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 2010

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 2010 together with the comparative figures for the corresponding year in 2009 as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 December	
		2010	2009
	Note	***HK$'000***	*HK$'000*
Turnover	(3)	**1,319,504**	1,211,683
Cost of sales		**(1,031,430)**	(980,246)
Gross profit		**288,074**	231,437
Other revenue		**9,887**	19,310
Selling and distribution expenses		**(49,600)**	(38,306)
Administrative expenses		**(69,183)**	(58,314)
Other income, net		**6,979**	8,183
Finance costs	(4)	**(8,438)**	(17,968)
Profit before taxation	(5)	**177,719**	144,342
Income tax	(6)	**(38,678)**	(59,659)
Profit for the year		**139,041**	84,683
Attributable to:			
Owners of the Company		**133,359**	84,593
Non-controlling interests		**5,682**	90
		139,041	84,683
Earnings per share	(8)		
Basic		**HK 8.48 cents**	HK 5.75 cents
Diluted		**HK 8.48 cents**	HK 5.75 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**139,041**	84,683
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of foreign operations	**96,982**	3,966
Surplus on revaluation of buildings held for own use	**19,063**	–
Deferred tax on revaluation of buildings held for own use	**(4,055)**	–
Deferred tax arising on change in tax rate	**1,537**	–
Fair value loss on available-for-sale equity securities	**(15,760)**	–
Total comprehensive income for the year	**236,808**	88,649
Attributable to:		
Owners of the Company	**229,545**	88,512
Non-controlling interests	**7,263**	137
Total comprehensive income for the year	**236,808**	88,649

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 December 2010** *HK$'000*	31 December 2009 *HK$'000*
Non-current assets			
Goodwill		**88,971**	85,980
Property, plant and equipment		**613,923**	635,542
Prepaid lease payments on land under operating leases		**271,035**	257,106
Intangible assets		**329,921**	349,223
Available-for-sale equity securities		**14,240**	–
Pledged bank deposits		**99,777**	–
Restricted bank balance		**–**	23,250
Deferred tax assets		**24,158**	21,639
		1,442,025	1,372,740
Current assets			
Prepaid lease payments on land under operating leases		**6,184**	5,756
Inventories		**611,727**	234,590
Trade and other receivables	(9)	**368,415**	467,395
Prepayments and deposits		**98,079**	68,645
Tax recoverable		**8,586**	16,509
Restricted bank balances		**2,868**	8,822
Cash and cash equivalents		**1,228,928**	1,065,124
		2,324,787	1,866,841
Current liabilities			
Trade payables	(10)	**80,723**	76,625
Accruals and other payables		**40,742**	53,660
Amounts due to directors		**270**	709
Bank borrowings due within one year		**99,389**	108,158
Tax payable		**9,793**	18,807
		230,917	257,959
Net current assets		**2,093,870**	1,608,882
Total assets less current liabilities		**3,535,895**	2,981,622
Non-current liabilities			
Bank borrowings		**–**	135,625
Deferred tax liabilities		**94,960**	97,878
		94,960	233,503
NET ASSETS		**3,440,935**	2,748,119
CAPITAL AND RESERVES			
Share capital		**167,194**	155,114
Reserves		**3,237,179**	2,563,706
Equity attributable to owners of the Company		**3,404,373**	2,718,820
Non-controlling interests		**36,562**	29,299
TOTAL EQUITY		**3,440,935**	2,748,119

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 2009, except for Hong Kong Accounting Standard 31 "Interests in Joint Venture" newly applied by the Group and the new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods beginning on or after 1 January 2010.

The application of these 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 INFORMATION

The Group manages its businesses by divisions, which are organised by business lines. 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					
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
REVENUE						
Revenue from external customers	**896,451**	637,725	**423,053**	573,958	**1,319,504**	1,211,683
Inter-segment revenue	**15**	25	**–**	–	**15**	25
Reportable segment revenue	**896,466**	637,750	**423,053**	573,958	**1,319,519**	1,211,708
RESULTS						
Reportable segment profit	**125,228**	7,258	**64,053**	150,533	**189,281**	157,791

(b) Geographical information

Revenue from external customers:

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC")	**1,058,931**	1,036,856
Japan	**142,025**	73,365
Europe	**80,026**	58,332
The United States of America	**30,401**	30,670
Others	**8,121**	12,460
	1,319,504	1,211,683

