SHENZHEN HIGH-TECH HOLDINGS LIMITED
深圳科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 106)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2009

RESULTS

The board of directors (the "Board") of Shenzhen High-Tech Holdings Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2009 together with the comparative figures of 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Revenue	*3, 4*	**76,756**	352,469
Cost of sales and services (including write back of provision for properties held for sale of HK$31,864,000 (2008: allowance of properties held for sale of HK$53,386,000))		**5,539**	(238,632)
Gross profit		**82,295**	113,837
Other net financial income/(expense)	*5*	**24,830**	(12,665)
Other income		**1,020**	5,988
Selling and distribution costs		**(2,642)**	(1,089)
Administrative expenses		**(15,421)**	(15,474)
Gains on disposals of subsidiaries		**3,525**	2,497
Gain on disposal of amounts due from joint ventures		**8,915**	–
Loss in fair value of investment properties		**(240)**	(6,260)

	Notes	2009 HK$'000	2008 HK$'000
Profit before income tax	6	**102,282**	86,834
Income tax expense	7	**(6,870)**	(18,269)
Profit for the year		**95,412**	68,565
Other comprehensive income			
Exchange difference on translation of foreign operations		–	12,690
Exchange difference on translation of foreign operations released upon disposal of a subsidiary		**(887)**	–
Statutory reserve released upon disposal of foreign operations		**(190)**	–
Other comprehensive (expenses)/income for the year, net of tax		**(1,077)**	12,690
Total comprehensive income for the year		**94,335**	81,255
Profit for the year attributable to:			
Owners of the Company		**95,412**	68,565
Total comprehensive income for the year attributable to:			
Owners of the Company		**94,335**	81,255
		HK cents	*HK cents*
Earnings per share attributable to the owners of the Company	8		
– Basic		**6.55**	5.61
– Diluted		**6.31**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st December 2009

	Notes	2009 HK$'000	2008 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	**533,477**	238,740
Property, plant and equipment		**3,407**	1,504
Prepaid lease payments		**18,263**	3,700
Interests in joint venture		–	–
Available-for-sale financial assets		**2,300**	–
		557,447	243,944
Current assets			
Properties held for sale	10	**612,653**	486,500
Trade receivables	11	**3,333**	1,658
Other receivables, prepayments and deposits	11	**8,437**	7,094
Prepaid lease payments		**227**	100
Amounts due from a joint venture		–	–
Loans and receivables	12	**20,400**	13,000
Financial assets at fair value through profit or loss		**11,885**	65,263
Cash and cash equivalents		**325,970**	439,762
		982,905	1,013,377
Current liabilities			
Derivative financial instruments		–	96
Other payables, deposits received and accrued charges		**52,104**	66,654
Taxation payables		**8,338**	12,023
		60,442	78,773
Net current assets		**922,463**	934,604
Total assets less current liabilities		**1,479,910**	1,178,548
Non-current liabilities			
Deferred tax liabilities		**17,880**	15,742
Net assets		**1,462,030**	1,162,806
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**373,321**	243,321
Reserves		**1,088,709**	919,485
Total equity		**1,462,030**	1,162,806

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and Unit 2406, World-Wide House, 19 Des Voeux Road Central, Hong Kong respectively.

The Company is an investment holding company. The Group is principally engaged in property investment, development and trading, securities investment and trading, and provision of financial services.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost convention except for investment properties and certain financial instruments classified as financial assets at fair value through profit or loss and derivative financial instruments which are stated at fair values.

2. ADOPTION OF NEW AND AMENDED HKFRSS

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1st January 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendments)	Share-based payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving disclosures about Financial Instruments
HKFRS 8	Operating Segments
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or company statements of financial position at 1st January 2008 and accordingly these statements are not presented.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new and amended HKFRSs have been issued but are not expected to have a material impact of the Group's financial statements.

