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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: 141)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009 together with the comparative figures of the corresponding last year. The Group’s audited consolidated financial statements for the year ended 31 December 2009 have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	<i>Notes</i>	2009 HK\$’000	2008 HK\$’000
Revenue	2	1,866,805	1,604,840
Cost of sales		(1,620,314)	(1,449,221)
Gross profit		246,491	155,619
Other income	3	7,541	20,452
Increase (decrease) in fair value of investment properties		56,591	(3,372)
Change in fair value of financial assets designated at fair value through profit or loss		1,841	–
Change in fair value of derivative financial instruments		(1,549)	6,268
Gain on disposal of assets classified as held for sale		–	21,604
Reversal of impairment loss (impairment loss) on available-for-sale financial assets		680	(1,235)
Distribution costs		(104,746)	(104,609)
Administrative expenses		(40,269)	(29,164)
Finance costs	4	(6,876)	(18,343)
Share of results of associates		11,571	4,569
Profit before taxation	5	171,275	51,789
Income tax expense	6	(16,379)	(1,227)
Profit for the year attributable to owners of the Company		154,896	50,562
Earnings per share – Basic	7	HK 59.19 cents	HK 19.32 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*FOR THE YEAR ENDED 31 DECEMBER 2009*

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year	<u>154,896</u>	<u>50,562</u>
Other comprehensive income		
Exchange difference arising on translation	3,804	27,993
Surplus on revaluation of properties	-	495
Increase (decrease) in fair value of available-for-sale financial assets	1,025	(2,466)
Reclassification adjustment upon impairment of available-for-sale financial assets	<u>-</u>	<u>1,235</u>
Other comprehensive income for the year	<u>4,829</u>	<u>27,257</u>
Total comprehensive income for the year attributable to owners of the Company	<u>159,725</u>	<u>77,819</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current assets			
Goodwill		3,000	3,000
Investment properties		730,215	675,092
Property, plant and equipment		14,100	15,898
Prepaid lease payments for land		37,622	37,945
Deposit paid for acquisition of an investment property		9,114	–
Interests in associates		119,201	106,660
Loan to an associate		16,547	17,358
Available-for-sale financial assets		3,340	1,635
		933,139	857,588
Current assets			
Properties held for sale		16,928	16,317
Inventories		78,126	120,371
Prepaid lease payments for land		323	323
Trade and other receivables	9	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		652	7,735
Bank balances and cash		97,693	164,065
Pledged bank deposit		148,329	–
		715,932	445,937
Assets classified as held for sale	10	2,672	–
		718,604	445,937
Current liabilities			
Trade and bills payables	11	329,639	115,838
Other payables and accrued expenses		54,950	46,452
Rental deposits received		3,529	83
Borrowings		187,210	230,815
Taxation payable		7,582	1,901
Derivative financial liabilities		618	–
		583,528	395,089
Net current assets		135,076	50,848
Total assets less current liabilities		1,068,215	908,436
Non-current liabilities			
Borrowings		119,678	121,755
Deferred tax liabilities		92,659	81,721
Rental deposits received		3,617	7,190
		215,954	210,666
Net assets		852,261	697,770
Capital and reserves			
Share capital		52,337	52,337
Reserves		799,924	645,433
Total equity		852,261	697,770

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	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 2008	52,337	19,516	48,439	–	1,231	503,662	625,185
Exchange difference arising on translation	–	–	27,993	–	–	–	27,993
Surplus on revaluation of properties	–	–	–	495	–	–	495
Decrease in fair value of available-for-sale financial assets	–	–	–	–	(2,466)	–	(2,466)
Reclassification adjustment upon impairment of available-for-sale financial assets	–	–	–	–	1,235	–	1,235
Other comprehensive income for the year	–	–	27,993	495	(1,231)	–	27,257
Profit for the year	–	–	–	–	–	50,562	50,562
Total comprehensive income for the year	–	–	27,993	495	(1,231)	50,562	77,819
Dividends paid (<i>Note 8</i>)	–	–	–	–	–	(5,234)	(5,234)
At 31 December 2008	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards (“HKAS”), amendments and Hong Kong (IFRIC) Interpretations (“HK(IFRIC) – Int”) (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) “Presentation of Financial Statements”

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 “Operating Segments”

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments (see note 2) and changes in the basis of measurement of segment profit or loss, segment assets and segment liabilities.

**Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 “Financial Instruments: Disclosures”)**

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 24 (Revised)	Related Party Disclosures ⁶
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁷
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁶
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁵

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 July 2010

⁶ Effective for annual periods beginning on or after 1 January 2011

⁷ Effective for annual periods beginning on or after 1 January 2013

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.

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

In addition, as part of “Improvements to HKFRSs” issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group’s leasehold land.

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 consolidated financial statements.

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:

	2009 <i>HK\$’000</i>	2008 <i>HK\$’000</i>
Sales		
– Sales of goods	1,833,872	1,549,699
– Sales of properties	–	22,793
Rental income from investment properties	31,910	31,773
Agency fee income	1,023	575
	1,866,805	1,604,840

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, segment information reported externally was analysed on the basis of the Group's operating divisions, including general trading, property investment and trading of properties. However, information reported to the chief operating decision maker, executive directors of the Company, for the purpose of resources allocation and performance assessment specifically focuses on property investment in Hong Kong and property investment in the People's Republic of China (the "PRC"). The adoption of HKFRS 8 has also changed the basis of measurement of segment profit. Previously under HKAS 14, the segment result did not include allocation of change in fair value of derivative financial instruments, bank interest income, finance costs, share of results of associates and income tax expense, which is different from the measurement under HKFRS 8. Amounts reported for the prior year have been restated to conform to the requirement of HKFRS 8.

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

1. General trading – trading of fishmeal products and tapioca chips
2. Property investment in Hong Kong – leasing of properties situated in Hong Kong
3. Property investment in 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.

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>52,442</u>	<u>27,721</u>	<u>–</u>	162,631
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 assets and liabilities

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

	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>
ASSETS					
Segment assets	597,011	412,011	567,854	16,928	1,593,804
Corporate assets					<u>57,939</u>
Consolidated assets					<u><u>1,651,743</u></u>
LIABILITIES					
Segment liabilities	536,675	91,213	85,656	-	713,544
Corporate liabilities					<u>85,938</u>
Consolidated liabilities					<u><u>799,482</u></u>

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>)	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 of property, plant and equipment	532	37	880	-	676	2,125
Amortisation of prepaid lease payments for land	-	-	5	-	318	323
Allowance for doubtful debt	-	-	735	-	-	735
Reversal of allowance for inventories	(5,062)	-	-	-	-	(5,062)
Reversal of impairment loss on properties held for sale	-	-	-	(16)	-	(16)
Exchange (gain) loss, net	296	12	(117)	-	177	368
Interest income	(5,926)	-	(929)	-	-	(6,855)
Interest expense	3,557	408	1,750	-	1,161	6,876
Income tax expense	<u>5,866</u>	<u>5,912</u>	<u>4,601</u>	<u>-</u>	<u>-</u>	<u>16,379</u>

Note: Non-current assets excluded financial instruments.

