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SHENZHEN HIGH-TECH HOLDINGS LIMITED
深圳科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2011

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 2011 together with the comparative figures of 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2011

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Revenue	3, 4	**66,500**	712,404
Cost of sales and services (including provision for properties held for sale of HK$12,550,000 (2010: write back of provision for properties held for sale of HK$428,000))		**(25,188)**	(492,979)
Gross profit		**41,312**	219,425
Other financial income	5	**32,104**	13,738
Fair value (loss)/gain on financial assets at fair value through profit or loss		**(10,240)**	13,573
Other income	6	**6,823**	2,262
Selling and distribution costs		**(686)**	(1,207)
Administrative expenses		**(13,209)**	(14,979)
Gain on disposals of subsidiaries		**5,241**	–
Gain on disposals of investment properties		**403**	–
Impairment loss on loans and receivables		**(2,469)**	–
Impairment loss on available-for-sale financial assets		**(331)**	(525)
Gain in fair value of investment properties		**21,970**	90,003
Profit before income tax	7	**80,918**	322,290
Income tax expense	8	**(10,096)**	(5,131)
Profit for the year		**70,822**	317,159

	Notes	**2011**	2010
		HK$'000	*HK$'000*
			(restated)
Other comprehensive income			
Exchange difference on translation of foreign operations		**26,211**	20,467
Exchange difference on translation of foreign operations released upon disposal of a subsidiary with foreign operations		**(2,790)**	–
Revaluation gain on transfer of leasehold land and buildings to investment properties		**4,674**	–
Statutory reserve released upon disposal of a subsidiary with foreign operations		**(26)**	–
Other comprehensive income for the year, net of tax		**28,069**	20,467
Total comprehensive income for the year		**98,891**	337,626
Profit for the year attributable to the owners of the Company		**70,822**	317,159
Total comprehensive income for the year attributable to the owners of the Company		**98,891**	337,626
		HK$	*HK$*
Earnings per share attributable to the owners of the Company	*10*		
– Basic		**0.036**	0.167
– Diluted		**0.036**	0.159

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2011

	Notes	**31st December 2011 *HK$'000***	31st December 2010 *HK$'000* (restated)	1st January 2010 *HK$'000* (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties	*11*	**659,700**	623,480	533,477
Property, plant and equipment		**7,514**	21,127	21,897
Loans and receivables	*14*	**133,500**	–	–
Available-for-sale financial assets		**383**	680	2,300
		801,097	645,287	557,674
Current assets				
Properties held for sale	*12*	**299,402**	132,702	612,653
Trade receivables	*13*	**2,220**	1,890	3,333
Other receivables, prepayments and deposits	*13*	**8,839**	1,142	8,437
Loans and receivables	*14*	**19,000**	11,353	20,400
Financial assets at fair value through profit or loss		**57,115**	57,124	11,885
Cash and cash equivalents		**719,031**	980,984	325,970
		1,105,607	1,185,195	982,678
Assets classified as held for sale		**–**	1,176	–
		1,105,607	1,186,371	982,678
Current liabilities				
Other payables, deposits received and accrued charges		**19,884**	18,124	52,104
Tax payables		**9,561**	8,848	8,338
		29,445	26,972	60,442
Net current assets		**1,076,162**	1,159,399	922,236
Total assets less current liabilities		**1,877,259**	1,804,686	1,479,910
Non-current liabilities				
Deferred tax liabilities		**22,158**	18,677	16,477
Net assets		**1,855,101**	1,786,009	1,463,433
EQUITY				
Equity attributable to the owners of the Company				
Share capital		**397,321**	397,321	373,321
Reserves		**1,457,780**	1,388,688	1,090,112
Total equity		**1,855,101**	1,786,009	1,463,433

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, HM 11, Bermuda and 17/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. The Group is principally engaged in property investment, development and trading, securities investment and securities trading, and provision of financial services. There were no significant changes in the Group's operations during the year.