3. TURNOVER

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Sales of rare earth products (including fluorescent products)	**896,451**	637,725
Sales of refractory products (including high temperature ceramics products and magnesium grains)	**423,053**	573,958
	1,319,504	1,211,683

4. FINANCE COSTS

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**8,409**	17,968
Other borrowing costs	**29**	–
	8,438	17,968

5. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**90,670**	94,798
Amortisation of prepaid lease payments on land under operating leases	**5,910**	5,750
Amortisation of intangible assets	**30,913**	30,369

6. INCOME TAX

	For the year ended 31 December	
	2010	2009
	HK$'000	*HK$'000*
Current tax – PRC Enterprise income tax ("EIT")		
– Provision for the year	**49,000**	69,454
Deferred taxation		
– Origination and reversal of temporary differences	**(10,322)**	(9,795)
Income tax charge	**38,678**	59,659

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 net assessable profits subject to Hong Kong Profits Tax during the year.

The PRC subsidiaries of the Group are subject to PRC EIT at 25% (2009: 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, and except for one PRC subsidiary of the Group, which is entitled to a preferential income tax rate of 15%.

7. DIVIDENDS

No final or interim dividend was declared for the two years ended 31 December 2010 and 2009.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the earnings attributable to owners of the Company of approximately HK$133,359,000 (2009: HK$84,593,000) and the weighted average number of ordinary shares of 1,572,688,000 (2009: 1,472,075,000) in issue during the year.

The calculation of the diluted earnings per share is based on the earnings attributable to owners of the Company of approximately HK$ 133,359,000 (2009: HK$84,593,000) and the weighted average number of ordinary shares of 1,573,349,000 (2009: 1,472,345,000) in issue after adjusting for the effect of all dilutive potential ordinary shares during the year.

9. TRADE AND OTHER RECEIVABLES

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

At 31 December 2010, trade and other receivables comprised:

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*
Trade and bills receivables	**345,053**	382,815
Amount due from a joint venture partner	**3,595**	–
Other receivables	**19,767**	84,580
	368,415	467,395

An ageing analysis of trade and bills receivables is as follows:

	31 December 2010 *HK$'000*	31 December 2009 *HK$'000*
Current to less than 6 months	**314,178**	365,996
6 months to less than 1 year	**26,974**	13,861
1 to less than 2 years	**12,602**	13,451
Over 2 years	**18,120**	10,747
	371,874	404,055
Less: Impairment loss	**(26,821)**	(21,240)
	345,053	382,815

The fair values of the Group's trade and other receivables at end of the year 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 2010	31 December 2009
	HK$'000	*HK$'000*
Current to less than 6 months	**70,868**	64,640
6 months to less than 1 year	**7,691**	7,491
1 to less than 2 years	**868**	3,225
Over 2 years	**1,296**	1,269
	80,723	76,625

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

11. COMMITMENTS

At 31 December 2010, the Group had capital commitments authorised and contracted but not provided for in the consolidated financial statements as follows:

	31 December 2010	31 December 2009
	HK$'000	*HK$'000*
Acquisition and construction of property, plant and equipment	**6,212**	25,548
Equity investment in respect of formation of a jointly controlled entity	**–**	80,508
	6,212	106,056

In addition to the above, the Group's share of capital commitments contracted but not provided for of its jointly controlled entity is as follows:

	31 December 2010	31 December 2009
	HK$'000	*HK$'000*
Acquisition and construction of property, plant and equipment	**53,910**	–
Prepayment of prepaid lease payments on land under operating leases	**915**	–
	54,825	–

FINANCIAL RESULTS

For the financial year ended 31 December 2010, the Group recorded a turnover of approximately HK$1,319,504,000, a rise of 9% when compared with that of HK$1,211,683,000 in 2009. The turnover from rare earth products was approximately HK$896,451,000, an increase of 41% over last year (2009: HK$637,725,000) and accounting for about 68% of total turnover. The refractory materials business brought in approximately HK$423,053,000 in turnover, 26% less than last year (2009: HK$573,958,000) and accounting for about 32% of the Group's total. The increase in sales and gross profit margin of rare earth business offset the drop in sales and gross profit margin of refractory materials business. The Group's overall gross profit margin also increased slightly from approximately 19% last year to 22% this year.