Segment revenue and results

2008

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

	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>1,549,699</u>	<u>15,007</u>	<u>17,341</u>	<u>22,793</u>	<u>1,604,840</u>
Segment profit	<u>26,572</u>	<u>15,027</u>	<u>6,229</u>	<u>5,677</u>	53,505
Gain on disposal of assets classified as held for sale					21,604
Impairment loss on available-for-sale financial assets					(1,235)
Unallocated bank interest income					71
Central administration costs					(20,347)
Unallocated finance costs					<u>(3,036)</u>
Profit for the year					<u>50,562</u>

Segment assets and liabilities

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

	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>
ASSETS					
Segment assets	371,455	370,706	490,716	16,317	1,249,194
Corporate assets					<u>54,331</u>
Consolidated assets					<u>1,303,525</u>
LIABILITIES					
Segment liabilities	338,024	88,014	83,792	–	509,830
Corporate liabilities					<u>95,925</u>
Consolidated liabilities					<u>605,755</u>

Amounts included in segment profit or segment assets:

	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Additions to non-current assets (<i>Note</i>)	1,936	–	16,367	–	47,075	65,378
Interests in associates	–	–	106,660	–	–	106,660
Share of results of associates	–	–	(4,569)	–	–	(4,569)
(Increase) decrease in fair value of investment properties	–	(120)	3,492	–	–	3,372
Depreciation of property, plant and equipment	533	253	394	–	388	1,568
Amortisation of prepaid lease payments for land	–	–	5	–	239	244
Reversal of allowance for doubtful debt	(188)	–	–	–	–	(188)
Allowance for inventories	4,698	–	–	–	–	4,698
Impairment loss on properties held for sale	–	–	–	16	–	16
Loss on disposal of property, plant and equipment	2,719	–	–	–	–	2,719
Exchange (gain) loss, net	(8,631)	837	–	–	730	(7,064)
Interest income	(10,944)	(4)	(132)	–	(71)	(11,151)
Interest expense	11,010	942	3,355	–	3,036	18,343
Income tax expense (credit)	<u>586</u>	<u>(1,739)</u>	<u>2,380</u>	<u>–</u>	<u>–</u>	<u>1,227</u>

Note: Non-current assets excluded financial instruments.

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 assets classified as held for sale, reversal of impairment loss/impairment loss on available-for-sale financial assets, bank interest income, central administration costs and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

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.

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	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	15,961	15,007	456,852	416,010
Other regions in the PRC	1,850,844	1,589,833	456,400	422,585
	<u>1,866,805</u>	<u>1,604,840</u>	<u>913,252</u>	<u>838,595</u>

Note: Non-current assets excluded financial instruments.

Information about major customers

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Customer A	<u>220,384</u>	<u>209,227</u>

Revenue from the above customer is included in the general trading segment.

3. OTHER INCOME

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Bank interest income	5,987	11,151
Imputed interest income on loan to an associate	868	–
Exchange gain, net	–	7,064
Gain on fair value change of investment held for trading	–	293
Sundry	686	1,944
	<u>7,541</u>	<u>20,452</u>

4. FINANCE COSTS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans and overdrafts		
– wholly repayable within five years	5,307	14,788
– not wholly repayable within five years	<u>1,569</u>	<u>3,555</u>
	<u>6,876</u>	<u>18,343</u>

5. PROFIT BEFORE TAXATION

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Allowance for (reversal of allowance for) doubtful debts	735	(188)
Amortisation of prepaid lease payments for land	323	244
Auditor's remuneration	1,020	1,168
Cost of inventories and properties held for sale recognised as an expense	1,625,392	1,444,523
Depreciation of property, plant and equipment	2,125	1,568
Exchange loss, net	368	–
Loss on disposal of property, plant and equipment	–	2,719
(Reversal of allowance) allowance for inventories (<i>Note</i>)	(5,062)	4,698
(Reversal of impairment loss) impairment loss on properties held for sale	(16)	16
Share of taxation of an associate	4,514	3,381
Staff costs including directors' emoluments	23,152	17,095
Gross rental income from investment properties	(31,910)	(31,773)
Less: Outgoings	<u>1,857</u>	<u>2,511</u>
Net rental income from investment properties	<u>(30,053)</u>	<u>(29,262)</u>

Minimum lease payments for operating leases in respect of staff quarters amounting to HK\$1,146,000 (2008: HK\$1,334,000) are included in staff costs.

