



理文造紙有限公司*

Lee & Man Paper Manufacturing Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2314)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

FINANCIAL HIGHLIGHTS

- Turnover increased by 7.3% to HK\$9,649 million
- Profit attributable to equity holders of the Company decreased by 79.0% to HK\$302 million
- Basic earnings per share decreased by 79.0% to HK26.56 cents

ANNUAL RESULTS

The Board of Directors (the “Board”) of Lee & Man Paper Manufacturing Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue	3	9,649,365	8,996,113
Cost of sales		(8,606,348)	(6,843,488)
Gross profit		1,043,017	2,152,625
Other income		190,422	221,099
Net loss from fair value changes of derivative financial instruments		(10,919)	(177,552)
Loss on disposal of subsidiaries		(1,820)	—
Distribution and selling expenses		(253,244)	(272,326)
Administrative expenses		(411,143)	(338,313)
Share of loss of an associate		—	(1)
Finance costs		(218,843)	(86,386)
Profit before tax		337,470	1,499,146
Income tax expense	4	(37,111)	(68,026)
Profit for the year	5	<u>300,359</u>	<u>1,431,120</u>
Attributable to:			
Equity holders of the Company		302,117	1,441,329
Minority interests		(1,758)	(10,209)
		<u>300,359</u>	<u>1,431,120</u>
Dividends	6	<u>170,607</u>	<u>409,233</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	7		
— Basic		<u>26.56</u>	<u>127.22</u>
— Diluted		<u>26.56</u>	<u>126.66</u>

CONSOLIDATED BALANCE SHEET

At 31 March 2009

	<i>Notes</i>	2009 HK\$'000	2008 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		12,222,870	10,005,464
Prepaid lease payments		336,513	323,705
Deposits paid for acquisition of property, plant and equipment and land use rights		314,951	918,844
Interests in an associate		—	—
Deferred tax assets		55,000	29,796
Retirement benefit assets		202	728
		<u>12,929,536</u>	<u>11,278,537</u>
CURRENT ASSETS			
Inventories		1,635,918	2,499,167
Prepaid lease payments		14,018	17,045
Trade and other receivables	8	2,146,879	2,727,887
Amounts due from an associate		253,999	141,936
Amounts due from related companies		22,129	6,516
Derivative financial instruments		5,064	25,224
Tax recoverable		7,664	—
Restricted bank deposits		1,908	489
Bank balances and cash		1,659,444	318,188
		<u>5,747,023</u>	<u>5,736,452</u>
CURRENT LIABILITIES			
Derivative financial instruments		97,854	192,544
Trade and other payables	9	848,933	1,391,649
Tax payable		5,259	5,452
Bank and other borrowings		4,738,379	2,781,310
		<u>5,690,425</u>	<u>4,370,955</u>
NET CURRENT ASSETS		<u>56,598</u>	<u>1,365,497</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,986,134</u>	<u>12,644,034</u>
NON-CURRENT LIABILITIES			
Derivative financial instruments		139,347	162,307
Other payables		364,042	—
Bank and other borrowings		3,803,321	4,319,534
Deferred tax liabilities		212,579	108,470
Retirement benefit liabilities		—	19,414
		<u>4,519,289</u>	<u>4,609,725</u>
		<u>8,466,845</u>	<u>8,034,309</u>
CAPITAL AND RESERVES			
Share capital		113,738	113,738
Reserves		8,353,107	7,930,873
Equity attributable to equity holders of the Company		8,466,845	8,044,611
Minority interests		—	(10,302)
Total equity		<u>8,466,845</u>	<u>8,034,309</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange and by the Hong Kong Companies Ordinance.

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating businesses — manufacture and sales of paper, and manufacture and sales of pulp. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses where inter-segment sales are charged at prices with reference to the prevailing market rates is presented below:

2009

Income statement

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
External sales	9,280,495	368,870	—	9,649,365
Inter-segment sales	<u>—</u>	<u>138,237</u>	<u>(138,237)</u>	<u>—</u>
	<u>9,280,495</u>	<u>507,107</u>	<u>(138,237)</u>	<u>9,649,365</u>
SEGMENT RESULTS	<u>534,036</u>	<u>(52,468)</u>	<u>—</u>	481,568
Net loss from fair value changes of derivative financial instruments				(10,919)
Unallocated corporate income				91,708
Unallocated corporate expenses				(6,044)
Finance costs				<u>(218,843)</u>
Profit before tax				337,470
Income tax expense				<u>(37,111)</u>
Profit for the year				<u>300,359</u>

