LEE & MAN HOLDING LIMITED

理文集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

Website: *http://www.leeman.com.hk*

(Stock Code: 746)

FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

— Revenue increased by 31.9% to HK$1,403.4 million as compared to the last year.

— Net profit increased by 186.7% to HK$233.8 million as compared to the last year.

— Net profit margin increased from 7.7% to 16.7%.

— Earnings per share increased by 185.9% to HK28.3 cents as compared to the last year.

— Proposed final dividend of HK 7 cents per share.

FINANCIAL RESULTS

The board of directors (the "Directors") of Lee & Man Holding Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 together with comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*3*	**1,403,428**	1,064,077
Cost of sales		**(983,753)**	(825,855)
Gross profit		**419,675**	238,222
Other income		**7,409**	15,542
Selling and distribution costs		**(60,497)**	(45,418)
General and administrative expenses		**(108,484)**	(107,660)
Finance costs	*4*	**(13,792)**	(9,086)
Profit before taxation		**244,311**	91,600
Income tax expense	*5*	**(10,488)**	(10,038)
Profit for the year	*6*	**233,823**	81,562
Other comprehensive income			
Surplus arising on revaluation of property, plant and equipment		**10,704**	11,024
(Recognition) reversal of deferred tax liability arising on revaluation of property, plant and equipment		**(426)**	540
Effect of change in tax rate		**-**	160
Exchange differences arising from translation		**35**	23,336
Other comprehensive income for the year		**10,313**	35,060
Total comprehensive income for the year		**244,136**	116,622
Earnings per share (HK cents)	*8*	**28.3**	9.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,147,156**	984,725
Prepaid lease payments		**55,766**	49,438
Investment properties		**22,408**	21,785
Intangible assets		**8,480**	5,292
Deposit paid for acquisition of property, plant and equipment		**12,841**	72,636
Defined benefit assets		**4,250**	3,852
		1,250,901	1,137,728
CURRENT ASSETS			
Inventories		**108,375**	126,120
Prepaid lease payments		**1,210**	1,036
Trade and other receivables	9	**178,387**	138,137
Derivative financial instruments		**704**	-
Restricted bank balances		**1,705**	-
Bank balances and cash		**70,638**	63,469
		361,019	328,762
CURRENT LIABILITIES			
Trade and other payables	10	**293,991**	263,218
Derivative financial instruments		**-**	508
Amounts due to related companies		**8,911**	4,131
Taxation payable		**3,631**	1,487
Bank borrowings - due within 1 year		**218,598**	302,303
		525,131	571,647
NET CURRENT LIABILITIES		**(164,112)**	(242,885)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,086,789**	894,843
NON-CURRENT LIABILITIES			
Bank borrowings - due after 1 year		**153,850**	124,800
Other long term payables		**1,676**	45,631
Deferred taxation		**6,008**	6,168
		161,534	176,599
NET ASSETS		**925,255**	718,244
CAPITAL AND RESERVES			
Share capital		**82,500**	82,500
Reserves		**842,755**	635,744
		925,255	718,244

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 3), nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The adoption of the other new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. Application of New and Revised Hong Kong Financial Reporting Standards - continued

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 July 2010
[6] Effective for annual periods beginning on or after 1 January 2011
[7] Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. Segment information

(a) Operating Segments

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Chairman, for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14, nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 are Handbags and Chemical products.

Principal activities are as follows :

Handbags	- Manufacture and sales of handbags
Chemical products	- Manufacture and sales of chloromethane products and caustic soda

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

For the year ended 31 December 2009	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
REVENUE - External sales	727,555	675,873	1,403,428
Segment profit	119,866	139,399	259,265
Other income			3
Central administration costs			(1,165)
Finance costs			(13,792)
Profit before tax			244,311

For the year ended 31 December 2008	Handbags *HK$'000*	Chemical products *HK$'000*	Total *HK$'000*
REVENUE - External sales	901,240	162,837	1,064,077
Segment profit (loss)	114,770	(12,512)	102,258
Other income			-
Central administration costs			(1,572)
Finance costs			(9,086)
Profit before tax			91,600

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents profit earned by (loss from) each segment without allocation of central administration costs and finance costs. This is the measure reported to the Chairman for the purposes of resource allocation and performance assessment.