Note: A reversal of allowance for inventories is recognised during the year ended 31 December 2009 because the market price of fishmeal products are sold out at an increased market price during the year.

6. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax		
Current year	–	630
Overprovision in prior years	–	(6)
	<u>–</u>	<u>(6)</u>
	–	624
	<u>–</u>	<u>624</u>
Other jurisdiction		
Current year	5,996	1,675
Overprovision in prior years	(432)	–
	<u>5,564</u>	<u>1,675</u>
Deferred tax liabilities		
Current year	10,815	1,962
Effect of change in tax rate	–	(3,034)
	<u>10,815</u>	<u>(1,072)</u>
Taxation attributable to the Company and its subsidiaries	<u>16,379</u>	<u>1,227</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% 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share:		
Profit for the year attributable to owners of the Company	<u>154,896</u>	<u>50,562</u>
	Number of shares	
	2009	2008
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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interim dividend paid for 2009 of HK\$0.01 (2008: HK\$0.01) per ordinary share	2,617	2,617
Final dividend paid for 2008 of HK\$0.01 (2008: for 2007 of HK\$0.01) per ordinary share	<u>2,617</u>	<u>2,617</u>
	<u>5,234</u>	<u>5,234</u>

The final dividend for the year ended 31 December 2009 of HK\$0.01 (2008: HK\$0.01) per share 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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Trade and bills receivables	295,894	64,533
Less: Allowance for doubtful debts	<u>(1,382)</u>	<u>(2,559)</u>
	294,512	61,974
Prepayments and deposits	2,985	19,327
Other receivables	<u>10,683</u>	<u>11,229</u>
	308,180	92,530
Trade and other receivables	<u><u>308,180</u></u>	<u><u>92,530</u></u>

The Group allows a credit period ranging from 30 to 90 days (2008: 30 to 90 days) to its customers in respect of trading of animal feed. 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:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 30 days	286,502	53,810
31 – 60 days	7,989	6,528
61 – 90 days	21	193
91 – 120 days	<u>–</u>	<u>1,443</u>
	<u><u>294,512</u></u>	<u><u>61,974</u></u>

10. ASSETS CLASSIFIED AS HELD FOR SALE

On 7 November 2009 and 23 November 2009, Alliance Pacific Investment Limited and Star Talent Investment Limited, wholly owned 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 are expected to be sold within the next twelve months from the end of the reporting period. The considerations for the disposal of the Properties were approximately HK\$2,672,000. Deposits of approximately HK\$1,014,000 were received from the Buyers.

11. TRADE AND BILLS PAYABLES

At the end of the reporting period, an aged analysis of trade and bills payables are as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 – 30 days	326,940	69,878
31 – 60 days	2,028	45,392
Over 60 days	671	568
	<hr/> 329,639 <hr/>	<hr/> 115,838 <hr/>

BUSINESS REVIEW

The Group's turnover for the year ended 31 December 2009 was around HK\$1,867 million (2008: HK\$1,605 million), representing an increase of around 16% from the year ended 31 December 2008. Profit for the year was around HK\$154.9 million (2008: HK\$50.6 million), representing an increase of around 206% from that of 2008.

Due to the upturn in the property market during the year 2009, the Group recorded an increase of HK\$56.6 million (2008: a decrease of HK\$3.4 million) in fair value of investment properties. The Group's share of results of associates included the attributable share of fair value gain of HK\$16.6 million (2008: HK\$4.8 million) on investment properties in Mainland China.

The Group recorded a commendable profit for the year, mainly due to improved results of the fishmeal products trading during the year.

GENERAL TRADING

Sales in this segment improved significantly to HK\$1,834 million in 2009 (2008: HK\$1,550 million), recording a segmental profit of HK\$82 million as compared to HK\$27 million in 2008.

