中國稀土控股有限公司

China Rare Earth Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 769)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The Board of Directors (the "Board") of China Rare Earth Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with the comparative figures for the corresponding year in 2008 as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 December	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Turnover	(3)	**1,211,683**	1,364,890
Cost of sales		**(980,246)**	(1,015,603)
Gross profit		**231,437**	349,287
Other revenue		**19,310**	13,554
Selling and distribution expenses		**(38,306)**	(60,139)
Administrative expenses		**(58,314)**	(105,359)
Other income, net		**8,183**	696
Finance costs	(4)	**(17,968)**	(10,288)
Impairment loss on goodwill		**–**	(208,804)
Impairment loss on property, plant and equipment		**–**	(97,498)
Profit/(loss) before taxation	(5)	**144,342**	(118,551)
Income tax	(6)	**(59,659)**	(53,856)
Profit/(loss) for the year		**84,683**	(172,407)

	Note	For the year ended 31 December 2009 HK$'000	2008 HK$'000
Attributable to:			
Owners of the Company		**84,593**	(170,972)
Minority interests		**90**	(1,435)
		84,683	(172,407)
Dividends	(7)	**–**	14,211
Earnings/(loss) per share	(8)		
Basic		**HK 5.75 cents**	HK (12.03) cents
Diluted		**HK 5.75 cents**	HK (12.03) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December 2009 HK$'000	2008 HK$'000
Profit/(loss) for the year	**84,683**	(172,407)
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of overseas subsidiaries	**3,966**	136,628
Surplus on revaluation of buildings held for own use	**–**	40,587
Deferred tax on revaluation of buildings held for own use	**–**	(10,146)
Total comprehensive income for the year	**88,649**	(5,338)
Attributable to:		
Owners of the Company	**88,512**	(6,268)
Minority interests	**137**	930
Total comprehensive income for the year	**88,649**	(5,338)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2009** *HK$'000*	31 December 2008 *HK$'000*
Non-current assets			
Goodwill		**85,980**	85,843
Property, plant and equipment		**635,542**	715,124
Prepaid lease payments on land under operating leases		**257,106**	262,444
Intangible assets		**349,223**	379,014
Pledged bank deposit		**–**	15,000
Restricted bank balance		**23,250**	22,678
Deferred tax assets		**21,639**	20,432
		1,372,740	1,500,535
Current assets			
Prepaid lease payments on land under operating leases		**5,756**	5,746
Inventories		**234,590**	308,837
Trade and other receivables	(9)	**467,395**	412,019
Prepayments and deposits		**68,645**	70,042
Tax recoverable		**16,509**	27,799
Pledged bank deposits		**–**	119,797
Restricted bank balances		**8,822**	4,309
Cash and cash equivalents		**1,065,124**	765,252
		1,866,841	1,713,801
Current liabilities			
Trade payables	(10)	**76,625**	116,189
Accruals and other payables		**53,660**	97,120
Amounts due to directors		**709**	667
Bank borrowings due within one year		**108,158**	140,123
Tax payable		**18,807**	9,712
Deferred consideration payables for acquisition of subsidiaries		**–**	115,659
		257,959	479,470
Net current assets		**1,608,882**	1,234,331
Total assets less current liabilities		**2,981,622**	2,734,866

	Note	31 December 2009 HK$'000	31 December 2008 HK$'000
Non-current liabilities			
Bank borrowings		**135,625**	155,000
Deferred tax liabilities		**97,878**	106,337
		233,503	261,337
NET ASSETS		**2,748,119**	2,473,529
CAPITAL AND RESERVES			
Share capital		**155,114**	142,114
Reserves		**2,563,706**	2,302,253
Equity attributable to owners of the Company		**2,718,820**	2,444,367
Minority interests		**29,299**	29,162
TOTAL EQUITY		**2,748,119**	2,473,529

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2008, except for the accounting policy changes that are set out below.

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods beginning on or after 1 January 2009. The key impact of these new HKFRSs on the consolidated financial statements is as follows:

- Hong Kong Financial Reporting Standard ("HKFRS") 8 "Operating segments" requires segment disclosures to be based on the way that the Group's chief operation decision maker regards and manages the Group. The adoption of HKFRS 8 has resulted in the basis presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's most senior executive management. It has no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

- As a result of adoption of Hong Kong Accounting Standard 1 (revised 2007) "Presentation of financial statements", details of changes in equity during the year arising from transactions with owners in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. This change in presentation has no effect on reported profit and loss, total income and expense or net assets for the year presented.