Assets and liabilities

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	15,859,474	582,539	16,442,013
Unallocated corporate assets			<u>2,234,546</u>
Consolidated total assets			<u><u>18,676,559</u></u>
LIABILITIES			
Segment liabilities	329,975	8,246	338,221
Unallocated corporate liabilities			<u>9,871,493</u>
Consolidated total liabilities			<u><u>10,209,714</u></u>

Other information

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions to prepaid lease payments	17,578	—	17,578
Amortisation of prepaid lease payments	21,590	—	21,590
Capital expenditure	2,021,729	437,113	2,458,842
Deposits paid for acquisition of property, plant and equipment and land use rights	314,951	—	314,951
Depreciation of property, plant and equipment	398,040	7,531	405,571
Loss on disposal of property, plant and equipment	<u>8,293</u>	<u>—</u>	<u>8,293</u>

2008**Income statement**

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
External sales	8,403,963	592,150	—	8,996,113
Inter-segment sales	<u>—</u>	<u>382,002</u>	<u>(382,002)</u>	<u>—</u>
	<u>8,403,963</u>	<u>974,152</u>	<u>(382,002)</u>	<u>8,996,113</u>
SEGMENT RESULTS				
	<u>1,611,009</u>	<u>74,147</u>	<u>—</u>	1,685,156
Net loss from fair value changes of derivative financial instruments				(177,552)
Unallocated corporate income				81,280
Unallocated corporate expenses				(3,351)
Share of loss of an associate				(1)
Finance costs				<u>(86,386)</u>
Profit before tax				1,499,146
Income tax expense				<u>(68,026)</u>
Profit for the year				<u>1,431,120</u>

Assets and liabilities

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	15,672,449	333,074	16,005,523
Unallocated corporate assets			<u>1,009,466</u>
Consolidated total assets			<u>17,014,989</u>
LIABILITIES			
Segment liabilities	700,024	47,719	747,743
Unallocated corporate liabilities			<u>8,232,937</u>
Consolidated total liabilities			<u>8,980,680</u>

Other information

	Paper <i>HK\$'000</i>	Pulp <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions to prepaid lease payments	80,816	—	80,816
Amortisation of prepaid lease payments	19,139	—	19,139
Capital expenditure	4,240,308	77,995	4,318,303
Deposits paid for acquisition of property, plant and equipment and land use rights	918,844	—	918,844
Depreciation of property, plant and equipment	256,816	11,270	268,086
Loss on disposal of property, plant and equipment	<u>166</u>	<u>—</u>	<u>166</u>

Geographical segments

The following table provides an analysis of the Group's sales by geographical market based on location of customers, others mainly include countries in Asia other than the PRC.

	Sales revenue by geographical market	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
People's Republic of China (the "PRC") other than Hong Kong	9,243,796	7,686,882
Iran	14,361	88,947
United Arab Emirates	3,283	48,880
United States of America	3,032	84,597
Europe	—	188,822
Others	<u>384,893</u>	<u>897,985</u>
	<u>9,649,365</u>	<u>8,996,113</u>

The following is an analysis of the carrying amount of segment assets and capital expenditure, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
PRC	14,731,650	15,242,809	2,068,782	4,178,226
Vietnam	484,207	424,154	389,811	62,068
United States of America	—	333,075	—	77,995
Hong Kong	<u>1,226,156</u>	<u>5,485</u>	<u>249</u>	<u>14</u>
	<u>16,442,013</u>	<u>16,005,523</u>	<u>2,458,842</u>	<u>4,318,303</u>

4. INCOME TAX EXPENSE

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
The charge comprises:		
Current tax		
— PRC Enterprise Income Tax	7,850	14,997
— Overseas income tax	41	61
Overprovision in previous year		
— PRC Enterprise Income Tax	—	(3,721)
Deferred tax	<u>29,220</u>	<u>56,689</u>
	<u><u>37,111</u></u>	<u><u>68,026</u></u>

The Group's profit is subject to taxation from the place of its operations where its profit is generated. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

PRC

The subsidiaries in the PRC are entitled to exemption from PRC Enterprise Income Tax for two years starting from their respective first profit-making year, followed by a 50% relief for the three years thereafter ("Tax Holiday").