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

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 "Listing Rules").

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 which are stated at fair values.

2. ADOPTION OF HKFRSs

(a) Adoption of new/revised HKFRSs – effective 1st January 2011

In the current year, the Group has applied for the first time the following revision and amendments to standards and a new interpretation issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1st January 2011:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these amended/revised standards and a new interpretation has no significant impact on the Group's financial statements.

HKFRS 7 (Amendments) – Financial Instruments: Disclosures

As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The carrying amounts of the Group's trade receivables, loans and other receivables, available-for-sale financial assets and financial assets at fair value through profit or loss represent the Group's maximum exposure to credit risk in respect of these financial assets as at 31st December 2011 and 2010. The prior year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with government entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance, the identification of the related parties and the disclosures of the related party transactions of the Group.

(b) Early adoption of Amendments to HKAS 12 – Deferred Tax (Recovery of Underlying Assets)

The HKICPA amended HKAS 12 Income Taxes to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property which is measured at fair value. Currently, HKAS 12 requires an entity to measure deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

At 31st December 2011, the Group held investment properties with an aggregate fair value amounting to HK$659,700,000 (2010: HK$623,480,000). These investment properties are all situated in Hong Kong and the People's Republic of China (the "PRC"). In Hong Kong, land leases are generally expected to be renewed without a payment of a market-based premium and this expectation is reflected in the market price of properties in Hong Kong. In addition, the Group does not have the business model of holding investment properties until the land leases expire. Given these, the directors assessed that the Group would not consume substantially the economic benefits embodied in the investment properties in Hong Kong over time. Consequently, as required by the amendment, the Group re-measured the deferred tax relating to these investment properties based on the presumption that it is recovered entirely by sale as if this new policy had always been applied. There is no major tax consequence in Hong Kong arising from the sale of investment properties as capital gain tax is currently not applicable in Hong Kong. For the investment properties located in the PRC, the Group's business model is that entity owning the investment property will recover the value through use and on this basis the presumption of sale has been rebutted. Consequently, the Group has continued to recognise deferred tax on the basis that the values of these investment properties are recovered through use.

This change in accounting policy has been applied retrospectively by restating the opening balances at 1st January 2010 and 2011, with consequential adjustments to comparatives for the year ended 31st December 2010. This led to a reduction in the amount of deferred tax liabilities arising from fair value gain as follows:

	31st December 2011 *HK$'000*	31st December 2010 *HK$'000*	1st January 2010 *HK$'000*
Consolidated statement of financial position			
Decrease in deferred tax liabilities	**(1,914)**	(13,448)	(1,403)
Increase in retained earnings	**1,914**	13,448	1,403
Consolidated statement of comprehensive income			
Decrease in income tax expense	**1,914**	12,045	1,403
Increase in basic earnings per share (HK cent)	**0.1**	0.6	0.1
Increase in diluted earnings per share (HK cent)	**0.1**	0.6	0.1

As a result of the above retrospective reclassification and restatement, an additional consolidated statement of financial position as at 1st January 2010 is presented in accordance with HKAS 1 Presentation of Financial Statements.

(c) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets [1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Liabilities [3]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [2]
Amendments to HKAS 9	Presentation – Offsetting Financial Assets and Liabilities [4]
HKFRS 9	Financial Instruments [5]
HKFRS 10	Consolidated Financial Statements [3]
HKFRS 12	Disclosure of Interests in Other Entities [3]
HKFRS 13	Fair Value Measurement [3]
HKAS 27 (2011)	Separate Financial Statements [3]

1 Effective for annual periods beginning on or after 1st July 2011
2 Effective for annual periods beginning on or after 1st January 2012
3 Effective for annual periods beginning on or after 1st January 2013
4 Effective for annual periods beginning on or after 1st January 2014
5 Effective for annual periods beginning on or after 1st January 2015

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 improve the de-recognition disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee.

Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor.

An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosures of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

3. REVENUE

Revenue, which is also the Group's turnover, represented rental income, property management fee income, sales of properties and loan interest income. Revenue recognised during the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of properties	**–**	654,163
Rental income	**36,133**	44,506
Property management fee income	**13,662**	12,082
Loan interest income	**16,705**	1,653
	66,500	712,404

4. SEGMENT INFORMATION

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

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

For the year ended 31st December 2011

	Property investment *HK$'000*	Property development and trading *HK$'000*	Securities investment and securities trading *HK$'000*	Provision of financial services *HK$'000*	Total *HK$'000*
Revenue					
From external customers	49,795	–	–	16,705	66,500
Inter-segment revenue *(Note)*	–	–	–	26,851	26,851
Reportable segment revenue	49,795	–	–	43,556	93,351
Reportable segment profit/(loss)	55,623	(10,086)	(8,764)	14,757	51,530
Depreciation of property, plant and equipment	(910)	–	–	–	(910)
Fair value loss on financial assets at fair value through profit or loss	–	–	(10,266)	–	(10,266)
Interest income on financial assets at fair value through profit or loss	–	–	26	–	26
Gain in fair value of investment properties	21,970	–	–	–	21,970
Provision for properties held for sale (included in cost of sales)	–	(12,550)	–	–	(12,550)
Reportable segment assets	667,829	299,702	62,839	152,639	1,183,009
Additions to non-current segment assets	1,635	–	–	–	1,635
Reportable segment liabilities	13,319	3,275	–	1,860	18,454

For the year ended 31st December 2010

	Property investment *HK$'000*	Property development and trading *HK$'000*	Securities investment and securities trading *HK$'000*	Provision of financial services *HK$'000*	Total *HK$'000*
Revenue					
From external customers	56,588	654,163	–	1,653	712,404
Inter-segment revenue (Note)	–	–	–	50,942	50,942
Reportable segment revenue	56,588	654,163	–	52,595	763,346
Reportable segment profit	129,185	173,751	13,986	1,570	318,492
Depreciation of property, plant and equipment	(957)	–	–	–	(957)
Fair value gain on financial assets at fair value through profit or loss	–	–	13,573	–	13,573
Gain in fair value of investment properties	90,003	–	–	–	90,003
Write back of provision for properties held for sale (included in cost of sales)	–	428	–	–	428
Reportable segment assets	630,455	132,810	57,124	11,556	831,945
Additions to non-current segment assets	457	–	–	–	457
Reportable segment liabilities	12,953	2,426	–	803	16,182

Note: Inter-segment revenue are charged at prevailing market interest rates for the advance from the subsidiary in provision of financial services 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:

	2011 ***HK$'000***	2010 *HK$'000*
Reportable segment revenue	**93,351**	763,346
Elimination of inter-segment revenue	**(26,851)**	(50,942)
Group revenue	**66,500**	712,404
Reportable segment profit	**51,530**	318,492
Gain on disposals of subsidiaries	**5,241**	–
Bank interest income	**31,738**	13,380
Other loan interest income	**366**	358
Unallocated corporate income	**756**	375
Impairment loss on available-for-sale financial assets	**(331)**	(525)
Unallocated corporate expenses	**(8,382)**	(9,790)
Profit before income tax	**80,918**	322,290

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Reportable segment assets	**1,183,009**	831,945
Other financial assets	**2,298**	1,856
Property, plant and equipment	**1,904**	16,272
Cash and cash equivalents	**719,031**	980,984
Other corporate assets	**462**	601
Group assets	**1,906,704**	1,831,658
Reportable segment liabilities	**18,454**	16,182
Deferred tax liabilities	**22,158**	18,677
Other corporate liabilities	**1,430**	1,942
Tax payables	**9,561**	8,848
Group liabilities	**51,603**	45,649

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**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**35,124**	298,043	**409,172**	393,521
Mainland China	**31,376**	414,361	**258,042**	251,086
Total	**66,500**	712,404	**667,214**	644,607

The revenue information above is based on the location of the customers except for the revenue derived from sale of properties which are based on the location of properties.