3. **Segment information - continued**

(a) **Operating Segments – continued**

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment which is received by the Chairman for resource allocation and performance assessment:

Segment assets	2009	2008
	HK$'000	*HK$'000*
Handbags	406,884	414,837
Chemical products	1,204,673	1,051,395
Total segment assets	1,611,557	1,466,232
Unallocated	363	258
Consolidated assets	1,611,920	1,466,490

Segment liabilities	2009	2008
	HK$'000	*HK$'000*
Handbags	266,201	307,414
Chemical products	419,903	440,044
Total segment liabilities	686,104	747,458
Unallocated	561	788
Consolidated liabilities	686,665	748,246

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than assets of the Company.

- all liabilities are allocated to reportable segments other than liabilities of the Company .

Other segment information

Amounts included in the measurement of segment profit or loss, or segment assets :

2009

	Handbags	Chemical products	Total
	HK$'000	*HK$'000*	*HK$'000*
Addition to non-current assets (note)	3,603	224,529	228,132
Depreciation of property, plant & equipment	15,383	50,968	66,351
Release of prepaid lease payments	490	576	1,066
Amortisation of intangible assets	-	800	800
Impairment loss recognised in respect of trade receivables	255	114	369
Loss on disposal of property, plant & equipment	66	161	227
Write-down (reversal of write-down) of inventories	5,252	(3,866)	1,386
Gain on fair value changes on derivative financial instruments	704	-	704

3. **Segment information - continued**

(b) Operating Segments - continued

Other segment information - continued

2008

	Handbags	Chemical products	Total
	HK$'000	*HK$'000*	*HK$'000*
Addition to non-current assets (note)	5,041	348,316	353,357
Depreciation of property, plant & equipment	14,493	20,991	35,484
Release of prepaid lease payments	490	546	1,036
Amortisation of intangible assets	-	384	384
Impairment loss recognised in respect of trade receivables	1,355	-	1,355
Loss on disposal of property, plant & equipment	158	-	158
Write-down of inventories	2,637	3,866	6,503
Loss on fair value changes on derivative financial instruments	508	-	508

note : Non-current assets excluded defined benefit assets .

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services :

	2009	2008
	HK$'000	*HK$'000*
Handbags	727,555	901,240
Chemical products	675,873	162,837
	1,403,428	1,064,077

3. Segment information – continued

(b) Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China ("PRC"), the United States of America ("USA") and Thailand.

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below :

	Revenue from external customers		Non-current assets	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**13,423**	26,856	**1,779**	1,961
PRC	**671,789**	163,921	**1,222,403**	1,110,020
USA	**367,139**	459,602	**61**	110
Canada	**26,557**	28,061	-	-
The Netherlands	**87,332**	82,299	-	-
Italy	**57,283**	49,891	-	-
The United Kingdom	**43,076**	120,433	-	-
Germany	**15,726**	33,259	-	-
Other European countries	**45,364**	39,860	-	-
South American countries	**27,328**	28,574	-	-
Other Asian countries	**48,411**	31,321	**22,408**	21,785
	1,403,428	1,064,077	**1,246,651**	1,133,876

note : Non-current assets excluded defined benefit assets .

Information about major customers

Revenue from customers contributing over 10% of the Group's total sales are as follows :

	2009	2008
	HK$'000	*HK$'000*
Customer A (i)	- **(ii)**	152,785

(i) Revenue from handbags
(ii) The corresponding revenue did not contribute over 10% of the Group's total sales.

4. Finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest on :		
Bank borrowings wholly repayable within five years	**12,544**	9,086
Bank borrowings not wholly repayable within five years	**1,248**	-
	13,792	9,086

5. Income tax expense

	2009	2008
	HK$'000	*HK$'000*
The charge comprises :		
Current tax :		
Hong Kong Profits Tax	**11,015**	9,906
Other jurisdictions Income Tax	**59**	67
	11,074	9,973
Underprovision in prior years :		
Hong Kong	**-**	55
Other jurisdictions	**-**	10
	-	65
Deferred tax :		
Current year	**(586)**	-
	10,488	10,038

On 26 June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, one of the Group's PRC subsidiaries is exempted from PRC income tax for two years starting from 2008, followed by a 50% reduction for the next three years. These tax holidays and concessions expire in 2012. No provision for PRC income tax has been made in the consolidated financial statements as this PRC subsidiary was exempted from PRC income tax during the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in relevant jurisdictions.