All the Group's PRC subsidiaries were within the tax exemption period during the year ended 31 March 2009 and were therefore not subject to PRC Enterprise Income Tax for the year, except the following:

The tax exemption period of a subsidiary, Guangdong Lee & Man Paper Manufacturing Limited ("Guangdong Lee & Man") expired on 31 December 2008 and its applicable preferential tax rate is 12.5% for the period from 1 January 2009 to 31 December 2011. Besides, pursuant to approvals granted by the PRC tax authority, Guangdong Lee & Man was granted tax credits that resulted from the purchase of plant and equipment manufactured in the PRC by Guangdong Lee & Man. Current year's tax charge of Guangdong Lee & Man was fully offset by such credits.

The tax exemption period of a subsidiary, Jiangsu Lee & Man Paper Manufacturing Company Limited ("Jiangsu Lee & Man") expired on 31 December 2006 and it is subject to a reduced tax rate of 9% and 10% for the calendar years of 2008 and 2009, respectively.

The Tax Holiday of a subsidiary, Dongguan Lee & Man Paper Factory Co., Ltd. ("Dongguan Lee & Man") expired on 31 December 2005 and it is subject to a preferential tax rate of 18% and 20% for the calendar years of 2008 and 2009, respectively. Based on the Guofa [2007] No. 39 released by the State Council of the PRC, Dongguan Lee & Man is entitled to such preferential treatment as its investment exceeds USD30,000,000 with a long period of recovering investment.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the Tax Law. The Tax Law and Implementation Regulations increase the tax rate for the Group's PRC subsidiaries to 25% with effect from the expiry of the Tax Holiday and in the case of Jiangsu Lee & Man and Dongguan Lee & Man, they are on a progressive basis over a period of five years.

Malaysia

The subsidiary in Malaysia carries on offshore trading activities in Labuan, with other group companies which are non-residents of Malaysia. As such, it is qualified as an offshore trading company in Labuan and is charged at a fixed annual rate of Malaysian RM20,000.

Macau

The Macau subsidiaries incorporated under Decree-Law no. 58/99/M are exempted from Macau complementary tax (Macau income tax) as long as they comply with the relevant regulations and do not sell their products to a Macau resident.

United States

The subsidiary in the United States is subject to Federal Income Tax and California State Income Tax (collectively refer to as "US Income Tax") at rates of 35% and 8.84%, respectively. No provision for US Income Tax has been made for the year.

Vietnam

The Vietnam subsidiaries are subjected to Vietnam Corporate Income Tax at a maximum rate of 25%. No provision for Vietnam Corporate Income Tax has been made for the year as the Vietnam subsidiaries incurred losses for the year.

5. PROFIT FOR THE YEAR

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	9,022	8,265
Staff salaries and other benefits, excluding those of directors	360,811	314,612
Share-based payments, excluding those of directors	4,800	8,224
Contributions to retirement benefit schemes, excluding those of directors	<u>17,045</u>	<u>14,070</u>
Total employee benefit expense	<u>391,678</u>	<u>345,171</u>
Amortisation of prepaid lease payments	21,590	19,139
Auditors' remuneration	3,752	2,953
Cost of inventories recognised as expenses (<i>note</i>)	8,606,348	6,843,488
Depreciation of property, plant and equipment	405,571	268,086
Loss on disposal of property, plant and equipment	8,293	166
Operating lease rentals in respect of land and buildings	<u>6,768</u>	<u>8,535</u>

note: Included in cost of sales is a write-down of inventories amounting to HK\$42,000,000 (2008: Nil).

6. DIVIDENDS

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Dividends recognised as distribution:		
2008 final dividend of HK\$0.10 (2008: 2007 final dividend of HK\$0.20) per share	113,738	227,316
2009 interim dividend of HK\$0.05 (2008: 2008 interim dividend of HK\$0.16) per share	<u>56,869</u>	<u>181,917</u>
	<u>170,607</u>	<u>409,233</u>

No final dividend was proposed for the year ended 31 March 2009, nor has any dividend been proposed since the balance sheet date (2008: 2008 final dividend of HK\$0.10 per share proposed).