Non-current assets information above is based on the location of the assets and excludes financial instruments.

5. OTHER FINANCIAL INCOME

Other financial income recognised during the year is as follows:

	2011	2010
	HK$'000	*HK$'000*
Interest income on financial assets at amortised cost:		
– bank interest income	**31,738**	13,380
– other loan interest income	**366**	358
	32,104	13,738

6. OTHER INCOME

Other income recognised during the year is as follows:

	2011 *HK$'000*	2010 *HK$'000*
Compensation income	**3,007**	1,394
Dividend income	**1,477**	413
Written-off of other payables and accruals	**–**	5
Exchange gain	**839**	60
Sundry income	**1,500**	390
	6,823	2,262

7. PROFIT BEFORE INCOME TAX

	2011 *HK$'000*	2010 *HK$'000*
Profit before income tax has been arrived at after charging/(crediting):		
Auditor's remuneration	**500**	500
Depreciation of property, plant and equipment	**1,041**	1,106
Impairment loss on available-for-sale financial assets	**331**	525
Loss on disposals of property, plant and equipment	**16**	66
Provision/(Write back of provision) for properties held for sale	**12,550**	(428)
Impairment loss on loans and receivables	**2,469**	–
Written-off other payables and accruals	**–**	(5)
Rental income under operating leases, less outgoings of HK$12,638,000 (2010: HK$11,498,000)	**(23,495)**	(33,008)

8. INCOME TAX EXPENSE

	2011 *HK$'000*	2010 *HK$'000* (restated)
Current tax		
– Hong Kong profits tax		
Tax for the year	**–**	152
Over provision in prior year	**(45)**	–
	(45)	152
– PRC enterprise income tax		
Tax for the year	**9,244**	4,306
Under/(Over) provision in prior year	**34**	(1,527)
	9,278	2,779
Deferred tax		
Current year	**863**	2,200
Total income tax expense	**10,096**	5,131

During the year ended 31st December 2011, Hong Kong profits tax has not been provided as the Group had available tax losses brought forward from previous years to offset the estimated assessable profits arising in Hong Kong.

During the year ended 31st December 2010, Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong in that 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.

9. DIVIDENDS

(a) Dividends payable to the owners of the Company attributable to the year:

	2011	2010
	HK$'000	*HK$'000*
Proposed final dividend of HK$0.016 (2010: HK$0.015) and special dividend of HK$0.08 (2010: Nil) per ordinary share	**190,714**	29,799

(b) Dividends payable to the owners of the Company attributable to the previous financial year, approved and paid during the year:

	2011	2010
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.015 (2010: Nil) per ordinary share	**29,799**	–

10. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	2011	2010
	HK$'000	*HK$'000*
		(restated)
Profit attributable to the owners of the Company	**70,822**	317,159
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note(a))*	**1,986,606**	1,897,757
Weighted average number of ordinary shares deemed to be issued at nil consideration on the assumed exercise of the warrants *(Note(a))*	**–**	92,683
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,986,606**	1,990,440

Notes:

(a) For the year ended 31st December 2010, the above weighted average number of ordinary shares for the calculation of basic earnings per share had taken into account of the number of shares issued upon the exercise of all the unlisted warrants.

For the year ended 31st December 2010, the above weighted average number of ordinary shares for the calculation of basic earnings per share had taken into account of the issue and cancellation of ordinary shares.

(b) For the years ended 31st December 2011 and 2010, 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.