HKFRS 3 Business combinations (Revised 2008)

The standard is applicable in reporting periods beginning on or after 1st July 2009 and will be applied prospectively. The new standard still requires the use of the purchase method (now renamed the acquisition method) but introduces material changes to the recognition and measurement of consideration transferred and the acquiree's identifiable assets and liabilities, and the measurement of non-controlling interests (previously known as minority interest) in the acquiree. The new standard is expected to have a significant effect on business combinations occurring in reporting periods beginning on or after 1st July 2009.

HKFRS 9 Financial instruments

The standard is effective for accounting periods beginning on or after 1st January 2013 and addresses the classification and measurement of financial assets. The new standard reduces the number of measurement categories of financial assets and all financial assets will be measured at either amortised cost or fair value based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Fair value gains and losses will be recognised in the statement of comprehensive income except for those on certain equity investments which will be presented in other comprehensive income. The directors are currently assessing the possible impact of the new standard on the Group's results and financial position in the first year of application.

HKAS 27 Consolidated and separate financial statements (Revised 2008)

The revised standard is effective for accounting periods beginning on or after 1st July 2009 and introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. Total comprehensive income must be attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors do not expect the standard to have a material effect on the Group's financial statements.

Annual improvements 2009

The HKICPA has issued Improvements to Hong Kong Financial Reporting Standards 2009. Most of the amendments become effective for annual periods beginning on or after 1st January 2010. The Group expects the amendment to HKAS 17 Leases to be relevant to the Group's accounting policies. Prior to the amendment, HKAS 17 generally required a lease of land to be classified as an operating lease. The amendment requires a lease of land to be classified as an operating or finance lease in accordance with the general principles in HKAS 17. The Group will need to reassess the classification of its unexpired leases of land at 1st January 2010 on the basis of information existing at the inception of those leases in accordance with the transitional provisions for the amendment. The amendment will apply retrospectively except where the necessary information is not available. In that situation, the leases will be assessed on the date when the amendment is adopted. The directors are currently assessing the possible impact of the amendment on the Group's results and financial position in the first year of application.

3. REVENUE/TURNOVER

Revenue recognised during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Rental income	**39,712**	23,418
Property management fee income	**10,306**	10,093
Sales of properties	**20,897**	315,856
Loan interest income	**5,841**	3,102
	76,756	352,469

4. SEGMENT INFORMATION

The executive directors have identified the Group's four services lines as operating segments.

The operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	2009				
	Property investment	Property development and trading	Securities investment and securities trading	Provision of financial services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
From external customers	50,018	20,897	–	5,841	76,756
Inter-segment revenue (note)	–	–	–	44,099	44,099
Reportable segment revenue	50,018	20,897	–	49,940	120,855
Reportable segment profit	35,465	34,695	21,434	5,747	97,341
Depreciation	476	–	–	–	476
Amortisation of prepaid lease payments	138	–	–	–	138
Fair value gain on financial assets/ (liabilities) at fair value through profit or loss	–	–	19,726	–	19,726
Interest income on financial assets at fair value through profit or loss	–	–	1,026	–	1,026
Loss in fair value of investment properties	240	–	–	–	240
Write back of provision for properties held for sale (included in cost of sales)	–	31,864	–	–	31,864
Reportable segment assets	540,710	618,741	14,791	20,529	1,194,771
Additions to non-current segment assets	310,260	–	–	–	310,260
Reportable segment liabilities	46,973	2,421	–	876	50,270

	Property investment HK$'000	Property development and trading HK$'000	2008 Securities investment and securities trading HK$'000	Provision of financial services HK$'000	Total HK$'000
Revenue					
From external customers	33,511	315,856	–	3,102	352,469
Inter-segment revenue (note)	–	–	–	31,540	31,540
Reportable segment revenue	33,511	315,856	–	34,642	384,009
Reportable segment profit/(loss)	13,926	84,818	(19,902)	7,228	86,070
Depreciation	703	–	–	–	703
Amortisation of prepaid lease payments	100	–	–	–	100
Fair value loss on financial assets /(liabilities) at fair value through profit or loss	–	–	20,845	–	20,845
Interest income on financial assets at fair value through profit or loss	–	–	371	–	371
Loss in fair value of investment properties	6,260	–	–	–	6,260
Allowance for properties held for sale (included in cost of sales)	–	53,386	–	–	53,386
Interest income on financial assets at amortised cost	–	–	277	415	692
Reportable segment assets	249,100	486,509	67,263	13,000	815,872
Additions to non-current segment assets	357	110	–	–	467
Reportable segment liabilities	44,290	19,865	96	861	65,112