The application of other new standards, amendments and interpretations have no material impact on the results and the financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

2. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. On adoption of HKFRS 8 and in a manner consistent with the way in which information is reported internally to Chief Executive Officer, who has been identified as the Group's chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments as follows:

Rare Earth: The manufacture and sale of rare earth products (including fluorescent products)

Refractory: The manufacture and sale of refractory products (including high temperature ceramics products and magnesium grains)

(a) Segment revenue and results

	Rare Earth		**Refractory**		**Total**	
	For the year ended 31 December					
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Revenue from external customers	**637,725**	618,637	**573,958**	746,253	**1,211,683**	1,364,890
Inter-segment revenue	**25**	113	**–**	–	**25**	113
Reportable segment revenue	**637,750**	618,750	**573,958**	746,253	**1,211,708**	1,365,003
RESULTS						
Reportable segment profit/(loss)	**7,258**	(14,960)	**150,533**	(94,771)	**157,791**	(109,731)

(b) **Geographical information**

Revenue from external customers:

	For the year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**1,036,856**	1,071,975
Japan	**73,365**	191,564
Europe	**58,332**	82,000
The United States of America	**30,670**	15,998
Others	**12,460**	3,353
	1,211,683	1,364,890

3. TURNOVER

	For the year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Sales of rare earth products (including fluorescent products)	**637,725**	618,637
Sales of refractory products (including high temperature ceramics products and magnesium grains)	**573,958**	746,253
	1,211,683	1,364,890

4. FINANCE COSTS

	For the year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**17,968**	10,288
Other borrowing costs	**–**	–
	17,968	10,288

5. PROFIT/(LOSS) BEFORE TAXATION

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

	For the year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**94,798**	91,956
Amortisation of prepaid lease payments on land under operating leases	**5,750**	4,515
Amortisation of intangible assets	**30,369**	–

6. INCOME TAX

	For the year ended 31 December	
	2009	2008
	HK$'000	*HK$'000*
Current tax – PRC Enterprise income tax ("EIT")		
– Provision for the year	**69,454**	55,758
Deferred taxation		
– Origination and reversal of temporary differences	**(9,795)**	(1,902)
Income tax charge	**59,659**	53,856

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits subject to Hong Kong Profits Tax during the year.

The PRC subsidiaries of the Group are subject to PRC EIT at 25% (2008: 25%), except for two PRC subsidiaries of the Group, which are entitled to the exemptions from PRC EIT for two years starting from 2008, followed by a 50% tax relief for the next three years.

7. DIVIDENDS

For the year ended 31 December 2009, no final or interim dividend was declared. For the year ended 31 December 2008, an interim dividend of HK$0.01 per share amounted to approximately HK$14,211,000 was declared and paid.

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK$84,593,000 (2008: loss of approximately HK$170,972,000) and the weighted average number of 1,472,075,000 (2007: 1,421,143,000) ordinary shares in issue during the year.

The calculation of the diluted earnings per share for the year ended 31 December 2009 is based on the profit attributable to owners of the Company of approximately HK$84,593,000 and the weighted average number of ordinary shares of 1,472,345,000 in issue after adjusting for the effect of all dilutive potential ordinary shares during the year. Diluted loss per share for the year ended 31 December 2008 is the same as the basic loss per share as the potential additional ordinary shares in respect of outstanding share options are anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 180 days to its trade customers.

At 31 December 2009, trade and other receivables comprised:

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Trade receivables	**382,815**	402,751
Other receivables	**84,580**	9,268
	467,395	412,019

An ageing analysis of trade receivables is as follows:

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Current to less than 6 months	**365,996**	324,764
6 months to less than 1 year	**13,861**	82,510
1 to less than 2 years	**13,451**	17,603
Over 2 years	**10,747**	4,840
	404,055	429,717
Less: Impairment loss	**(21,240)**	(26,966)
	382,815	402,751

The fair values of the Group's trade and other receivables at 31 December 2009 approximate to the corresponding carrying amounts due to short-term maturities.

10. TRADE PAYABLES

An ageing analysis of trade payables is as follows:

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Current to less than 6 months	**64,640**	104,530
6 months to less than 1 year	**7,491**	6,854
1 to less than 2 years	**3,225**	3,329
Over 2 years	**1,269**	1,476
	76,625	116,189

The fair values of the Group's trade payables at 31 December 2009 approximate to the corresponding carrying amounts due to short-term maturities.