11. INVESTMENT PROPERTIES

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purpose 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:

	2011	2010
	HK$'000	*HK$'000*
Carrying amounts at 1st January	**623,480**	533,477
Transfer of leasehold land and buildings to investment properties	**18,600**	–
Disposal of investment property	**(4,350)**	–
Net gain on fair value adjustments	**21,970**	90,003
Carrying amounts at 31st December	**659,700**	623,480

Investment properties were valued at open market value by reference to market prices for similar properties as at 31st December 2011 by independent and professional qualified valuers, LCH (Asia-Pacific) Surveyors Limited (2010: Savills Valuation and Professional Services Limited), who is a member of Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experiences in the valuation of similar properties.

12. PROPERTIES HELD FOR SALE

	2011	2010
	HK$'000	*HK$'000*
Cost	**311,952**	132,702
Less: Provision of properties held for sale	**(12,550)**	–
	299,402	132,702
In Hong Kong, held on long-term lease	**299,402**	132,702

As at 31st December 2011, provision of HK$12,550,000 was made against the cost of properties held for sale to net realisable value with reference to the open market value.

As at 31st December 2010, provision of HK$428,000 was reversed as the directors considered that this was not required as the market value in 2010 was higher than the original cost.

13. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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.

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**2,220**	1,890
Other receivables, prepayments and deposits	**8,839**	1,142
	11,059	3,032

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

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**749**	573
31 to 90 days	**1,471**	1,317
	2,220	1,890

14. LOANS AND RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
– Current portion	**21,469**	11,353
– Non-current portion	**133,500**	–
	154,969	11,353
Provision for impairment loss during the year	**(2,469)**	–
Total of loans and receivables	**152,500**	11,353
– secured*	**142,469**	2,353
– unsecured	**12,500**	9,000
	154,969	11,353
Provision for impairment loss during the year	**(2,469)**	–
Total of loans and receivables	**152,500**	11,353

* As at 31st December 2011, this balance is secured by the following:

(a) Two properties located in Hong Kong;

(b) Assignment of rental income from one of the properties that secured;

(c) Personal guarantee executed by a sole shareholder of a borrower; and

(d) All issued share capital of an unlisted borrower.

As at 31st December 2010, this balance was secured by the following:

(a) 10% equity interest in a private company incorporated in the PRC; and

(b) Personal guarantee from an independent third party.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The revenue of the Group for the year ended 31st December 2011 amounted to approximately HK$66,500,000, representing approximately 90.7% decrease as compared to approximately HK$712,404,000 for the year ended 31st December 2010. The decrease in revenue was mainly attributable to the decrease in the sales of trading properties of the year.

For the year ended 31st December 2011, gross profit of the Group was approximately HK$41,312,000, representing a decrease of approximately HK$178,113,000 (approximately 81.2%) as compared to that of year 2010, which was mainly due to the decrease in turnover.

For the year ended 31st December 2011, net profit attributable to shareholders of the Company was approximately HK$70,822,000, representing a decrease of approximately HK$246,337,000 (approximately 77.7%) as compared to that of year 2010, which was attributable to the decrease in turnover and the gain in fair value of the investment properties of approximately HK$21,970,000 as compared to the gain of approximately HK$90,003,000 in 2010.

For the year ended 31st December 2011, selling and distribution costs and administrative expenses were approximately HK$686,000 and approximately HK$13,209,000 respectively, representing decreases by approximately HK$521,000 (approximately 43.2%) and approximately HK$1,770,000 (approximately 11.8%) respectively as compared to those of year 2010.

For the year ended 31st December 2011, the Group's fair value loss on financial assets at fair value through profit or loss was approximately HK$10,240,000 as compared to fair value gain of approximately HK$13,573,000 in 2010.

During the year under review, the Group had worked hard in cost controlling and concentrated on businesses of promising return, thus continuing to achieve profit results for the Group.

