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DeTeam Company Limited

弘海有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 65)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

- Turnover of the Group for the year ended 31 December 2011 was approximately HK\$494 million, representing an increase of approximately 54 per cent. as compared with that of the year ended 31 December 2010.
- The Group recorded a loss attributable to owners of the Company of approximately HK\$2 million for the year ended 31 December 2011, compared with the profit attributable to owners of the Company of approximately HK\$21 million for the year ended 31 December 2010.
- The Directors recommend the declaration of a final dividend of HK0.5 cent per share for the year ended 31 December 2011 and recommend the issue of bonus shares on the basis of two bonus shares for every ten existing shares being held.

ANNUAL RESULTS

The board of Directors (the “Board”) present the audited consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	<i>Note</i>	2011 HK\$'000	2010 <i>HK\$'000</i>
Turnover	4	494,496	320,430
Cost of sales		<u>(425,631)</u>	<u>(264,197)</u>
Gross profit		68,865	56,233
Other income	5	951	1,507
Selling and distribution expenses		(17,154)	(1,255)
Administrative expenses		(60,260)	(37,670)
Other operating expenses		<u>(3,678)</u>	<u>(71)</u>
(Loss)/profit from operations		(11,276)	18,744
Finance costs	7	<u>(11,125)</u>	<u>(4,557)</u>
(Loss)/profit before tax		(22,401)	14,187
Income tax credit	8	<u>217</u>	<u>184</u>
(Loss)/profit for the year	9	<u>(22,184)</u>	<u>14,371</u>
Attributable to:			
Owners of the Company		(2,292)	21,037
Non-controlling interests		<u>(19,892)</u>	<u>(6,666)</u>
		<u>(22,184)</u>	<u>14,371</u>
(Loss)/earnings per share	11		(Restated)
– Basic		<u>HK(0.31) cent</u>	<u>HK2.87 cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
(Loss)/profit for the year	<u>(22,184)</u>	<u>14,371</u>
Other comprehensive income:		
Exchange differences on translating foreign operations	<u>24,849</u>	<u>23,567</u>
Other comprehensive income for the year, net of tax	<u>24,849</u>	<u>23,567</u>
Total comprehensive income for the year	<u><u>2,665</u></u>	<u><u>37,938</u></u>
Attributable to:		
Owners of the Company	<u>16,202</u>	38,386
Non-controlling interests	<u>(13,537)</u>	<u>(448)</u>
	<u><u>2,665</u></u>	<u><u>37,938</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	<i>Note</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		520,979	464,983
Prepaid land lease payments		2,860	2,810
Intangible asset		93,183	91,360
Deferred tax assets		25,810	10,163
		<hr/> 642,832	<hr/> 569,316
Current assets			
Inventories		75,656	60,798
Prepaid land lease payments		84	80
Trade receivables	12	93,430	82,112
Deposits, prepayments and other receivables		58,181	107,583
Current tax assets		302	–
Pledged and restricted bank deposits		11,982	43,381
Bank and cash balances		37,064	57,234
		<hr/> 276,699	<hr/> 351,188
Current liabilities			
Trade payables	13	7,282	3,475
Accrued charges and other payables		179,990	147,720
Due to a non-controlling shareholder		10,331	37,811
Borrowings		49,048	88,262
Current tax liabilities		5,202	2,552
		<hr/> 251,853	<hr/> 279,820
Net current assets		<hr/> 24,846	<hr/> 71,368
Total assets less current liabilities		<hr/> 667,678	<hr/> 640,684

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current liabilities		
Due to a non-controlling shareholder	36,900	–
Borrowings	13,162	24,036
Deferred tax liabilities	9,321	7,520
	<u>59,383</u>	<u>31,556</u>
NET ASSETS	<u>608,295</u>	<u>609,128</u>
Capital and reserves		
Share capital	73,190	60,991
Other reserves	341,813	320,619
Retained profits	34,345	55,195
Proposed final dividend	3,659	3,659
	<u>453,007</u>	<u>440,464</u>
Equity attributable to owners of the Company	453,007	440,464
Non-controlling interests	155,288	168,664
	<u>608,295</u>	<u>609,128</u>
TOTAL EQUITY	<u>608,295</u>	<u>609,128</u>

Notes:

1. General information

The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is Suite no. 3, 31st floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing and sale of plastic woven bags, paper bags and plastic barrels and sale of coal.

