of HK\$0.01 per share for the year ended 31 December 2010 (2009: HK\$0.01) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 9. TRADE AND OTHER RECEIVABLES

	<b>31.12.2010</b> <i>HK\$'000</i>	31.12.2009 <i>HK\$'000</i>	1.1.2009 <i>HK\$'000</i>
Trade and bills receivables	<b>550,374</b>	295,894	64,533
Less: Allowance for doubtful debts	<b>(594)</b>	(1,382)	(2,559)
	<u><b>549,780</b></u>	<u>294,512</u>	<u>61,974</u>
Prepayments and deposits	<b>3,232</b>	2,985	19,327
Other receivables	<b>27,518</b>	10,683	11,229
	<u><b>580,530</b></u>	<u>308,180</u>	<u>92,530</u>

The Group allows a credit period ranging from 30 to 90 days (2009: 30 to 90 days) to its customers in respect of trading of animal feed.



Included in trade and other receivables are trade and bills receivables with an aged analysis based on invoice date as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 30 days	122,514	286,502
31 – 60 days	23	7,989
61 – 90 days	8,183	21
91 – 120 days	419,060	—
	<u>549,780</u>	<u>294,512</u>

Before accepting any new customer, the Group carries out research on the creditability of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

#### Ageing of trade receivables which are past due but not impaired

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
91 – 120 days	<u>122,498</u>	<u>—</u>

At 31 December 2010, included in trade receivables and other receivables are carrying amounts of HK\$130,630,000 and HK\$12,118,000 respectively, due from a single customer, of which HK\$122,498,000 of the trade receivable and other receivable balances are past due as at the reporting date for which the Group has not provided for impairment loss. The Group holds the goods imported for the customer and a personal guarantee from an independent third party as collateral over these balances. The directors of the Company estimate that the fair value of the collateral exceeded the carrying amount of the receivables.

At 31 December 2009, none of the Group's trade receivables was past due at the reporting date for which the Group had not provided.

## 10. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 November 2009 and 23 November 2009, Alliance Pacific Investment Limited and Star Talent Investment Limited, indirect subsidiaries of the Company, entered into agreements with independent third parties (the "Buyers") for the disposal of the Group's investment properties located at Unit E, 14/F and Unit E, 20/F of Block 1, City Plaza, Chaoyang Road, Chaoyang District, Beijing, the PRC (the "Properties"), respectively, which were expected to be sold within the next twelve months from 31 December 2009. The total considerations for the disposal of the Properties were approximately HK\$2,672,000. At 31 December 2009, deposits of approximately HK\$1,014,000 were received from the Buyers. The sale was completed in April 2010.

## 11. TRADE AND BILLS PAYABLES

At the end of the reporting period, an aged analysis of trade and bills payables based on invoice date is as follows:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0 – 30 days	—	326,940
31 – 60 days	—	2,028
61 – 90 days	—	—
91 – 120 days	297,130	671
	<u>297,130</u>	<u>329,639</u>

The average credit period on purchase of goods is 30 days (2009: 30 days). No interest is charged by the trade creditors. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

## **BUSINESS REVIEW**

The Group's turnover for the year ended 31 December 2010 was approximately HK\$2,467 million (2009: HK\$1,867 million), representing an increase of around 32% from the year ended 31 December 2009. Profit for the year attributable to the owners of the Company was approximately HK\$117 million (2009: HK\$155 million), a decrease of around 24% from that of 2009.

There was a significant increase in other income mainly derived from interest income of HK\$14 million (2009: HK\$6 million) and foreign exchange gains of HK\$33 million (2009: nil).

Included in the profit for the year attributable to the owners of the Company were increase in fair value of investment properties of HK\$58 million (2009: HK\$57 million) and the Group's share of results of associates of HK\$10 million (2009: HK\$12 million), of which an attributable share of fair value gain of HK\$13 million (2009: HK\$17 million) came from investment properties in Mainland China.

### **General Trading**

#### *Fishmeal Products*

It was a challenging 12 months for the Group's fishmeal trading operations. Despite the challenges, the Group was able to maintain steady growth in fishmeal products trading in 2010 and generated sales worth HK\$2,383 million, representing an increase of 31% over 2009. Trading in fishmeal products achieved a profit of around HK\$48 million (2009: HK\$83 million) and gross profit margin declined to 7% (2009: 12%).

As Peru remains a major global source of fishmeal, prices have been steadily increasing following the Peruvian Government's implementation of individual fishing quotas in 2009. In addition, the 27 February 2010 Chilean earthquake that struck that country worsened the situation by causing considerable disruption to fishmeal production facilities and distribution networks. As a result, fishmeal supplies were reduced and prices soared to historical highs. In Mainland China, demand for fishmeal is also in decline due to escalating prices and the negative impact of last March to June's climactic instability on the aquatic industries. These factors slowed down fishmeal consumption and drove down prices, which in turn caused the Group's gross profit margin on fishmeal products trading to decrease by 5%.

#### *Tapioca Products*

During the second half of 2010, tapioca trading activity was reduced due to high level of inventory accumulated in Mainland China and the costs of new tapioca supplies from Thailand and Vietnam significantly exceeding the selling prices in Mainland China. To address these concerns, the Group's management took cautious steps in tapioca trading and made a profit of HK\$0.8 million (2009: loss of HK\$0.6 million).

### **Property Investment in Hong Kong**

The Group's principal rental properties in Hong Kong maintained a high occupancy rate during 2010. This provided the Group with a stable rental income of HK\$14 million (2009: HK\$16 million) and, when revaluation gains made during the year were taken into account, the profit of HK\$32

million was generated from the property sector (2009: HK\$42 million). Two leases of the Group properties expired and were then successfully leased out. However, the rental income per square foot reduced due to competition from the newly opened shopping malls in the area. In 2010, the Group bought a property at the Masterpiece, Tsimshatsui which was also leased out at market rate.