6. Profit for the year

	2009	2008
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' emoluments	**3,227**	2,850
Other staff costs	**176,731**	187,169
Retirement benefit schemes contributions (excluding directors)	**2,114**	2,047
Total staff costs	**182,072**	192,066
Amortisation of prepaid lease payments	**1,066**	1,036
Amortisation of intangible assets	**800**	384
Auditors' remuneration	**1,190**	1,079
Cost of inventories recognised as expenses (including write-down of inventories of HK$1,386,000 (2008 : 6,503,000))	**983,753**	825,855
Depreciation of property, plant and equipment	**66,351**	35,484
Impairment loss recognised in respect of trade receivables (included in selling and distribution costs)	**369**	1,355
Loss on disposal of property, plant and equipment	**227**	158
Change in fair value of investment properties	**125**	872
Loss on fair value on derivative financial instruments	**-**	508
Deficit arising on revaluation of property, plant and equipment	**15**	-
Net exchange loss	**1,098**	-
Research and development cost recognized as expenses	**629**	-
and after crediting:		
Interest income	**291**	679
Net exchange gain	**-**	5,623
Gain on fair value on derivative financial instruments	**704**	-

7. Dividends

	2009	2008
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
Final dividend of HK$0.015 per share for the year ended 31.12.2008	**12,375**	-
Interim dividend of HK$0.03 per share for the year ended 31.12.2009	**24,750**	-
Final dividend of HK$0.025 per share for the year ended 31.12.2007	**-**	20,625
Interim dividend of HK$0.025 per share for the year ended 31.12.2008	**-**	20,625
	37,125	41,250

A final dividend of HK$0.07 (2008: HK$0.015) per share for the year ended 31 December 2009 has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.

8. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year of HK$233,823,000 (2008: HK$81,562,000) and 825,000,000 (2008: 825,000,000) shares in issue during the year.

9. Trade and other receivables

The Group generally allows its trade customers an average credit period ranged from 0 to 90 days.

Included in the balance are trade and bills receivables of HK$153,943,000 (2008: HK$125,156,000). The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2009	2008
	HK$'000	*HK$'000*
Less than 30 days	**101,216**	77,696
31 – 60 days	**38,313**	32,162
61 – 90 days	**12,970**	11,278
Over 90 days	**1,444**	4,020
	153,943	125,156
Prepayment and deposits	**14,922**	11,151
Other receivables	**9,522**	1,830
	178,387	138,137

10. Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period obtained for trade purchases is 30 to 90 days.

Included in trade and other payables are trade and bills payables of HK$138,074,000 (2008: HK$87,592,000). The aged analysis of trade and bills payables at the end of the reporting period is as follows:

	2009	2008
	HK$'000	*HK$'000*
Less than 30 days	**88,508**	40,170
31 – 60 days	**22,905**	26,007
61 – 90 days	**21,843**	17,491
Over 90 days	**4,818**	3,924
	138,074	87,592
Other payables and accruals	**155,917**	175,626
	293,991	263,218

FINAL DIVIDEND

The Directors have proposed a final dividend of HK7.0 cents per share for the year ended 31 December 2009 to shareholders whose names appear on the Register of Members on 24 May 2010. The final dividend is subject to approval by the shareholders in the forthcoming annual general meeting. It is expected that the final dividend will be paid around 17 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 May 2010 to 24 May 2010, both days inclusive, during which period no transfer of shares in the Company can be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars, Tricor Secretaries Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:00 p.m. on 17 May 2010.

BUSINESS REVIEW

For the year ended 31 December 2009, the Group recorded a revenue of HK$1,403.4 million, increased by 31.9% over last year ; and a net profit of HK$233.8 million, representing a substantial increase of 186.7% over last year. The handbag business contributed a net profit of HK$103 million. With the second phase production line fully operated in the middle of the year, our chemical business has migrated from capital investment stage into a profit generating stage and finally contributed a huge profit of HK$130 million to the Group.