2. Adoption of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. Basis of preparation

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. Turnover

The Group's turnover which represents sales of bags and barrels to customers and sales of coal are as follows:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Sales of bags and barrels	288,549	249,753
Sales of coal	205,947	70,677
	<hr/> 494,496 <hr/>	<hr/> 320,430 <hr/>

5. Other income

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest income	911	593
Gain on disposals of property, plant and equipment	40	829
Sundry income	–	85
	<hr/> 951 <hr/>	<hr/> 1,507 <hr/>

6. Segment information

The Group has two reportable segments as follows:

Bags – Manufacture and sale of plastic woven bags, paper bags and plastic barrels; and

Coal – Trading and distribution of coal.

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss represents the profit earned by each segment without allocation of corporate income and expense, central administration costs, interest income and finance costs. Segment assets excluded corporate assets and deferred tax assets. Segment liabilities excluded corporate liabilities and deferred tax liabilities.

There were no intersegment sales during the year (2010: HK\$Nil).

Information about reportable segment profit or loss, assets and liabilities:

	Bags <i>HK\$'000</i>	Coal <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2011			
Revenue from external customers	<u>288,549</u>	<u>205,947</u>	<u>494,496</u>
Segment profit/(loss)	<u>34,213</u>	<u>(37,713)</u>	<u>(3,500)</u>
Interest revenue	820	78	898
Interest expense	2,481	8,279	10,760
Income tax expense/(credit)	13,363	(13,580)	(217)
Depreciation and amortisation	7,369	26,225	33,594
Gain on disposals of property, plant and equipment	–	40	40
Capital expenditure	85	67,806	67,891
At 31 December 2011			
Segment assets	<u>292,812</u>	<u>719,193</u>	<u>1,012,005</u>
Segment liabilities	<u>25,603</u>	<u>397,340</u>	<u>422,943</u>

	Bags <i>HK\$'000</i>	Coal <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2010			
Revenue from external customers	<u>249,753</u>	<u>70,677</u>	<u>320,430</u>
Segment profit/(loss)	<u>38,192</u>	<u>(11,008)</u>	<u>27,184</u>
Interest revenue	526	60	586
Interest expense	1,320	2,777	4,097
Income tax expense/(credit)	8,281	(8,465)	(184)
Depreciation and amortisation	7,059	16,249	23,308
Gain on disposals of property, plant and equipment	–	829	829
Capital expenditure	6,431	139,833	146,264
At 31 December 2010			
Segment assets	<u>301,306</u>	<u>641,975</u>	<u>943,281</u>
Segment liabilities	<u>43,043</u>	<u>280,257</u>	<u>323,300</u>

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

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Revenue	494,496	320,430
	<hr/> <hr/>	<hr/> <hr/>
Profit or loss		
Total (loss)/profit of reportable segments	(3,500)	27,184
Interest revenue	911	593
Interest expense	(11,125)	(4,557)
Unallocated corporate income	-	12
Unallocated corporate expenses	(8,470)	(8,861)
	<hr/>	<hr/>
Consolidated (loss)/profit for the year	(22,184)	14,371
	<hr/> <hr/>	<hr/> <hr/>
Assets		
Total assets of reportable segments	1,012,005	943,281
Corporate assets	7,489	7,449
Deferred tax assets	25,810	10,163
Elimination of intersegment assets	(125,773)	(40,389)
	<hr/>	<hr/>
Consolidated total assets	919,531	920,504
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Total liabilities of reportable segments	422,943	323,300
Corporate liabilities	8,625	24,671
Deferred tax liabilities	9,321	7,520
Elimination of intersegment liabilities	(129,653)	(44,115)
	<hr/>	<hr/>
Consolidated total liabilities	311,236	311,376
	<hr/> <hr/>	<hr/> <hr/>

Geographical information:

	Revenue		Non-current assets	
	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Hong Kong	–	–	76	29
The People's Republic of China (the "PRC") except Hong Kong	494,496	320,430	616,946	559,124
Consolidated total	494,496	320,430	617,022	559,153

In presenting the geographical information, revenue is based on the locations of the customers.

The non-current assets information above is based on the location of assets and excludes deferred tax assets.