Continuing strong market liquidity and low prevailing interest rates provided an upbeat sentiment for the property market. As a result, the Group's investment properties in Hong Kong recorded a revaluation gain of about HK\$23 million (2009: HK\$33 million).

### **Property Investment in Mainland China**

The Group derived 2010 rental turnover of HK\$18 million (2009: HK\$17 million) and segment profit of HK\$47 million (2009: HK\$39 million) from its investment properties in Mainland China. Taking the advantage of its investment properties in premier locations around Shanghai and the appreciation of Renminbi ("RMB"), the Group recorded an increase in rental income in Mainland China during 2010. The gain in fair value of the Group's Mainland investment properties was HK\$35 million (2009: HK\$24 million).

## **PROSPECTS**

### **General Trading**

It is expected that the Chinese government will implement further monetary policies to control inflation by increasing interest rates. Globally, oil prices are also being pushed to a high level due to the recent political turmoil across North Africa and the Middle East. Generally speaking, the global business environment remains uncertain.

Peru remains a major source of anchovy-based fishmeal in the world. In the November 2010 to January 2011 fishing season, the country's fishing fleets were able to harvest just approximately 40% of their anchovy quotas. The shortfall was undoubtedly the result of the Peruvian government's move to protect the high level of juvenile anchovy shoals around its coastline by enforcing ad-hoc bans during the fishing season. These measures have resulted in a substantial reduction in Peruvian fishmeal export worldwide. Such factors have caused a significant increase in fishmeal prices.

With only a limited volume of fishmeal products available for trading, the Group's management foresees substantial decreases in the trading volume of fishmeal products in the first quarter of 2011. The uncertainty in the supply situation of fishmeal products will critically affect the Group's fishmeal products trading operations.

In the tapioca market, the management will also continue to take cautious steps and do everything possible to bring in positive contributions.

### **Property Investment**

As a result of Mainland China's current housing policies, the Group has decided to put on hold a major refurbishment of Emerald Court in Shanghai.

The Group's management will continue to monitor market conditions and consider attractive investment opportunities in both Hong Kong and Mainland China, as appropriate.

## FINANCIAL REVIEW AND ANALYSIS

### Liquidity and Financial Resources

As at 31 December 2010, the Group's gearing ratio was 12% (2009: 14%), based on the Group's long term bank borrowings of HK\$118 million (2009: HK\$120 million) and shareholders' equity of HK\$995 million (2009: HK\$852 million). The Group's current ratio was 1.08 (2009: 1.23), calculated on the basis of current assets of HK\$1,629 million (2009: HK\$718 million) over current liabilities of HK\$1,503 million (2009: HK\$584 million).

As at 31 December 2010, total pledged bank deposits, bank balances and cash on hand were HK\$1,001 million (2009: HK\$246 million). Total bank borrowings of the Group amounted to HK\$1,250 million (2009: HK\$307 million), of which approximately HK\$797 million (2009: HK\$141 million) were secured with bank deposits of HK\$808 million (2009: HK\$148 million). The maturity profile of the Group's bank borrowings falling due within one year was 91% (2009: 61%) and more than one year was 9% (2009: 39%). Total bank borrowings included secured bank loans of HK\$939 million (2009: HK\$283 million), trust receipt loans of HK\$190 million (2009: nil), and there were liabilities of HK\$121 million (2009: HK\$24 million) associated with bills receivable discounted with recourse. The Group's borrowings were denominated in United States dollars, Hong Kong dollars and RMB.

### Charges on Assets

As at 31 December 2010, the Group has available but not yet utilized banking facilities amounting to around HK\$2,539 million (2009: HK\$773 million). The aforesaid facilities were secured by the following assets:

- Leasehold land and land use rights with aggregate book value of HK\$37 million (2009: HK\$38 million);
- Buildings of HK\$6 million (2009: HK\$6 million);
- Properties held for sale of HK\$14 million (2009: HK\$13 million);
- Investment properties of HK\$839 million (2009: HK\$729 million);
- Pledged bank deposits of HK\$808 million (2009: HK\$148 million); and
- Bills receivables of HK\$419 million (2009: HK\$24 million).

### FOREIGN EXCHANGE EXPOSURE

Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and RMB. During the year, the Group 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 as and when necessary.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 31 December 2010, the total number of employees of the Group was 85 (2009: 87) with staff costs, excluding directors' remuneration, amounting to HK\$10,188,000 (2009: HK\$12,198,000). 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 LISTED 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 2010.

## **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 2010 to shareholders whose names appear on the Company's register of members on 20 May 2011 (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 2011, the Proposed Final Dividend will be paid on or around 30 May 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 18 May 2011 to Friday, 20 May 2011, 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 Tuesday, 17 May 2011.

## **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 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2010 except for the code provision A.4.1, which stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Currently, although the Company's independent non-executive directors are not appointed for a specific term, they are subject to retirement by rotation and re-election at least once every three years at the Company's annual general meeting pursuant to the Company's Articles of Association. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2010 Annual Report of the Company.

## 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, 28 March 2011

*As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Rustom Ming Yu HO, Mr. John Ming Tak HO, Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT; one non-executive director, namely, Ms. Daphne Yu Gia HO; and three independent non-executive directors, namely, Mr. Lawrence Kam Kee YU BBS, MBE, JP, Mr. David Hon To YU and Mr. Hsu Chou WU.*