Profit after taxation for the year under review amounted to approximately HK$139,041,000 (2009: HK$84,683,000), a rise of approximately 64% when compared with last year. Earnings per share for this year were about HK 8.48 cents (2009: HK5.75 cents).

DIVIDENDS

To retain funds 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 2010 (2009: nil).

BUSINESS REVIEW

Rare Earth Business

During the year under review, the Chinese government enhanced the implementation of measures to protect and better plan for the development of strategic rare earth resources, including raising the threshold for new entrants to rare earth separating industry, tightening control over rare earth ore output and further reducing the export quota. These measures, plus the launch of innovative consumer electronics products and the continuous recovery of the motor vehicle industry have also driven market demand for rare earth products and thus their prices. Despite the substantial reduction of export quotas of rare earths by the Central Government in the second half of 2010, turnover of the Group's rare earth business still increased by approximately 41% to HK$896,451,000. Overall gross profit margin also increased from 6% last year to approximately 19%.

In the Group's rare earth oxides division, as market demand has generally improved and the regulation on rare earth ore output by the Chinese Government affected supply, the price of rare earth oxides rebounded notably. During the year under review, the Group sold about 2,000 tonnes of rare earth oxides within China, a growth of more than 30% against last year, and the prices also increased: the price of praseodymium neodymium oxide and erbium oxide more than doubled when compared with last year; the price of lanthanum oxide increased by nearly 1.8 times, and the price of terbium oxide and dysprosium oxide rose by about 50% to 90%. As for export, the strong market demand in the first half has continued to boost the price of rare earth oxides. The Government's policy to reduce the export quota in the second half has also pushed up the export price of rare earth oxides. Calculated on an annual average basis, the export prices rose as follows: lanthanum oxide more than two-fold from last year; cerium oxide and yttrium oxide by about 1.5 times; yttrium-europium co-precipitates by about 35% and gadolinium oxide, erbium oxide and terbium oxide by 60% to 70%. However, due to the sharp drop in the export quota, the export volume of rare earth oxides decreased year-on-year by more than 50% to below 1,000 tonnes.

In terms of total volume, the output of rare earth oxides in 2010 jumped around 40% from 2009 to approximately 3,000 tonnes. In terms of amount, major products including yttrium-europium co-precipitates, praseodymium neodymium oxide and dysprosium oxide occupied around 60% of the Group's production. Although an intense supply shortage pushed up the material cost noticeably, for instance, chlorinated rare earth rose about 60%, with oxidized rare earth and carbonated rare earth up more than 100%, the Group managed to transfer these rises onto customers by increasing the selling prices of products. As a result, the gross profit of rare earth oxides made a turnaround with gross profit margin reaching approximately 22%.

To capture the opportunities presented by the recovering market and the expected rise in rare earth raw material costs, the Group has not only increased production, but has also invested more than HK$400,000,000 in mass procurement of raw materials, including over 10,000 tonnes of rare earth salts in 2010, more than doubled when compared with that in 2009.

As for downstream products, the Group's fluorescent powder and polishing powder were mainly for the domestic market, where customers could not digest a significant increase in selling prices. Thus, prices remained at a similar level as that in 2009. However, as the increase in the price of rare earth oxides pushed up the costs and suppressed gross profit, the Group reduced the production and sales of downstream products in the year under review. In 2010, only 350 tonnes were sold, which was around a 27% drop against 2009. Gross profit margin slipped to less than 10%. For upstream products, prices increased significantly because of the limited supply nationwide under the regulatory measures taken by the Chinese Government. Therefore, the selling prices of the products produced by Jianghua Yao Nationality Autonomous County Xinghua Rare Earth Company Limited, a subsidiary of the Group, climbed by 30% to 40% in 2010 over 2009. In spite of the rise, higher material costs have dragged down the gross profit margin to around 20% only. Besides, the gross profit margin of another subsidiary, Heping County Dongye Rare Earth Company Limited, also declined to less than 10% as the increase in material costs exceeded those of product prices. During the year under review, the two companies sold around 5,200 tonnes of rare earth salts and around 360 tonnes of rare earth metals in aggregate.