Note: Inter-segment revenue are charged at prevailing market interest rates for the advance from the subsidiary in financial service segment to the subsidiaries engaged in property investment as well as property development and trading.

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009	2008
	HK$'000	*HK$'000*
Reportable segment revenue	**120,855**	384,009
Elimination of inter segment revenues	**(44,099)**	(31,540)
Group revenues	**76,756**	352,469
Reportable segment profit	**97,341**	86,070
Gain on disposal of subsidiaries	**3,525**	2,497
Gain on disposal of amounts due from joint ventures	**8,915**	–
Bank interest income	**4,078**	7,117
Loan interest income	**–**	415
Unallocated corporate income	**49**	1,085
Unallocated corporate expenses	**(11,626)**	(10,350)
Profit before income tax	**102,282**	86,834

	2009	2008
	HK$'000	*HK$'000*
Reportable segment assets	**1,194,771**	815,872
Other financial assets	**2,300**	–
Prepaid lease payment	**14,790**	–
Cash and cash equivalents	**325,970**	439,762
Other corporate assets	**2,521**	1,687
Group assets	**1,540,352**	1,257,321
Reportable segment liabilities	**50,270**	65,112
Deferred tax liabilities	**17,880**	15,742
Other corporate liabilities	**1,834**	1,638
Tax payable	**8,338**	12,023
Group liabilities	**78,322**	94,515

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**30,153**	325,144	**321,049**	3,984
Mainland China (the "PRC")	**46,603**	27,325	**234,098**	239,960
Total	**76,756**	352,469	**555,147**	243,944

The revenue information above is based on the location of the customers.
The non-current asset information above is based on the location of the assets and excludes financial instruments.

5. OTHER NET FINANCIAL INCOME/(EXPENSE)

Other net financial income/(expense) recognised during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Financial assets at fair value through profit or loss:		
– investment in equity securities hold for trading	**18,890**	(22,543)
– investment in compound financial instruments designated as such upon initial recognition	**380**	1,311
– interest income	**1,026**	371
	20,296	(20,861)
Financial liabilities at fair value through profit or loss:		
– derivative financial instruments	**456**	387
Interest income on financial assets at amortised cost:		
– bank interest income	**4,078**	7,117
– loan interest income	**–**	415
– debt securities interest income	**–**	277
	4,078	7,809
Total of other net financial income/(expense)	**24,830**	(12,665)

6. PROFIT BEFORE INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Profit before income tax has been arrived at after charging/(crediting):		
Auditors' remuneration	**600**	720
Cost of properties held for sale recognised as expenses	**16,485**	176,999
Depreciation	**570**	810
Loss on disposals of property, plant and equipment	**49**	85
Amortisation of prepaid lease payments	**140**	100
Minimum lease rentals in respect of rented premises	**515**	478
(Write back of provision)/Allowance for properties held for sale	**(31,864)**	53,386
Write-off of other receivables	**–**	104
Rental income under operating leases, less outgoings of HK$9,840,000 (2008: HK$8,259,000)	**(29,872)**	(15,159)
Dividend income	**(682)**	(884)
Gain on deregistration of subsidiaries	**–**	(353)
Reversal of provision of amounts due from joint ventures	**–**	(143)
Write-off other payables	**(325)**	(40)
Exchange gain	**(13)**	(4,568)

7. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
Current tax		
– Hong Kong profits tax		
Tax for the year	**928**	16,407
Under/(Over)provision in prior year	**731**	(966)
– PRC enterprise income tax		
Tax for the year	**3,096**	2,820
Overprovision in prior year	**(23)**	–
	4,732	18,261
Deferred tax		
Current year	**2,138**	10
Attributable to reduction in tax rate	**–**	(2)
	2,138	8
Total income tax expense	**6,870**	18,269

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on the profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**95,412**	68,565
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,457,017**	1,222,290
Weighted average number of ordinary shares deemed to be issued at nil consideration on the assumed exercise of the warrants	**55,821**	–
Weighted average number of ordinary shares for the purposes of diluted earning per share	**1,512,838**	1,222,290

For the year ended 31st December 2009, the computation of diluted earnings per share did not assume the exercise of the outstanding share options as the exercise of the share options was anti-dilutive.

For the year ended 31st December 2008, the computation of diluted earnings per share did not assume the exercise of the outstanding share options and warrants as the exercise of the share options and warrant was anti-dilutive.

9. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are accounted for as investment properties.

Changes to the carrying amounts in the consolidated statement of financial position are summarised as follows:

	2009	2008
	HK$'000	*HK$'000*
Carrying amounts at 1st January	**238,740**	245,000
Acquisition of a subsidiary	**294,977**	–
Net loss from fair value adjustments	**(240)**	(6,260)
Carrying amounts at 31st December	**533,477**	238,740

Investment properties were valued at open market value by reference to market prices for similar properties as at 31st December 2008 and 2009 by independent and professional qualified valuers, Savills, who is a member of Hong Kong Institute of Surveyors, and has the appropriate qualifications and recent experiences in the valuation of similar properties.

10. PROPERTIES HELD FOR SALE

	2009	2008
	HK$'000	*HK$'000*
Cost	**634,175**	539,886
Less: Allowance of properties held for sale	**(21,522)**	(53,386)
	612,653	486,500
In Hong Kong, held on medium term lease	**313,991**	181,500
In the PRC, held on long term lease	**298,662**	305,000
	612,653	486,500

11. TRADE AND OTHER RECEIVABLES

A defined credit policy is maintained within the Group. The general credit terms range from one to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise its credit risk. Overdue balances are regularly reviewed by senior management.

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**3,333**	1,658
Other receivables, prepayments and deposits	**8,437**	7,094
	11,770	8,752

Ageing analysis of the trade receivables at the reporting date, based on invoice date, net of allowances, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**2,090**	609
31 to 90 days	**1,243**	1,049
	3,333	1,658

12. LOANS AND RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Loans and receivables		
– secured	**14,150**	13,000
– unsecured	**6,250**	–
Total of loans and receivables	**20,400**	13,000

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The revenue of the Group for the year ended 31st December 2009 amounted to approximately HK$76,756,000, representing approximately 78.2% decrease compared to approximately HK$352,469,000 for the year ended 31st December 2008.

For the year ended 31st December 2009, gross profit of the Group was approximately HK$82,295,000 (2008: approximately HK$113,837,000), a decrease of approximately HK$31,542,000 (approximately 27.7%). The decrease in gross profit as compared to the year 2008 was attributable to decrease in turnover from the sale of properties held for sale, despite the fact that the Group has written back of provision for properties held for sales of approximately HK$31,864,000 (2008: an allowance of properties held for sale approximately HK$53,386,000) with reference to the fair value of the properties held for sale.

In the year under review, exactly as previously adopted, the Group has worked hard in cost controlling and concentrated on businesses of promising return. For the year ended 31st December 2009, the Group's consolidated net profit was approximately HK$95,412,000 (2008: approximately HK$68,565,000), representing a year-on-year increase of 39.2%. In year 2009, the Group had to account for gain on disposal of subsidiaries of approximately HK$3,525,000 (2008: approximately HK$2,497,000), gain on disposal of amounts due from joint ventures of approximately HK$8,915,000 (2008: nil), loss in fair value of investment properties of approximately HK$240,000 (2008: approximately HK$6,260,000) and other net financial income of approximately HK$24,830,000 (2008: other net financial expense of approximately HK$12,665,000).