11. COMMITMENTS

At 31 December 2009, the Group had capital commitments authorised and contracted but not provided for in the consolidated financial statements as follows:

	31 December 2009 *HK$'000*	31 December 2008 *HK$'000*
Acquisition and construction of property, plant and equipment	**25,548**	57,220
Equity investment in respect of formation of a joint venture company	**80,508**	–
	106,056	57,220

FINANCIAL RESULTS

For the financial year ended 31 December 2009, the Group recorded a turnover of approximately HK$1,211,683,000 (2008: HK$1,364,890,000). The turnover from rare earth products, including fluorescent materials, was approximately HK$637,725,000, accounting for about 53% of total turnover, an increase of 3% from last year's HK$618,637,000. The refractory materials business, including high temperature ceramics and magnesium grains, brought in approximately HK$573,958,000 in turnover, accounting for about 47% of the Group's total, 23% less than last year's HK$746,253,000. At the same time, selling price of its products was adjusted and the average cost was pushed up as the Group reduced production volume. All these factors combined led to a drop in the overall gross profit margin to about 19% this year from about 26% in 2008.

The Group has managed to turn around to profitability during the year under review. Profit after taxation amounted to approximately HK$84,683,000 (2008: loss of HK$172,407,000). This reversal was primarily due to the provision of more than HK$300,000,000 made for the impairment of goodwill and machinery and equipment during the economic downturn last year and no similar provision was made during the year under review. Earnings per share for this year were about HK 5.75 cents (2008: loss of HK 12.03 cents).

DIVIDENDS

To retain fund for future development and to be better positioned to capture growth opportunities as the economy revives, the Board does not recommend the payment of a final dividend for 2009 (2008: nil).

BUSINESS REVIEW

Rare Earth Business

As economies around the world were challenged by recession in the first half of 2009, consumer confidence and demand for consumer electronics and motor vehicles plummeted which in turn depressed the demand for rare earths. Despite the slight improvement in market sentiment starting from the third quarter of the year leading to increased raw material prices, the demand for rare earth products was still sluggish and the price of rare earth materials remained low. Thanks to the additional contributions from the businesses of rare earth salts (derived by preliminary separation of rare earth ore by groups) together with rare earth metal products which were newly acquired by the Group, the rare earth business was bolstered in both sales and profit during the year. The Group sold about 7,000 tonnes of rare earth and downstream products, a growth of about 32% against last year. Excluding the newly acquired businesses, there would have been a drop of about 28%. Turnover slightly increased by about 3% to HK$637,725,000 against the same period last year. The average gross profit margin decreased from about 17% to about 6%.

In the Group's rare earth oxides division, total sales volume dropped by about 30% in the face of prevailing sluggish market conditions. Most of the products reported a decreased selling price with praseodymium oxide, neodymium oxide and terbium oxide mainly used in magnetic materials experiencing the biggest decline of more than 40% on average over last year. The selling price of dysprosium oxide was also lower by more than 15% on average over last year. As a result, the sales portion of praseodymium, neodymium, terbium and dysprosium products shrunk to less than 40% of overall rare earth oxide sales. In addition, the selling price of yttrium-europium co-precipitates that mainly used in fluorescent materials also decreased by about 10% on average year-on-year. However, with a sales volume nearly the same as 2008, it continued to be one of the Group's major products. With the sales volume and selling price dropping in general, the Group's sales revenues of rare earth oxides fell by about 35%. Regarding raw materials, given the overall weak market for rare earths, most of manufacturers deferred procurement and therefore some mines in southern China partly suspended their production lines. With the overall market situation reviving in the second half of the year, the selling price of rare earth raw materials, by then in slightly short supply, rose. With the rising average cost caused by the reduction in production volume of the Group, the rare earth oxide business recorded an operating loss.

As for downstream product business, as the majority of lighting factories in China are exporters to overseas markets in Europe and the United States and the economies in these areas went into recession, their production also shrank, in turn directly affecting sales of the Group's fluorescent materials. However, market demand started to rebound in mid-2009 and, thanks to the efforts of the Group's staff to prospect for new customers, sales volume of fluorescent materials in 2009 remained nearly the same as in 2008. With selling price down ranging from 25% to 35%, annual sales revenue were reduced by approximately 33%. With reduced production volume leading to a rise in average cost, the gross profit margin of the Group's fluorescent materials was squeezed to approximately 17%.

The Group broadened its product mix beyond its existing businesses and added the businesses of rare earth salts created through preliminary separation of rare earths by groups together with rare earth metal products via the acquisition of Xinghua Rare Earth and Dongye Rare Earth in 2008. During the year under review, the Group sold about 2,800 tonnes of rare earth salts and about 380 tonnes of rare earth metals. With gross profit margins higher than those of the other rare earth products, these two divisions partially offset the decrease in sales of rare earth oxides and fluorescent materials. However, eroded by amortisation of intangible assets, the net profit contribution from these two divisions amounted to approximately HK$44,000,000 in the year under review.