The domestic market in China remained the major income source of the Group's rare earth business. The export of rare earth oxides was lower than last year due to the lower quota set by the Government. However, the demand for rare earth oxides in China continued to rise, and the Group's fluorescent powder, polishing powder, rare earth salts and rare earth metals were mainly for domestic consumption. The sales to China surged to account for around 82% of the total sales of rare earth segment during the year under review, while those to Europe, Japan and the US occupied 9%, 5% and 3% respectively.

Refractory Materials Business

During the year under review, the glass and steel industries in China have not yet fully recovered from the financial tsunami and the operating environment was particularly difficult during the first half of the year. The stricter controls on costs implemented by companies in those industries have put stronger pressure on the Group's refractory materials business. Segmental turnover dropped around 26% from HK$573,958,000 to HK$423,053,000 and gross profit margin was approximately 27%.

As for ordinary refractory materials, total sales volume of the Group in 2010 were only approximately 45,000 tonnes, a drop of around 17% from 2009. Fused magnesium bricks and silicone carbide bricks dropped more than 40%, magnesia-alumina spinel bricks dropped around 80% and AZS bricks and corundum bricks only recorded modest sales. However, supported by the steel industry demand from Japan, refractory products mainly targeting overseas market, notably fused magnesium-chrome bricks and alumina-graphite bricks, grew more than 10% and 35% respectively. In addition, the Group's new sales model provided after-sales services on top of refractory materials to some customers. This move boosted the sales volume of casting materials up approximately 80% compared to 2009. However, as the price trend of different ordinary refractory materials varies during the year, the sales amount dropped around 22% after the Group adjusted the product mix.

Material and fuel costs of the ordinary refractory materials division showed an upward trend in the wake of changes in the overall market. In 2010, the prices of major raw materials, such as brown fused corundum, were around 10% higher than the previous year on average. Prices of chromium concentrate rose nearly 20% while those of fused chrome magnesite grains remained at a similar level to last year. Fuel costs increased in step with international trends, as the average price of heavy oil in 2010 climbed by around 25% from the previous year. This rise plus the increasing average cost as a result of the drop in output contributed to a decline in the gross profit margin of the ordinary refractory materials business to approximately 20%.

With major markets in China, the demand for high temperature ceramics as with ordinary refractory materials has not fully recovered. As the Chinese Government has increased its attention to the policies for energy conservation and emissions reduction, the market demand for thermal power has declined accordingly. To cope with the market trend, the Group has suspended the production lines of related products in the second half year and continued the operation of workshop for the Sialon product series only, resulting in a year-on-year drop of over 40% in overall sales volume of high temperature ceramics. Currently, the Sialon Series produced by the workshop primarily include silicon nitride bonded silicon carbide bricks, silicon carbide bricks and Sialon corundum bricks. These products recorded a sales volume of approximately 6,000 tonnes in 2010, similar to that of last year. The average selling price rose by approximately 5% while gross profit margin remained at about 30%.

For the magnesium grain business, since such type of product is an upstream raw material, the recovery of the demand was faster. During the year under review, the Group sold 15,000 tonnes of fused magnesium grain, up by more than 20% over last year. The average price also climbed by approximately 15% and sales amount rose strongly by about 40%. Gross profit margin maintained a level similar to last year at about 20%. In a new direction, the high purity magnesium grain project invested in by the Group has commenced production in 2010 with sales starting in December. Since the project was at its initial phase and sold approximately 2,000 tonnes of high purity magnesium grain, its profit contribution was still limited at the moment. The Group planned to increase the production volume of high purity magnesium grain gradually to seize growth opportunities in the market and improve overall profitability of its refractory materials business.

As a result of the Group's efforts in expanding into other overseas markets, a small amount of its products has begun to sell to Korea and Taiwan. The proportion of exports within the Group's overall refractory materials sales was approximately 24%. The proportion of domestic sales within China dropped to approximately 76%.

PROSPECTS

The demand for rare earth is expected to surge benefitting from the reviving global economy, the improving business environment of electronic products industry and the intimate relationship between rare earth and some industries. These include energy saving and environmental protection, alternative energy, new energy vehicles and new materials, which are included within the seven strategic emerging industries designated by the Chinese Government. On the other hand, the Central Government is stepping up efforts to consolidate the entire rare earth industry to phase out sub-standard and highly polluted production, to create favourable conditions for sustainable growth of the country as well as the industry. With its top industry position in terms of production efficiency and environmental protection measures, the Group is set to benefit from further consolidation of the industry.