BUSINESS REVIEW AND PROSPECTS

Property Development and Trading

The property businesses of the Group are mainly property development and trading, and property investment.

The Group's major property project in the PRC is Shun Jing Yuan in Chaoyang, Beijing, a high-end residential apartment project with luxury design in European-style. In respect of the project, the Group focused on the fundamental works and imposed strict requirements on the particulars, so as to ensure the quality of the project. Among the Blocks 2, 11 and 14 of Shun Jing Yuan (the "Properties") held by the Group, three units of Block 14 sold at the construction stage, the Group has recognised revenue of approximately HK$20,897,000 in the 2nd half of 2009 in respect of the three units. Notwithstanding the Group has exerted much effort in relation to the pre-sale preparation work for the project, the developer of the project (the "Developer") failed to completely fulfill the terms in the sale and purchase agreements in relation to the Properties signed between the Group and the Developer, and hence affecting the Group's established marketing strategy of the Properties. Also, having been concerned about the probable impact on the marketing and selling conditions caused by the recent change in mortgage policy for high-end residential apartments in the PRC, both parties have thus mutually agreed to enter into an agreement (the "Agreement") after the reporting date of these financial statements. Pursuant to the Agreement, the Group has to return the remaining Properties held to the Developer, and the Developer has to pay to the Group an aggregate amount of RMB340 million (equivalent to approximately HK$386 million) as refund of the acquisition costs of the remaining properties held and as compensation.

In Hong Kong, the Group is in possession of commercial properties for sale and most of them are situated at the prime commercial districts, Central and Queensway, Hong Kong.

Property Investment

For investment properties, Dawning Tower, located in Shenzhen, the PRC, continued to secure a high occupancy rate. Accordingly, the Group recognised an income of approximately HK$19,174,000, representing a decrease of approximately 6.0% over the year 2008.

In order to maintain the prestigious status of Dawning Tower among commercial buildings, the Group will continue to enhance the management quality at Dawning Tower and maintain good relationship with its customers. It is expected that the building's occupancy rate will continue to maintain at high level in the year of 2010. High occupancy rate and effective cost control of Dawning Tower have secured steady net operating profit from the building.

The properties for commercial uses at levels 4 and 5 of Beijing East Gate Plaza, the PRC with 5,100 square metres, generated a rental income of approximately HK$6,531,000 to the Group for the year ended 31st December 2009, a decrease of approximately HK$397,000 as compared with the year 2008.

In August 2009, the Group acquired the entire equity of Yue Tin Development Limited ("Yue Tin") (Please refer to the details at the section "Major and Connected Transaction, Substantial Disposals and Acquisitions" below), Yue Tin holds the commercial properties on the whole 24th Floor of World-Wide House, 19 Des Voeux Road Central Hong Kong and certain properties at Tai Hang, Hong Kong, South City Road, Kowloon and in Beijing, the PRC (the "Acquired Properties"). After acquisition of Yue Tin, the Acquired Properties are accounted for as investment properties, and contributed revenue of approximately HK$3,758,000 to the Group from rental of the Acquired Properties.

For the year ended 31st December 2009, all properties in Hong Kong of the Group also contributed to the Group as rental income of approximately HK$24,313,000, an increase of 293.0% as compared to approximately HK$6,186,000 in the year 2008.

The global economic conditions have been recovered steadily in the second half of year 2009. Thanks to the growth in domestic consumption in the PRC, there is an acute increase in demand for the residential and commercial properties in the PRC and Hong Kong, and the properties base of the Group being broadened, it is expected that the growth in rental income in 2010 will be sustainable and generate a steady cash inflow to the Group.

The Company will continue specialising in the PRC and Hong Kong property investment and trading with prudent strategy in anticipation of steady return. Besides, the Company will continue looking for suitable investment opportunities in other areas, i.e. projects characterised by stable cash inflows and simple management mechanism.