Fishmeal Products

The Group maintained significant growth in fishmeal products trading in 2009. For the year under review, fishmeal sales increased by 23% to HK\$1,825 million as compared with the preceding year. Trading in fishmeal products achieved a remarkable profit of around HK\$83 million (2008: profit of around HK\$26 million).

Since the second half of 2008, as a result of the global financial turmoil, prices of most commodities were substantially adjusted downward. The fishmeal industry was cautious and maintained a minimum level of fishmeal inventory. At the beginning of 2009, the cost of fishmeal products was relatively low compared to other animal and vegetable proteins. The attractive price of fishmeal products thus pushed

up the demand further. Additionally, there was a sharp increase in demand of fishmeal products mainly from the European salmon industry in the second half of 2009. All these factors caused an upsurge in the demand of fishmeal products. Meanwhile the supply cycle was stretched by the fact that the Peru government implemented an individual fishing quota system in 2009. In addition the catch of anchovies, the main raw material of fishmeal products, was affected by a minor El Niño phenomenon and was limited. The imbalance of supply and demand of fishmeal products had driven up the prices of fishmeal products which stayed firm in the remaining part of 2009.

With this change in market environment, the management swiftly made adjustments to its trading strategy and worked closely with our joint venture partners. As a result, the Group has been able to reap the benefits derived from upward price movement.

Tapioca Products

During 2009, the supply of tapioca has slowed down substantially. This was mainly due to the Thai government implementing a new policy for the collection of tapioca chips from farmers. The management, unable to assess the impact of this new policy on the supply and prices of tapioca products, was cautious in the trading of tapioca. As a result there was a drastic drop in 2009 sales of tapioca products by 85% to HK\$9 million compared with 2008.

The low margin in tapioca product trading was insufficient to cover the selling and administration expenses and a loss of HK\$0.6 million for the year under review was recorded (2008: profit of HK\$0.8 million).

PROPERTY INVESTMENT IN HONG KONG

Rental income derived from Hong Kong property investment achieved an increase from HK\$15 million in 2008 to HK\$16 million in 2009.

The upbeat mood in the Hong Kong property market had a positive effect on the revaluation of the Group's properties. As our investments are located in prime locations, the value of the Group's Hong Kong investment properties recorded a revaluation gain before tax of around HK\$32.8 million (2008: HK\$0.2 million).

The Group acquired Unit F, 57/F, The Masterpiece, No.18 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong for investment purposes during the year for HK\$36.5 million. The transaction was completed in February 2010.

PROPERTY INVESTMENT IN MAINLAND CHINA

The Group disposed of two residential units in City Plaza, Chaoyang District, Beijing for around HK\$2.7 million (2008: HK\$nil). The sales will be completed in early 2010.

In 2009, rental income from investment properties located in Mainland China was maintained at a steady level at HK\$17 million (2008: HK\$17 million).

The continuous rise in property prices in Shanghai particularly led to increased market value of our Group's investment properties in 2009, resulting in a revaluation gain of around HK\$23.8 million (2008: a revaluation loss of HK\$3.5 million) from the revaluation of the Group's investment properties in Mainland China.

As at 31 December 2009, the share of profit of associates of around HK\$11.6 million (2008: HK\$4.5 million) included the attributable share of fair value gain on investment properties owned by an associate in Mainland China of around HK\$16.6 million (2008: HK\$4.8 million).

TRADING OF PROPERTIES

During the year 2009, the Group has not disposed of any properties held for sale (2008: sold 5 units with sale proceeds of around HK\$22.7 million).

PROSPECTS

General Trading

Recent economic and financial market indicators appeared to be supporting the general view that the worst of this economic crisis may be over and recovery is on the way. However, there are different schools of thought on the pace and scale of recovery. Lingering problems such as unemployment rate, weak consumer demands and volatile equity markets will continue to pose challenges to recovery. Among all these difficulties, China has maintained healthy growth in GDP and a stable economy in 2009.