BUSINESS REVIEW AND PROSPECTS

Property Development and Trading

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

In Hong Kong, the Group is in possession of certain commercial properties for sale and most of them are situated at the prime commercial districts, like Central, Queensway and Wan Chai, Hong Kong. On 30th June 2011, Grandtex Development Limited ("Grandtex Development"), a wholly-owned subsidiary of the Company, as buyer, completed the purchase from an independent third party the properties situated at the whole floor on 17th and 3 car parking spaces on 2nd Floor of BEA Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong as properties held for sale, at a consideration of HK$104,000,000.

On 28th September 2011, Grandtex Development, as buyer, completed the purchase from another independent third party the properties situated at the Offices 805A and 806 on 8th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong as properties held for sale, at a consideration of HK$63,669,000.

To control on the residential properties prices and the assets inflation in the PRC, the PRC government launched a series of policies on tightened credit for transactions in property markets in 2011. However, on the premise the appreciation of Renminbi, increasing size of middle class and increase in per capita disposable income are anticipated, the investors still have intense interests in the high quality residential and office properties in the PRC. In Hong Kong, the Hong Kong government initiated a series of control measures and special stamp duty in residential property segment, the over-heated residential properties prices were in fact cooled down. From the view point of the Company's management, given advantages, namely the interest rate remains low, economic fundamentals in the PRC and Hong Kong remain solid and investment conditions are stable, the properties in Hong Kong continue to attract the attention of investors from mainland China and other regions; hence the outlook for the property investment markets in both the PRC and Hong Kong remains optimistic.

Property Investment

Dawning Tower, located in Shenzhen, the PRC, continued to secure a high occupancy rate. For the year ended 31st December 2011, the Group recognised an income of approximately HK$23,280,000, representing an increase of approximately 9.9% over the year 2010.

In order to maintain the prestigious status of Dawning Tower among commercial buildings in the locality, 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 2012. 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 aggregate office area of approximately 5,100 square metres, generated a rental income of approximately HK$8,097,000 to the Group for the year ended 31st December 2011, an increase of approximately HK$1,278,000 as compared with the year 2010.

For the year ended 31st December 2011, the Group recorded revenue from tenancies of approximately HK$18,418,000 from all Hong Kong properties of the Group, a decrease of approximately HK$10,173,000 (approximately 35.6%) as compared to approximately HK$28,591,000 in 2010.

In the 2nd half of 2011, the globally tight credit and shortage of monetary have led to the gradual increase in interest rates, the number of transactions of the PRC and Hong Kong residential and commercial properties dropped; nonetheless there was real demand for tenancies in the residential and commercial properties in the PRC and Hong Kong. It is expected that the average rental income per square metre from the properties available for lease will increase in 2012, generating steady cash inflow to the Group.

The Group will continue specialising property investment and trading in the PRC and Hong Kong in anticipation of steady return. Besides, the Group will also continue to look for suitable investment opportunities in other areas, such as projects characterised by stable cash inflows and simple management mechanism.

Capital Market Investment and Financial Services

The Group has all the 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, high investment grade debt securities and short-term financial products with defined and limited risks.

In 2011, there was poor performance in the financial and capital markets in the PRC and Hong Kong. For the year ended 31st December 2011, the Group recorded a loss of approximately HK$8,764,000 (2010: profit of approximately HK$13,986,000) from investment activities in capital market of Hong Kong. The loss in this segment was due to the impacts of slow recovery of the US economy and the sovereign debt crisis in Euro Zone, causing the continuous turbulences in the capital market in Hong Kong during the reporting period. The impacts are expected to persist in the coming years.

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 maintains low, the financial services segment contributes a satisfactory return to the Group, recording a profit of approximately HK$14,757,000 for the year ended 31st December 2011 (2010: approximately HK$1,570,000) including an impairment in the amount of approximately HK$2,469,000 for a loan. The Group at all times 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.