Capital Market Investment and Financial Services

The Group has all time endeavoured to increase the return from current assets, therefore having diversified its investment portfolio to accommodate more current assets with higher liquidity, including securities, debt securities, currency-linked notes and equity-linked notes, all being financial products with defined and limited risks, and not belonging to any kind of accumulators.

Financial and capital markets worldwide in 2009 have experienced drastic change, investors' sentiments changed from extremely pessimistic to prudently optimistic, on the whole the Group's performance in the capital market investment was satisfactory, a gain of approximately HK$24,830,000 was recorded for the year ended 31st December 2009, while there was a loss of approximately HK$12,665,000 for the year ended 31st December 2008.

The Group maintained a modest operation in provisions of financial services business, providing short to medium term loans to the business associates and partners. In view of the Group's sufficient working capital in the current period, as well as in the future, and bank deposits interest rates remaining minimal, the business contributes a satisfactory return to the Group, earning a profit of approximately HK$5,747,000 for the year ended 31st December 2009. The Group at all time emphasises the importance of risk control and executes seriously effective risk control policies, which include assessment of the credit risks involved and/or obtaining valuable securities.

OTHER BUSINESSES

Jingke Information

The Group disposed of the entire interest in Marax Development Limited ("Marax Development") (the "Disposal Equity") on 7th December 2009 and the outstanding loans of RMB23,000,000 (equivalent to HK$26,136,000) in aggregate and accrued interests thereof (the "Debts") due to the Group from Wu Han Jingke Information Industry Co., Ltd. ("Jingke Information") on 18 December 2009 respectively, to two independent third parties as buyers. Marax Development, being a wholly-owned subsidiary of the Group, holds 51% equity of Jingke Information, Jingke Information is mainly engaged in the manufacturing of quartz oscillators (semi-finished products) used in the production of various electronic products, resonators (final products), SMD and related devices. Revenue and operating loss of Jingke Information for eleven months ended 30th November 2009 were approximately HK$19,230,000 and approximately HK$884,000 respectively.

In the past few years, management of the Group endeavoured to restructure Jingke Information and spent a lot of time and resources, but the business and operation performance of Jingke Information were still disappointing. Meanwhile, for the purpose of resolving the recovery of the Debts, the management of the Group has also done a lot of work and engaged a PRC lawyer to recover the Debts. Legal proceedings and arbitrations have been involved during the period, but no fruitful result was achieved. Hence, the management of the Group considered that the seeking of the two buyers was a good opportunity for sale of the Disposal Equity and the Debts. It was beneficial to the interests of the shareholders of the Company and the Group as a whole. In the meantime, the management is enabled to focus on the operation of other businesses of the Group. Further information of the disposal of the Disposal Equity and the Debts is set out in the section "Major and Connected Transaction, Substantial Disposals and Acquisitions" below.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group managed to maintain its liquidity at a healthy level, with the Group's cash and cash equivalents amounting to approximately HK$325,970,000 as at 31st December 2009 (31st December 2008: approximately HK$439,762,000). The Group exercised strict credit control on its trade receivable to ensure the adequacy of the working capital. As at 31st December 2009, trade receivable of the Group amounted to approximately HK$3,333,000 (31st December 2008: approximately HK$1,658,000). The current ratio as at 31st December 2009 was 16.3 while that as at 31st December 2008 was 12.9. As at 31st December 2009 and 31st December 2008, the Group did not have any outstanding bank loan. As at 31st December 2009 and 31st December 2008, the Group's gearing ratio (on the basis of total borrowings divided by shareholders' equity) was maintained at a level of zero.

Treasury Management

In respect of financial resources management, the Group continued diversification of its investment portfolio to accommodate more current assets with higher liquidity, including securities, in order to enhance the return of current assets. The aggressive and yet prudent financial resources management policy would be continued to maximize investments return within a reasonable risk level. Meanwhile, the Board is of the opinion that the retaining of excessive cash and cash equivalents as short-term deposits can ensure the Group to catch investment opportunities agilely, thus increasing the return from investments.