Revenue from major customers:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Bags segment		
Customer a	288,549	249,753
Coal segment		
Customer a	93,978	50,825

7. Finance costs

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interest on bank loans and overdrafts	4,942	2,860
Interest on other loans	785	28
Interest on loan from a related company	715	201
Interest on loan from a non-controlling shareholder	3,796	727
Bank charges	887	741
	11,125	4,557

8. Income tax credit

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Current tax – Overseas		
Provision for the year	12,810	7,366
Under-provision in prior year	31	138
	<hr/>	<hr/>
	12,841	7,504
Deferred tax	(13,058)	(7,688)
	<hr/>	<hr/>
	(217)	(184)
	<hr/> <hr/>	<hr/> <hr/>

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2011 as the Group did not generate any assessable profits arising in Hong Kong during the year (2010: HK\$Nil).

The subsidiary, Changchun Yicheng Packaging Company Limited (“Changchun Yicheng”), operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprise (中華人民共和國外商投資企業和外國企業所得稅法) (the “PRC Income Tax Law”). Changchun Yicheng is located in Hexin Town of High-New Development Zone, Changchun (長春市高新技術開發區合心高科技園). Pursuant to a notice issued by Changchun Green District State Tax Bureau (長春綠園國家稅務局), Changchun Yicheng is exempted from enterprise income tax from 1 May 2006 to 31 December 2007, followed by a 50% relief for the next three years (for the years 2008 to 2010). The tax rate applicable to Changchun Yicheng in the PRC, after the 50% relief, is 12.5%.

The subsidiary, Inner Mongolia Yuan Yuan Energy Group Jinyuanli Underground Mining Company Limited (“Inner Mongolia Jinyuanli”), operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law. No provision for enterprise income tax has been made as it has no assessable profit for the year.

The subsidiary, Jilin Province De Feng Commodity Economics and Trade Co., Limited (“Jilin De Feng”) operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law.

9. (Loss)/profit for the year

The Group's (loss)/profit for the year is stated after charging the following:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Auditor's remuneration		
Current	788	728
Under-provision in prior year	–	17
	<u>788</u>	<u>745</u>
Allowance for inventories	4,932	–
Amortisation of mining right	1,873	783
Cost of inventories sold	425,631	264,197
Depreciation of property, plant and equipment	31,694	22,484
Operating lease rentals in respect of buildings	869	841
	<u> </u>	<u> </u>

Cost of inventories sold includes staff costs, allowance for inventories, amortisation of mining right and depreciation of approximately HK\$80,225,000 (2010: HK\$28,014,000) which are included in the amounts disclosed separately.

10. Dividends and bonus issue of shares

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Interim dividend of HK Nil cent (2010: HK0.5 cent) per ordinary share	–	2,541
Final dividend proposed of HK0.5 cent (2010: HK0.6 cent) per ordinary share	3,659	3,659
	<u>3,659</u>	<u>6,200</u>

A final dividend in respect of the year 2011 of HK0.5 cent per share, totalling approximately HK\$3,659,000 are proposed by the Board. The dividends are subject to approval by shareholders at the forthcoming annual general meeting (“AGM”) and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

On 28 March 2012, the directors recommended a bonus issue of shares to the owners of the Company on the basis of two bonus shares for every ten shares of the Company being held. The bonus issue of shares are subject to approval by the shareholders at the forthcoming AGM to be held on Wednesday, 20 June 2012. The bonus shares will rank *pari passu* in all respect with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

11. (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic loss (2010: earnings) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$2,292,000 (2010: profit attributable to owners of the Company of approximately HK\$21,037,000) and the weighted average number of ordinary shares of 731,897,856 (2010 restated: 731,897,856) in issue during the year.

The weighted average numbers of ordinary shares for the purpose of calculating basic loss per share have been retrospectively adjusted to reflect the bonus issue completed on 14 October 2011.

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the years ended 31 December 2010 and 2011.

12. Trade receivables

The general credit terms of sales of bags and barrels and sales of coal are 30 days.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	69,432	56,698
91 to 180 days	16,818	1,333
181 to 365 days	3,237	24,081
Over 365 days	3,943	–
	<u>93,430</u>	<u>82,112</u>

13. Trade payables

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	6,890	3,454
91 to 180 days	380	16
181 to 270 days	–	–
271 to 365 days	–	–
Over 365 days	12	5
	<u>7,282</u>	<u>3,475</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2011, the Group's main business were the production and sale of plastic woven bags and the trading of coal in the People's Republic of China (the "PRC"). As a result of the moving of machineries and equipment from section 8101 to section 8102 of the underground coal mine, excavation of the underground coal mine was suspended for around three month, coupled with the low quality of coal in section 8101, the underground coal mine incurred a segment loss of HK\$43,954,000 as reflected in the segmental information for the period under review. The plastic woven bags business continued to contribute positively for the Group.