Overall consumption of fishmeal products around the world may decrease in 2010 due to the current historically high prices of fishmeal products. However, the demand for fishmeal products from specific swine and aquatic (especially shrimp) industries in China should remain steady as fishmeal is one of the best protein sources among animal proteins.

Due to the El Nino phenomenon, the world's climate has changed and sea water temperature has increased. In order to protect natural resources, the fishing industry around the world has implemented control on fishing quota. As a result, the overall supply of fishmeal products in the future will be limited.

On 27 February 2010, a devastating earthquake at a magnitude of 8.8 hit Southern Chile, where the major fishmeal production is located and caused a lot of damages to the Chilean fishing industry and fishmeal production capability. Fishmeal processing plants and transportation network will take months to rebuild. We expect that there will be a short term disruption in the supply of fishmeal products in the coming seasons. The market for trading in fishmeal products will be volatile and the management will be cautious in managing the fishmeal business.

The management decided to restructure the tapioca business in late 2009 with the aim of improving the trading performance of tapioca. A newly formed team has been actively seeking opportunities in this area and we expect the trading of tapioca to bring a positive contribution to the Group.

Property Investment

In 2009, there was a rising trend in the property prices in Shanghai. The Group has 43% interest in Da Da Development (Shanghai) Corporation (“Da Da Development”), which owns a compound named Emerald Court in Shanghai. Da Da Development decided that it was a good time to carry out a major refurbishment on these houses and subsequently to dispose of them unit by unit. The renovation work has started and sales are targeted to commence in late 2010. While the management expects a positive contribution to the Group from this project, capital is necessarily reserved for such major refurbishment project.

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 both in Mainland China and Hong Kong.

FINANCIAL REVIEW AND ANALYSIS

As at 31 December 2009, the Group’s gearing ratio was around 14% (2008: 17%), based on the Group’s long term bank borrowings of HK\$120 million (2008: HK\$122 million) and shareholders’ equity of HK\$852 million (2008: HK\$697 million). As at 31 December 2009, total pledged bank deposit, bank balances and cash on hand were HK\$246 million (2008: HK\$164 million).

As at 31 December 2009, total bank borrowings of the Group amounted to HK\$307 million (2008: HK\$353 million) and the maturity profile of the Group’s bank borrowings falling due within one year was 61% (2008: 65%) and more than one year was 39% (2008: 35%). The total bank borrowings included secured bank loan of HK\$283 million (2008: HK\$281 million), trust receipt loan of HK\$ nil million (2008: HK\$72 million), and there were HK\$24 million liabilities associated with bills receivable discounted with recourse (2008: nil). The Group’s borrowings were denominated in HK dollars, US dollars and Renminbi (“RMB”).

As at 31 December 2009, the Group has available but not yet utilized banking facilities amounting to around HK\$773 million (2008: HK\$529 million). The aforesaid facilities were secured by the following assets:

- leasehold land and land use rights with aggregate book value of HK\$37.7 million (2008: HK\$38.0 million);
- property, plant and equipment of HK\$6.0 million (2008: HK\$6.1 million);
- properties held for sale of HK\$13.0 million (2008: HK\$12.5 million); and
- investment properties of HK\$728.5 million (2008: HK\$610.9 million).

FOREIGN EXCHANGE EXPOSURE

Transactions of the Group are predominantly denominated in HK dollars, US 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 when necessary.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2009, the total number of employees of the Group was 87 (2008: 76) with staff costs, excluding directors' remuneration, amounting to HK\$12,198,000 (2008: HK\$9,682,000). 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 2009.

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 2009 to shareholders whose names appear on the Company's register of members on 14 May 2010 (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 14 May 2010, the Proposed Final Dividend will be paid on or around 8 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 12 May 2010 to Friday, 14 May 2010, 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, 11 May 2010.

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 2009.

A full description of the Company's corporate governance will be set out in the Corporate Governance Report contained in the 2009 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, 26 March 2010

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 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.