Purchase of all the Outstanding Warrants and issue of New Warrants

Pursuant to the offer letters and the acceptance letters executed on 15th April 2009 between the Company and Ideal China International Limited, Growth Time Holdings Limited, Trade Magic Limited and Topfirm Limited (the "Existing Warrantholders") (the "Offer and Acceptance Letters"), all outstanding 240,000,000 warrants (the "Outstanding Warrants") held by the Existing Warrantholders, each Existing Warrantholder holding 25% (or 60,000,000 units) of the Outstanding Warrants, were sold by the Existing Warrantholders to the Company at a consideration of HK$450,000 in cash per offer under the Offer and Acceptance Letters or an aggregate of HK$1,800,000 in cash. All the Outstanding Warrants have been purchased and cancelled accordingly.

On 15th April 2009, the Company and Willfame Group Limited and Year Top Limited (the "Subscribers"), both of them are independent third parties, entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Company issued to the Subscribers unlisted 240,000,000 warrants in total ("New Warrants"), with each Subscriber being allocated with 120,000,000 warrants, at an issue price of HK$0.012 per New Warrants in cash. The holders of the New Warrants are entitled to subscribe for new ordinary shares of HK$0.20 each in the capital of the Company at a subscription price of HK$0.20 per share during the period of 36 months commencing from the date of issue of the New Warrants. The subscription prices are subject to adjustments based on the prescribed formula as set out in the instrument creating the New Warrants for the happening of normal adjustment events. Further details of this issue of New Warrants were set out in the announcement of the Company dated 15th April 2009. As at 31st December 2009, none of the unlisted warrants has been exercised and there are 240,000,000 warrants outstanding.

Pledge of Assets

As of 31st December 2009 and 31st December 2008, the Group has not pledged any of its assets and bank deposits to obtain general banking facilities or short-term bank borrowings.

Employees' Remuneration and Benefits

The Group had 47 employees including managerial, executive and technical and general staffs and in Hong Kong and the PRC as at 31st December 2009 (31st December 2008: 47 (excluding about 250 staff and production employees of Jingke Information)). The level of remuneration, the promotion and the magnitude of remuneration adjustment are justified according to their job duties, working performance and professional experience. All staff and executive directors in Hong Kong office have participated in the mandatory provident fund scheme. Other employees' benefits include the granting of share options by the Board of the Group under the share option scheme adopted by the Company.

Foreign Exchange and Currency Risk

All income and funds applied to the direct costs, the purchases of equipment and the payments of salaries were dominated in Hong Kong dollars and Renminbi; therefore, it was not necessary to use any financial instruments for hedging purpose, and the Group's exposure to the fluctuation of the exchange risk was minimal. During the year under review, the Group has not engaged in any hedging activities. As of 31st December 2009, cash in hand and cash equivalents of the Group were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The other information of foreign exchange and currency risks of the Company is to be set out in the section "Financial Risk Management Objectives and Policies" in the notes to the financial statements of the annual report 2009 of the Company.

Major and Connected Transaction, Substantial Disposal and Acquisition

Value Shine Limited ("Value Shine"), a direct wholly-owned subsidiary of the Company entered into an agreement on 4th June 2009 and an supplemental agreement on 12th June 2009 with Junny Diamond Co., Limited ("Junny Diamond"), which is ultimately wholly and beneficially owned by Mr. Wong Chung Tak, an executive director, the Chairman and substantial shareholder of the Company, who is the guarantor thereof, pursuant to which Junny Diamond has conditionally agreed to sell, and Value Shine has conditionally agreed to purchase, the entire share capital and shareholder's loan of Yue Tin, at an aggregate consideration of HK$278,000,000 (subject to adjustment) which was to be satisfied by the issue and allotment of 650,000,000 ordinary shares in the capital of the Company and cash payment. Yue Tin holds certain properties in Hong Kong and the PRC. The transaction has been approved by the independent shareholders at the special general meeting held on 17th August 2009 and was completed on 19th August 2009. Further details of this transaction have been set out in the circular of the Company dated 31st July 2009.