The Chinese government will continue to conserve rare earth resources in China by means of export quotas for rare earth products and adjustment of the export tax rate. Besides, it will tighten the control over rare earth mining to reduce resource wastage. On the other hand, the Group believes more supportive policies will be launched by the Government to maintain sustainable growth of the industry. With the total production scale of the domestic rare earth industry under the effective control of the Government, the export of rare earth products is expected to decline continuously and the price of mainstream rare earth products will remain at a high level and thus the profit generated by the entire industry is expected to maintain sustainable growth. The demand for rare earth will grow stronger due to economic growth in the long run. The prices of rare earth should also remain at a high level due to the demand-over-supply situation. Hence, the Group remains optimistic about the development of the entire rare earth industry. It has prudently utilised its capital to acquire rare earth resources to fully capture the growth opportunities in the market and enhance domestic sales to offset the effects of export declines and the decreasing supply of some rare earth raw materials.

Looking ahead, the Group will adjust its product portfolio strategically by expanding into downstream product businesses such as fluorescent materials and polishing powder to seize business opportunity and increasing the sales of upstream rare earth salt products in a bid to further the vertical integration of its industry chain. Construction of Phase I at the production facility of OSRAM (China) Fluorescent Materials Co., Ltd., a joint venture set up with OSRAM GmbH, is accerlerating its construction progress. Ensuring the construction quality of the production facility, Phase I of the new facility is expected to commence operation in June to July in 2011 with an annual production capacity of 1,000 tonnes of tri-band phosphors.

As for the refractory materials business, despite the uncertainties in the property market in China, the measures of the Central Government such as the provision of low-income housing are conducive to the whole construction market, driving the demand for refractory materials such as cement, steel and glass. The Group believes that the refractory materials business will remain stable and the development of the cement industry will be particularly encouraging. The Group is negotiating with a leading Japanese enterprise, one of the Fortune 500 companies, to introduce its leading-edge technology. It expects to set up a new joint venture with the prospective partner to build production lines for industrial ceramics used in the cement industry at the site of the suspended high temperature ceramics production lines to meet the growing demand from the cement industry. Moreover, after operations commenced at the Group's high purity magnesium grain production facility late last year, the high purity magnesium grain business is expected to generate a satisfactory profit contribution to the Group as it becomes a new growth driver starting from 2011. To streamline operations and reduce operating costs, the Group is also preparing to modify and relocate part of the suspended high temperature ceramics production lines so as to merge with the operations of the ordinary refractory materials production facility.

Long ahead, adhering to its healthy operating strategies, the Group will continue to streamline its business structure, improve its research and development standard and enhance production efficiency. The Group will also continue to strengthen the vertical integration of its business lines and pursue a diversified product strategy to reinforce its leading presence in the rare earth processing industry.

PLACING OF SHARES

During the year, the Company embarked on a fund raising exercise. During October 2010, the Company issued 120,000,000 new shares at HK$3.95 per share by way of top-up placing, increasing the number of the Group's issued shares to 1,671,943,059. 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. During the year, the Group had repaid all the balance of unsecured bank loans at US$30,000,000 raised previously. On the other hands, the Group pledged deposits at RMB84,900,000 in order to acquire short term bank loans at RMB80,000,000 for subsidiaries in the PRC. As at 31 December 2010, the Group has cash and bank deposits at approximately HK$1,331,573,000 including the mentioned pledged deposits. In addition, the Group also pledged certain trade receivables at US$768,000 to obtain trade facilities at US$690,000 as at the end of the year. The Group had a balance of net current assets valued at approximately HK$2,093,870,000, with the total liabilities to total assets ratio at around 9%.

Except for the stated deposits and trade receivables pledged, 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 2010, the Group had a workforce of approximately 1,200 including new recruits among university graduates as well as experienced professionals. 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$44,518,000 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 Tuesday, 31 May 2011 to Friday, 3 June 2011, 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 Friday, 3 June 2011, 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 Monday, 30 May 2011.

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 2010.

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 2010.

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 2010, 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 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, 30 March 2011