As the expiry of tax benefits for Changchun Yicheng Packaging Company Limited by the end of 31 December, 2010 and increasing raw material costs the overall net profit margin of the plastic woven bags business was affected. We expected the plastic woven bag business would continue to provide a steady growth in future due to increasing selling price of the plastic woven bags and stringent cost control in the production process.

The underground coal mine was under the overall examination and acceptance stage and had passed all the examination. Application for the full mining licence had been made accompanied with all relevant approval papers and documents. A full mining licence is expected to be issued within the year of 2012. Excavation of section 8101 of the underground mine had been finished and section 8102 was under excavation till late 2012 then the excavation would be moved down to the tenth layer of the underground coal mine. The tenth layer coal seam would provide a better quality of coal and higher pricing. Average monthly production of the underground coal mine reached 100,000 tons during the aforesaid period.

Since the underground coal mine started to produce coal on May 2010, Inner Mongolian Yuen Yuen Energy Company Limited ("Yuen Yuen") do not supply the coal to Jilin Province De Feng Commodity Economics and Trade Co., Limited ("De Feng") for trading in Year 2011 based on the joint venture agreement. De Feng need to source the coal from other independent coal suppliers. Due to the great effort of the staffs, De Feng had generated a better result as compared with last year and we expected to see steady growth in the business of De Feng.

Financial review

Due to a suspension in the excavation of underground coal mine for around three months in 2011 and the expiry of tax benefits for Changchun Yicheng Packaging Company Limited, a wholly-owned subsidiary of the Company, by the end of 31 December 2010, the Group's profit was deteriorated. The Group recorded a loss attributable to owners of the Company of approximately HK\$2,292,000 for the year ended 31 December 2011, as compared to a profit attributable to owners of the Company of approximately HK\$21,037,000 recorded for the same period in 2010. The Group's turnover was approximately HK\$494,496,000, representing an increase of approximately HK\$174,066,000 as compared with HK\$320,430,000 last year. The increase was mainly due to the total sales of coal of approximately 699,000 tons in the underground coal mine for the year of 2011 as compared with approximately 133,000 tons in last year. The result of the Group's coal business for the year ended 31 ended December 2011 as reflected in the segmental information included underground coal mine business with loss of approximately HK\$43,954,000 and profit from sale of open-pit coal of approximately HK\$6,241,000.

Selling and distribution expenses for 2011 was approximately HK\$17,154,000, representing an increase of 13.7 times as compared with approximately HK\$1,255,000 in 2010 due to increasing coal sales from underground coal mine through train transportation.

Administrative expenses for 2011 was approximately HK\$60,260,000 in 2011 (2010: approximately HK\$37,670,000) of which significant increment was caused by the staff costs and general expenses incurred by full year production of the underground coal mine as compared to trial production which commenced in May of 2010.

Finance cost for 2011 was approximately HK\$11,125,000 representing an increase of 144% as compared with approximately HK\$4,557,000 in 2010 because of the increase in borrowings and the full year effect of loan from a non-controlling shareholder.

In order to save the bank loan interest, Changchun Yicheng repaid the entire short term bank loan during the year.

De Feng was granted a short term bank loan of approximately HK\$30,098,000 during the year which were secured by De Feng's trade and other receivables. De Feng applied the loan for the Group's general working purpose.

As the tenth layer coal seam will be excavated in late 2012 with better quality of coal, we expect to see the underground coal mine making positive contribution to the Group for the year 2012.

Prospects

After a construction period of over four years, the monthly production of the underground mine has reached the scheduled target of 100,000 tons, we are confident that upon the issuance of a full mining licence, the underground coal mine will become profitable and provide a positive return to the Group. The Company will continuously to seek other coal related investment opportunity for the benefit of the shareholders.