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$719,031,000 as at 31st December 2011 (31st December 2010: approximately HK$980,984,000). The Group exercised strict credit control on its trade receivable to ensure the adequacy of the working capital. As at 31st December 2011, trade receivable of the Group amounted to approximately HK$2,220,000 (31st December 2010: approximately HK$1,890,000). The current ratio as at 31st December 2011 was 37.5 while that as at 31st December 2010 was 44.0. As at 31st December 2011 and 31st December 2010, the Group did not have any outstanding bank loan. As at 31st December 2011 and 31st December 2010, 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 in diversifying its investment portfolio to accommodate more current assets with higher liquidity, including securities and debts securities, in order to enhance the return of current assets. The aggressive and yet prudent financial resources management policy would be continued to maximise 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.

Capital Structure

The Group has mainly relied on its equity and internally generated cash flow to finance its operations. As at 31st December 2011 and 31st December 2010, the Group had no outstanding borrowings.

During the year 2011, the Company did not issue any new ordinary shares and its related securities.

Pledge of Assets

As of 31st December 2011 and 31st December 2010, 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 23 employees including managerial, executive, technical and general staffs in Hong Kong and the PRC as at 31st December 2011 (31st December 2010: 25). 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 options scheme adopted by the Company.

Foreign Exchange and Currency Risk

All incomes and funds applied to direct costs, purchases of equipment and payments of salaries were dominated in Hong Kong dollars and Renminbi; therefore, it was not necessary for the Group 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 2011, cash 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 2011 of the Company".

Substantial Acquisition and Disposal

On 29th September 2011, the Group disposed Opportunity Investments Limited, a wholly-owned subsidiary of the Company, and its subsidiaries (collectively the "Disposal Companies") to an independent third party at a consideration of HK$17,025,000. The Disposal Companies are engaged in investment holdings and building management. The transaction generated a net gain of approximately HK$5,241,000 to the Group.

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

Contingent Liabilities

Save the incident as disclosed in the section "Litigation" below, the Group had no material contingent liability as at 31st December 2011 and 31st December 2010.

LITIGATION

Stadium Holdings Limited ("Stadium"), a wholly-owned subsidiary of the Company, as plaintiff, had initiated a civil action in High Court against an independent third party as defendant for recovering a deposit, related legal cost and damages in relation to an unsuccessful property acquisition in 2009. Finally, favourable judgment was granted to Stadium. The defendant was ordered to pay approximately HK$2,414,000 as an assessment of damages together with the deposit, interest and related legal costs to Stadium by the High Court. In 2011, Stadium received the damages, deposit, interest and related legal costs in full.

DIVIDENDS

The Board resolved to recommend to the shareholders of the Company at the forthcoming annual general meeting of the Company to be held on Wednesday, 25th April 2012 ("2012 AGM") a final dividend of HK$0.016 (2010: HK$0.015) per share and a special dividend of HK$0.08 (2010: Nil) per share to be paid on Friday, 11th May 2012 to those shareholders whose names appear on the register of members of the Company on Wednesday, 2nd May 2012. The final dividend and special dividend will amount to approximately HK$31,786,000 (2010: HK$29,799,000) and approximately HK$158,928,000 (2010: Nil) respectively.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2012 AGM, the register of members of the Company will be closed from Monday, 23rd April 2012 to Wednesday, 25th April 2012, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2012 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 20th April 2012.

For determining the entitlement to the final and special dividends, the register of members of the Company will be closed on Wednesday, 2nd May 2012, no transfer of shares will be registered on that date. In order to qualify for the proposed final and special dividends, all transfers of shares accompanies by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited for registration no later than 4:30 p.m. on Monday, 30th April 2012.

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 2011.

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 2011.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions of the Code on 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 of the Company 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 2011.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2011 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

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 financial results have been reviewed by the Audit Committee.

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

Hong Kong, 12th March 2012

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. Liu Sing Piu, Chris and Mr. Wong Ngo, Derick, and three independent non-executive Directors, namely Mr. Chung Koon Yan, Mr. Lee Kuo Ching, Stewart and Miss Chong Kally.