7. EARNINGS PER SHARE

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings for the purpose of basic earning per share	302,117	1,441,329
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds	—	2,082
Gain from fair value change of derivative embedded in the convertible bonds	<u>—</u>	<u>(3)</u>
Earnings for the purpose of diluted earning per share	<u>302,117</u>	<u>1,443,408</u>
	2009	2008
	<i>Number of</i>	<i>Number of</i>
	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,137,380,412	1,132,949,789
Effect of dilutive potential ordinary shares:		
Share options	—	2,655,629
Convertible bonds	<u>—</u>	<u>3,949,263</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,137,380,412</u>	<u>1,139,554,681</u>

The computation of diluted earnings per share for the year ended 31 March 2009 does not assume the exercise of the Group's outstanding share options as the exercise prices of those options are higher than the average market price.

8. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade and bills receivables of HK\$1,387,512,000 (2008: HK\$2,234,782,000).

The Group generally allows an average credit period of 60 days to 90 days to its customers. An ageing analysis of the trade and bills receivables is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Aged:		
Less than 30 days	990,808	1,257,486
31–60 days	316,046	545,117
61–90 days	54,140	286,433
90–120 days	13,779	73,753
Over 120 days	<u>12,739</u>	<u>71,993</u>
	<u><u>1,387,512</u></u>	<u><u>2,234,782</u></u>

9. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade and bills payables of HK\$338,221,000 (2008: HK\$747,743,000).

The average credit period taken for trade purchases range from 30 to 60 days. An ageing analysis of the trade and bills payables is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Aged:		
Less than 30 days	232,636	665,148
31–60 days	44,888	48,584
61–90 days	15,041	17,161
Over 90 days	<u>45,656</u>	<u>16,850</u>
	<u><u>338,221</u></u>	<u><u>747,743</u></u>

FINAL DIVIDEND

The Directors do not recommend a final dividend for the year ended 31 March 2009 to shareholders.

BUSINESS REVIEW AND OUTLOOK

Business Review

For the fiscal year of 2008/2009, the Group achieved a turnover of HK\$9,649 million and has recorded a profit attributable to equity holders of the Company of HK\$302 million. During the year, the Group recorded unprecedented losses in the third quarter due to global financial tsunami resulting in a sharp contraction of the market and drop in our selling prices which greatly impacted on the full year's results of the Group.

During the year, our PM12 in Hongmei plant and PM13 in Chongqing plant commenced production, and thereby boosting the Group's total annual containerboard capacity to 3.76 million tons. As the global economic situation slowly improves, our fourth quarter's performance was back within normal range in terms of sales volume and profitability. The management remains optimistic about the future.

Outlook

The management believes that the worst is definitely over. Our 165,000 tons per annum pulp production line at Chongqing plant is now in trial production phase. While not increasing the debt level, we are now planning to start PM16 to meeting the growing demands of containerboard. Further, the Group will start the production of fine paper to take full advantage of our own forest and pulp resources.

In the meantime, the management will focus on cost control, sales network expansion, more value-added services to our customers, and products diversification. Financially, the management will focus on improvement of cash flow and debt reduction, which includes the postponement of our Vietnam expansion plans and the reduction of working capital needs in order to increase our competitiveness. When the global economic situation improves, we expect to generate higher profits and a better return for our shareholders and potential investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operation

Turnover and net profit attributable to equity holders of the Company for the year ended 31 March 2009 was HK\$9,649 million and HK\$302 million, representing an increase of 7.3% and a decrease of 79.0%, as compared to HK\$8,996 million and HK\$1,441 million, respectively, for last year. The basic earnings per share for the year was HK26.56 cents when compared with HK127.22 cents for last year.

The increase in turnover was mainly attributable to the increase in the Group's sales of containerboard due to the result of the full year commercial operation of PM9, PM10 and PM11 and commercial operation of PM12 and PM13 during the year.

As a result of financial tsunami causing a sharp contraction of the market which in turn led to the decline in customer orders and drop in selling price during the third quarter of the financial year, the Group recorded a significant decrease in net profit for the year ended 31 March 2009.

Distribution and Selling Expenses

The Group's distribution and selling expenses was HK\$253 million for the year ended 31 March 2009 as compared to HK\$272 million for the year ended 31 March 2008. It represented about 2.6% of the turnover for the year ended 31 March 2009 and was slightly decreased as compared to that of 3.0% for the year ended 31 March 2008.