To enhance the value of its fluorescent material products, the Group entered into a joint venture agreement in China with OSRAM, a leading global lighting manufacturer, on 18 October 2009 to engage in research, development, production and sale of high quality fluorescent materials. The total investment cost of the whole project would be EURO43,500,000 with the Group owning a 49.9% interest. The major products of the joint venture are tri-band phosphors for the lighting industry which will be sold both within China and abroad. With a proposed operating period of 50 years, when in full operation the joint venture is to have an annual production capacity of 2,000 tonnes.

During the year under review, the Group has also finalised the planning of construction of the high-end LCD rare earth polishing powder production line which will be located in the Group's existing plant in Yixing. Upon completion of the project, the Group's annual production capacity of polishing powder will reach 2,000 tonnes.

Domestic market remains the focus of the Group's rare earth business. Both the newly added rare earth salts created from preliminary separation of rare earth by groups and the rare earth metals are only supplied to domestic manufacturers. Thus, the proportion of China's contribution to the Group's total rare earth sales increased to approximately 82%, whereas Europe and Japan accounted for 9% and 5% respectively.

Refractory Materials Business

The refractory materials business was not spared by the slack economy in the year under review, with sales shrinking substantially in the first half of the year. Although the operating environment of infrastructure-related industries including steel and glass improved in the second half which led to the rebound of demand for refractory materials business, sales were still relatively sluggish. During the year under review, the Group's sales revenue from refractory materials segment dropped by approximately 23% to HK$573,958,000 against HK$746,253,000 in 2008.

As for ordinary refractory materials and high temperature ceramics, the Group sold approximately 76,000 tonnes of products in 2009, a drop of about 26,500 tonnes or 25% from 2008. Within this division, unshaped casting materials recorded a relatively larger drop in sales volume of over 9,000 tonnes. Its sales revenue also dropped by approximately 60%. As the effects of the financial tsunami in Japan were more pronounced, and in turn which affected the export oriented alumina-graphite bricks business, the Group sold less than 10,000 tonnes of such product in the year. Price movements of products varies, with prices of major products such as fused magnesium-chrome bricks, alumina-graphite bricks and the Sialon series experienced fluctuations of less than 10%. Costs of raw materials also varied with the year-end price of brown fused corundum declining by approximately 10% since the beginning of the year while the price of carbonated silicon used in the Sialon series rose by about 6%. Fuel costs increased in step with international trends, as the year-end price of heavy oil increased by more than 50% from the beginning of the year. The gross profit margins of ordinary refractory materials and high temperature ceramics remained at over 30% during the year under review.

The demand and sales for the fused magnesium grain business were also restricted by the depressed refractory materials market. The Group externally sold only approximately 12,600 tonnes of fused magnesium grain during the year under review, down by more than 60% when compared with last year. The average selling price maintained similarly at last year's level. But the drop in production volume also led to a rise in average cost, and, in turn, gross profit margin narrowed to approximately 20%. Besides, the Group took the advantage of the recovery in the refractory materials market in the fourth quarter of the year and started the trial production of phase I of the high purity magnesium grains line, which was initially completed in 2008.

As for overseas markets, since the Japanese market was more vulnerable to the economic crisis, the proportion of exports within the Group's overall refractory materials sales was only approximately 10%. The proportion of domestic sales within China increased to approximately 90%.

PROSPECTS

The economic stimulus packages launched by governments around the world boosted the economies and more signs of recovery were observed, but the global economy remains uncertain and may be volatile in the short-term while exhibiting weak consumer confidence. Demand for rare earth products picked up slightly, but customers are still conservative in placing orders, and some time would be required for the prices of rare earth products to return on the rising track. The synergies resulting from the acquisition of Xinghua Rare Earth and Dongye Rare Earth enhanced the product mix of the Group, enlarging both its sources of income and asset base while helping to alleviate the impact brought about by the short-term difficulties in the macroeconomic environment.

Rare earths represent a highly strategic resource, and are essential for many high-tech products. With many nations actively developing renewable energy and environmentally friendly industries, global demand on rare earth products is expected to rise again soon. China, with the largest reserve of rare earths as well as the largest producer and trading nation, is likely to continuously implement a series of measures to protect these strategic resources as well as the natural environment of the country which would tighten control over rare earth mining, raise the entry barrier and reduce export quotas. These moves are intended to facilitate the sustainable development of the industry and maintain the prices of rare earth at a high level, so we are confident about the long-term business prospects.