Pursuant to an agreement entered into between the Company and an independent third party (the "Transferee (1)") dated 7th December 2009, the Company agreed to sell the entire equity in Marax Development to the Transferee (1) ("Transfer of Equity") at a consideration of RMB2,000,000 (equivalent to HK$2,273,000), Marax Development, being a wholly-owned subsidiary of the Company, holds 51% equity of Jingke Information. The Transfer of Equity contributed to the Group a gain on disposal of subsidiary of approximately HK$3,359,000. Meanwhile, pursuant to the other two agreements entered into by the Company and another independent third party (the "Transferee (2)") dated 18th December 2009, the Group agreed to sell the loans due from Jingke Information to the Group of RMB23,000,000 (equivalent to HK$26,136,000) in aggregate and accrued interests thereof to the Transferee (2) at a total consideration of RMB8,000,000 (equivalent to HK$9,091,000) ("Transfer of Loans"). Since the full provision has been provided for the loans and the accrued interest, the Transfer of Loans contributed to the Group a gain of approximately HK$8,915,000 in the year 2009. As at 31st December 2009, the considerations have been fully paid by the Transferee (1) and (2).

Pursuant to an agreement entered into between the Company and an independent third party on 9th December 2009, the Group agreed to sell the entire equity in and its shareholder's loan of Asset Wheel Limited ("Asset Wheel"), a wholly-owned subsidiary of the Company, to the independent third party at a consideration of HK$6,800,000 and a gain on disposal of subsidiary in the amount of approximately HK$166,000 was recorded upon completion.

Pursuant to an agreement entered into between the Company and an independent third party on 17th December 2009, the Group agreed to sell the entire equity in Gateway Sino Limited ("Gateway Sino"), a wholly-owned subsidiary of the Company, and its shareholder's loan to the independent third party at a consideration of HK$10,400,000. Gateway Sino held listed securities held for sale at the time of disposal.

Save as aforesaid, the Group had not participated in any substantial acquisition and disposal during the year under review.

Contingent Liabilities

The Group had no material contingent liability as at 31st December 2009 and 31st December 2008.

OTHER INFORMATION

Dividend

The Board does not recommend the payment of any dividend for the year ended 31st December 2009 (2008: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. The Company confirms that, having made specific enquiries of all the directors, all directors have complied with the required standards as set out in the Model Code during the year ended 31st December 2009.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions of the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Company has also complied with all the code provisions under the CG Code except for the deviations from code provisions A.2.1. and A.4.1. which are explained in the following relevant paragraphs.

Under the code provision A.2.1., the responsibilities between the chairman and chief executive officer should be divided. Currently, the office of chief executive officer is vacant. The roles and functions of the chief executive officer have been performed by the Board of the Company and the Directors believe that such arrangement enables different talents and expertise of the Directors to be best utilized to the benefits of the Group as a whole.

Under the code provision A.4.1., non-executive directors should be appointed for a specific term and subject to re-election. Non-executive directors of the Company are not appointed for a specific term but they are subject to the retirement by rotation at least once every three years in accordance with the bye-laws of the Company.

Save as those mentioned above and in the opinion of the Directors, the Company has complied with all the code provisions set out in the CG Code for the year ended 31st December 2009.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, including Mr. Chung Koon Yan, Mr. Lee Kuo Ching, Stewart, and Miss Chong Kally. The principal duties of the Audit Committee include the review of the Company's financial reporting procedure, internal controls and results of the Group. The audited consolidated financial statements have been reviewed by the Audit Committee.

By order of the Board
Shenzhen High-Tech Holdings Limited
Wong Chung Tak
Chairman

Hong Kong, 8th March 2010

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Wong Chung Tak and Mr. Tse Kam Fai, two non-executive Directors, namely Mr. Wong Ngo, Derick and Mr. Liu Sing Piu, Chris, and three independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Lee Kuo Ching, Stewart and Miss Chong Kally.