Administrative Expenses

The Group's administrative expenses increased by approximately 22% from HK\$338 million for the year ended 31 March 2008 to HK\$411 million for the year ended 31 March 2009 as a result of the expansion in the operation of the Group and the increase in the Group's turnover during the year.

Finance Costs

The Group's finance costs was HK\$219 million for the year ended 31 March 2009 as compared to HK\$86 million for the year ended 31 March 2008. The increase was mainly due to the increase in average amount of outstanding bank borrowings during the year.

Inventories, Debtors' and Creditors' Turnover

The inventory turnover of the Group's raw materials and finished products were 66 days and 20 days, respectively, for the year ended 31 March 2009 as compared to 105 days and 11 days, respectively, for the year ended 31 March 2008. The significantly improved inventory turnover days was due to the reduced raw material costs and the reduction of stock up period.

The Group's debtors' turnover days were 41 days for the year ended 31 March 2009 as compared to 69 days for the year ended 31 March 2008. The debtors' turnover days shortened significantly due to tighter controls and better receivables management.

The Group's creditors' turnover days were 19 days for the year ended 31 March 2009 as compared to 37 days for the year ended 31 March 2008 as the Group settled much of its creditors' balances near year end. The creditors' turnover days were expected to improve going forward given the Group's higher bargaining power in light of the industry consolidation.

Liquidity, Financial Resources and Capital Structure

The total shareholders' fund of the Group as at 31 March 2009 was HK\$8,467 million (31 March 2008: HK\$8,034 million). As at 31 March 2009, the Group had current assets of HK\$5,747 million (31 March 2008: HK\$5,736 million) and current liabilities of HK\$5,690 million (31 March 2008: HK\$4,371 million). The current ratio was 1.01 as at 31 March 2009 as compared to 1.31 at 31 March 2008.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 March 2009, the Group had outstanding bank borrowings of HK\$8,542 million (31 March 2008: HK\$7,101 million). These bank loans were secured by corporate guarantees provided by certain subsidiaries of the Company. As at 31 March 2009, the Group maintained bank balances and cash of HK\$1,659 million (31 March 2008: HK\$318 million). The Group's net debt-to-equity ratio (total borrowings net of cash and cash equivalents over shareholders' equity) decreased from 0.84 as at 31 March 2008 to 0.81 as at 31 March 2009.

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group's transactions and the monetary assets are principally denominated in Hong Kong dollars, Renminbi or United States dollars. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the year ended 31 March 2009. During the year ended 31 March 2009, the Group has used currency structured instruments, foreign currency borrowings or other means to hedge its foreign currency exposure.

Employees

As at 31 March 2009, the Group had a workforce of about 7,000 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group also provides internal training to staff and provides bonuses based upon staff performance and profits of the Group.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

The Group has a Share Option Scheme whereby employees of the Group are granted options to acquire shares in the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Corporate Governance

The Company is committed to maintaining high standards of corporate governance. The Board of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests. During the year under review, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited.

The objectives of the management structures within the Group, headed by the Board and led by the Chairman, are to deliver sustainable value to Shareholders.

The Chairman provides leadership to and oversees the effective functioning of the Board. With support of the Chief Executive Officer and the Company Secretary, the Chairman approves Board meeting agenda, and ensures Directors have proper briefing, and timely receive adequate and reliable information, on all Board matters.

The role of the Chairman is separate from that of the Chief Executive Officer, and difference persons hold the separate offices. Chief Executive heads the management and focuses on the day-to-day operations of the Group.

AUDIT COMMITTEE

The Audit Committee has reviewed with management, the Group's consolidated financial statements for the year ended 31 March 2009, the accounting principles and practices adopted and discussed auditing, internal controls, and financial reporting matters.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2004. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2009. The Model Code also applies to other specified senior management of the Group.

PUBLICATION OF RESULTS OF THE STOCK EXCHANGE

A detailed results announcement containing all the information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of the Board
Lee Wan Keung, Patrick
Chairman

Hong Kong, 20 July 2009

As at the date of this notice, the board of directors of the Company comprises four executive directors, namely Mr Lee Wan Keung Patrick, Mr Lee Man Chun Raymond, Mr Lee Man Bun and Mr Li King Wai Ross, one non-executive director, namely Professor Poon Chung Kwong and three independent non-executive directors, namely Mr Wong Kai Tung Tony, Mr Peter A Davies and Mr Chau Shing Yim David.

* *for identification purposes*