Capital structure, liquidity and financial resources

As at 31 December 2011, the existing authorised share capital of the Company has been increased from HK\$120,000,000 divided into 1,200,000,000 shares to HK\$1,000,000,000 divided into 10,000,000,000 shares in order to accommodate for future expansion and growth of the Company.

As a result of the bonus issue of shares on the basis of one bonus share for every five then existing shares in 2011, the Company has a total number of 731,897,856 issued shares.

As at 31 December 2011, the Group had cash and cash equivalents amounting to approximately HK\$37 million. Additionally, the Group's gearing ratio was 0.10 which was based on the division of total borrowings by total equity. The Group's liquidity ratio was 1.1.

Charge on Assets

Apart from the bank deposit of approximately HK\$7,018,000 pledged to a bank as security for bank overdraft and trade and other receivables of approximately HK\$37,630,000 pledged to a bank as securities for a bank loan, as at 31 December 2011 there were no charges on the Group's asset.

Foreign currency risk

The Group's sales and purchases are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. Since the exchange rate fluctuation between Hong Kong dollar and Renminbi is very small, the foreign exchange risk is very low and no hedging has been made.

Contingent liabilities

As at 31 December 2011, the Group did not have any material contingent liabilities.

Employee information

As at 31 December 2011, the Group employed a total of 1,551 full-time employees. The Group has entered into employment contracts with all of its employees. The remuneration package for its staff comprises of monthly salary, provident fund contributions, medical claims, training programmes, housing allowance and discretionary options based on their contribution to the Group.

During the year under review, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

Audit Committee

The Company established an audit committee on 16 August 2001, comprising the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang. The written terms of reference of the audit committee comply with the Listing Rules. The primary duties of the audit committee of the Company are to review the Company's annual report and financial statements, half-year report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee of the Board will also be responsible for supervising and reviewing the financial reporting process and internal control system of the Group.

The audit committee of the Company held four meetings during the year. The audit committee has reviewed the annual results for the year ended 31 December 2011.

Material acquisitions and significant investment

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2011 and currently it has no plan for material investments or capital assets.

Corporate governance

The Company has complied with the code on Corporate Governance practice (the "Corporate Governance Code") as set out in Appendix 14 to the Rule Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2011.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the "Model Code") as set out in the Appendix 10 to the Listing Rules as the code of conduct to regulate securities transactions by Directors of the Company. Having made specific enquiries of all Directors, all of them confirmed that they have strictly complied with the Model Code throughout the year ended 31 December 2011.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's shares during the year.

Events after the reporting period

On 9 January 2012, the Company granted 73,000,000 share options with exercise price of HK\$0.81 each to certain independent third party contractors. Details of which please refer to the Company's announcement dated 9 January 2012.

On 18 January 2012, a warrant placing agreement was entered into between the Company and a placing agent to procure not less than six places to subscribe for up to 146,376,000 warrants at an issue price of HK\$0.01 per warrant. The exercise price of the aforesaid warrants is HK\$0.836 each.

On 10 February 2012, the aforesaid warrant placing was completed and 146,376,000 warrants were issued.

Dividends and Bonus Issue of Shares

The Board of Directors recommended a final dividend of HK0.5 cent per share (2010: HK0.6 cent) and the issue of bonus shares on the basis of two bonus shares for every ten existing share being held to the shareholders registered in the Company's Register of Members as at the close of business on Monday, 24 September 2012. The necessary resolutions will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The 2011 Annual General Meeting of the Company will be held on Wednesday, 20 June 2012 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules.

Closing of Register of Members

The Register of Members will be closed from Tuesday, 25 September 2012 to Wednesday, 3 October 2012 (both days inclusive). In order to establish entitlements to the proposed final dividend and bonus issue of the Share, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, 26th Floor Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30pm on Monday, 24 September 2012.

Publication of Final Results on the Websites of the Stock Exchange and the Company

This announcement will be published on the websites of Stock Exchange and the Company. The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published in the websites of the Stock Exchange and the Company in due course.

By order of the Board
Mak Shiu Chung, Godfrey
Co-Chairman

28 March 2012, Hong Kong

At the date of this announcement, the Board comprises:

Executive Directors

Mr. Mak Shiu Chung, Godfrey

Mr. Xu Bin

Mr. Zhang Chao Liang

Mr. Wang Hon Chen

Independent Non-Executive Directors

Mr. Kwok Chi Shing

Mr. Tsang Wai Sum

Mr. Yu Yang