As the European and US market remained sluggish, the revenue from handbag business inevitably dropped by 19.3% over last year. Nevertheless, the Group was able to maintain a stable profit through effective cost control, enhancing product design, developing more styles of products and developing new clients as the main direction.

For the chemical business, the Group captured the opportunities arising from a strong recovery in the PRC domestic market, and the business successfully, as expected, generated a remarkable profit to the Group. This has laid a sound foundation for the expansion of chemical business in the future.

PROSPECTS

The current handbag market is still weak and together with a severe shortage of labour in China, the handbag business will be full of challenges in the coming year. Nevertheless, the Group will strive to design various styles of products to meet market needs, develop new clients and reinforce internal controls, so as to maintain a stable profit.

Chemical business will continue to focus on the PRC domestic market. In the coming year, the Group will devote much efforts in optimizing internal operating system and cost control, with the aim of generating higher profit.

The management will, as it has always been, execute step-by-step the established market policies and strategies for business development and be fully devoted to generate reasonable returns for the shareholders.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2009, the total equity of the Group was HK$925 million (2008: HK$718 million), the Group's current assets were HK$361 million (2008: HK$329 million) and current liabilities were HK$525 million (2008: HK$572 million). As at 31 December 2009, the Group had bank balances of HK$71 million which was placed as short term deposits with major leading banks in Hong Kong and the PRC.

The Group generally finances its operations with internally generated cash flows while part of the capital expenditure of the chemical business was financed with credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2009, the Group had outstanding bank borrowings of HK$372 million (2008: HK$427 million). Due to the completion of chemical production facilities and decrease in capital expenditure, the Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) has significantly decreased from 0.51 as at 31 December 2008 to 0.33 as at 31 December 2009.

As per our company policy, the Group only provided corporate guarantee instead of assets as collaterals for all bank borrowings. Hence, the Group chose to finance part of its chemical business's expenditure in the form of one year short term revolving loans. Since these loans could be utilized continuously, with steady and strong cash flows generated from operating activities and also with unutilized bank facilities of HK$465 million, the Group's financial position is strong enough to meet its capital commitments and working capital requirements.

Capital Commitments

As at 31 December 2009, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment and acquisition of land use rights in amount of HK$20.85 million and HK$22.29 million respectively.

PLEDGE OF ASSETS

As at 31 December 2009, the Group did not have any assets pledged for general facilities.

HUMAN RESOURCES

At 31 December 2009, the Group had a workforce of more than 5,000 people. The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

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

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009 except where stated and explained below.

The Group has an Executive Chairman. No individual has been appointed as a chief executive officer. The Executive Chairman with the assistance of the Group's senior management team oversees and manages the Group's business. Other functions normally undertaken by a chief executive officer of a company are delegated to members of the Group's senior management team. This structure deviates from the code provision of Code that requires the roles of the chairman and the chief executive officer to be separate and not performed by the same individual. The Directors has considered this matter carefully and decided not to adopt the provision. The Directors believe that the current management structure has been effective in facilitating the operation and development of the Group and its business for a considerable period of time and that the necessary checks and balances consistent with sound corporate governance practices are in place. Accordingly, the Directors do not envisage the Group should change its current management structure. However, the Directors will review the management structure from time to time to ensure it continues to meet these objectives.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the Group's external auditors, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of connected transactions and the consolidated financial statements.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held on 24 May 2010. The Notice of the Annual General Meeting will be published in the company's website and sent to the shareholders of the Company in due course.

On behalf of the Board
Wai Siu Kee
Chairman

Hong Kong, 7 April 2010

As at the date of this announcement, the Board comprises of 4 executive directors, namely, Ms. Wai Siu Kee, Ms. Poon Lai Ming, Mr. Lee Man Yan and Mr. Kung Phong, and 3 independent non-executive directors, namely, Mr. Heng Kwoo Seng, Mr. Wan Chi Keung, Aaron JP and Mr. Wong Kai Tung, Tony .