To make the most of the revival of the industry in line with the Central Government's policy to encourage the development of high value-added rare earth businesses, the Group has strived to develop the downstream rare earth business. The joint venture with OSRAM, a world renowned lighting manufacturer, to manufacture tri-band phosphors would benefit the Group by enhancing its research and development technology for fluorescent materials and enlarging its presence in the growing global energy-saving lighting market. Required documents are submitting to the Government for the approval of the joint venture with production lines expected to be completed and in operation by the end of the year.

The Group is preparing to build a high-end LCD rare earth polishing powder production line, and to start production in 2010. Apart from precision polishing of large HD screens, LCD screens and 3G mobile phone screens, high-end LCD rare earth polishing powder is also widely used in the production of other products such as digital camera lenses and optical glasses as well as in polishing jewellery. At present, the products sold in the Chinese market are mainly imported from other countries; the Group intends that its high-end LCD rare earth polishing powder would be mainly sold in China to satisfy rising domestic demand.

To secure sufficient raw materials for the expansion of downstream products manufacturing, the Group also considers increasing the capacity of rare earth separation in due course.

With more infrastructure projects launched under the economic stimulus policy in China aiding the recovery of the domestic steel and glass industries in the country, the demand for the refractory materials used in these industries is expected to increase, thereby boosting our refractory materials business. However, while market uncertainties dampen optimism in the short term, we will step up research and development efforts to introduce more quality refractory products, thus creating better solutions for various industrial needs.

Adhering to our prudent business strategies, the Group will continue to streamline operational structure and enhance the utilisation rate of production lines. Leveraging our leading presence in China and through our ongoing efforts to become a vertically integrated products producer, the Group is ready to grasp the opportunities presented by the reviving market and to scale new heights of success.

PLACING OF SHARES

During the year, the Company embarked on a fund raising exercise. During July and August of 2009, the Company issued 130,000,000 new shares at HK$1.50 per share by way of top-up placing, increasing the number of the Group's issued shares to 1,551,143,059. The net proceeds from the placing are to be used as general working capital.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has continued to maintain prudent capital arrangements. It secured a three-year fixed rate bank loan in the amount of US$20,000,000 before the financial crisis, and thus have abundant capital for future investments. The Group holds cash and bank deposits at approximately HK$1,097,196,000 (including deposits of approximately HK$32,072,000 pledged as guarantees for business and banking facilities) as at 31 December 2009. The Group has booked bank loans amounting to US$30,000,000 as at the year-end date, of which US$20,000,000 will be repaid by 2010. The Group had a balance of net current assets valued at approximately HK$1,608,882,000 at the end of the year, with the total liabilities to total assets ratio increasing to around 15%.

Except for the stated pledged deposits, the Group had no other charge on assets. There was no material contingent liability.

The Group did not hold any financial derivative products. Except for the interest rate differential in bank deposits with the stated bank loans, it was not exposed to material risk from interest rate fluctuations. Regarding foreign exchange, most of the Group's assets, liabilities and transactions are denominated in Renminbi, and the rest are in US dollars or Hong Kong dollars. During the year, the Group was not exposed to material foreign exchange risks caused by appreciation of the Renminbi. The exchange rate of the US dollar and Hong Kong dollar was relatively stable.

STAFF AND REMUNERATION

As at 31 December 2009, the Group had a workforce of approximately 1,300 including new recruits among university graduates as well as experienced professionals. The Group was able to streamline its human resources structure based on reduced output. The Group provides a comprehensive staff remuneration and welfare system, including a share option scheme, to motivate staff to contribute their best efforts. During the year, the Group spent approximately HK$38,446,000 on staff costs including directors' emoluments. It has also provided regular on-the-job training to employees to help them maintain professional standards.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 May 2010 to Thursday, 3 June 2010, both days inclusive, during which period no transfer of shares of the Company will be effected.

In order to determine the entitlement of shareholders to attend and vote at the annual general meeting of the Company to be held on Thursday, 3 June 2010, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17/F Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, 28 May 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the year ended 31 December 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements for the year ended 31 December 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted its own code of corporate governance based on the principles and code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). During the year ended 31 December 2009, the Company has complied with the code provisions set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standards set out in Appendix 10 of the Listing Rules. Having made specific enquiry, the Company confirms that all directors have complied with the required standards as stated in the code.

MEMBERS OF THE BOARD

As at the date of this announcement, the Board consists of Mr. Jiang Quanlong, Ms. Qian Yuanying, Ms. Xu Panfeng and Mr. Jiang Cainan as executive directors and Mr. Liu Yujiu, Mr. Huang Chunhua and Mr. Jin Zhong as independent non-executive directors.

By order of the Board
Jiang Quanlong
Chairman

Hong Kong, 19 April 2010