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## **DeTeam Company Limited**

**弘海有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 65)

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009**

#### **HIGHLIGHTS**

- Turnover of the Group for the year ended 31 December 2009 was approximately HK\$327 million, representing a decrease of approximately 10 per cent. as compared with that of the year ended 31 December 2008.
- The Group recorded a profit attributable to shareholders of approximately HK\$32 million for the year ended 31 December 2009, compared with a profit of approximately HK\$51 million for the year ended 31 December 2008.
- The Directors recommend the declaration of a final dividend of HK1.9 cents per share for the year ended 31 December 2009 and recommend the issue of bonus shares on the basis of one bonus share for every five existing shares being held.

#### **ANNUAL RESULTS**

The board of Directors (the “Board”) is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to the “Group”) for the year ended 31 December 2009 together with the comparative figures for the year ended 31 December 2008 as follows:

\* For identification purpose only

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

		2009	2008
	Note	HK\$'000	HK\$'000
<b>Turnover</b>	4	<b>327,259</b>	364,150
Cost of sales		<u>(251,771)</u>	<u>(272,438)</u>
<b>Gross profit</b>		<b>75,488</b>	91,712
Other income	5	<b>1,555</b>	4,827
Income from excess of fair value over cost of acquisition of a subsidiary		–	414
Selling and distribution expenses		<b>(2,390)</b>	(6,490)
Administrative expenses		<b>(28,457)</b>	(21,935)
Other operating expenses		<b>(293)</b>	(242)
<b>Profit from operations</b>		<b>45,903</b>	68,286
Finance costs	7	<b>(2,524)</b>	(344)
<b>Profit before tax</b>		<b>43,379</b>	67,942
Income tax expense	8	<b>(11,778)</b>	(14,109)
<b>Profit for the year</b>	9	<b><u>31,601</u></b>	<b><u>53,833</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b>32,170</b>	50,956
Minority interests		<b>(569)</b>	2,877
		<b><u>31,601</u></b>	<b><u>53,833</u></b>
<b>Earnings per share</b>	11		(Restated)
– Basic		<b><u>6.33 cents</u></b>	<u>10.03 cents</u>
– Diluted		<b><u>N/A</u></b>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>31,601</b>	53,833
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	<b>407</b>	12,384
<b>Other comprehensive income for the year, net of tax</b>	<b>407</b>	12,384
<b>Total comprehensive income for the year</b>	<b>32,008</b>	66,217
<b>Attributable to:</b>		
Owners of the Company	<b>32,405</b>	60,946
Minority interests	<b>(397)</b>	5,271
	<b>32,008</b>	66,217

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2009*

	<i>Note</i>	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		326,527	159,318
Prepaid land lease payments		2,745	2,802
Intangible asset		88,636	76,365
Investment in an associate		–	–
		<b>417,908</b>	238,485
<b>Current assets</b>			
Inventories		39,138	42,222
Prepaid land lease payments		76	76
Trade receivables	12	106,284	82,140
Deposits, prepayments and other receivables		60,866	25,687
Pledged and restricted bank deposits		11,549	4,546
Bank and cash balances		57,855	142,241
		<b>275,768</b>	296,912
<b>Current liabilities</b>			
Trade payables	13	4,981	13,293
Accrued charges and other payables		73,358	17,537
Bank loans		44,781	7,947
Current tax liabilities		1,645	5,775
		<b>124,765</b>	44,552
<b>Net current assets</b>		<b>151,003</b>	252,360
<b>Total assets less current liabilities</b>		<b>568,911</b>	490,845
<b>Non-current liabilities</b>			
Bank loans		7,810	–
Deferred tax liabilities		5,315	2,863
		<b>13,125</b>	2,863
<b>NET ASSETS</b>		<b>555,786</b>	487,982
<b>Capital and reserves</b>			
Share capital		50,826	42,355
Other reserves		313,435	321,671
Retained profits		40,358	17,845
Proposed final dividend		9,657	16,095
Equity attributable to owners of the Company		<b>414,276</b>	397,966
Minority interests		<b>141,510</b>	90,016
<b>TOTAL EQUITY</b>		<b>555,786</b>	487,982

*Notes:*

**1. General**

The Company was incorporated in the Cayman Islands on 7 April 2000 as an exempted company with limited liability under the Companies Law (2000 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its business office is Suite no. 3, 31st floor, Sino Plaza, 255-257 Gloucester Road, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing and sale of plastic woven bags, paper bags and plastic barrels and sale of coal.

**2. Adoption of new and revised Hong Kong Financial Reporting Standards**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

**(a) Presentation of financial statements**

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

**(b) Operating segments**

HKFRS 8 "Operating Segments" 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 in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in Note 6 below.

## 2. Adoption of new and revised Hong Kong Financial Reporting Standards (continued)

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

## 3. Basis of preparation

These financial statements have been prepared in accordance with HKFRSs' accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

## 4. Turnover

The Group's turnover which represents sales of bags and barrels to customers and sales of coal are as follows:

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Sales of bags and barrels	<b>253,368</b>	304,015
Sales of coal	<b>73,891</b>	60,135
	<u><b>327,259</b></u>	<u>364,150</u>

## 5. Other income

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest income	<b>1,130</b>	3,427
Reversal of impairment on loan receivable from an associate	<b>422</b>	1,400
Sundry income	<b>3</b>	–
	<u><b>1,555</b></u>	<u>4,827</u>

## 6. Segment information

The Group has two reportable segments as follows:

- Bags – Manufacture and sale of plastic woven bags, paper bags and plastic barrels; and
- Coal – Trading and distribution of coal.

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

Segment profit or loss represents the profit earned by each segment without allocation of corporate income and expense, central administration costs, interest income and finance costs.

There were no intersegment sales during the year (2008: HK\$Nil). Segment assets excluded corporate assets. Segment liabilities excluded corporate liabilities.

### Information about reportable segment profit or loss, assets and liabilities:

	<b>Bags</b> <i>HK\$'000</i>	<b>Coal</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2009</b>			
Revenue from external customers	<u>253,368</u>	<u>73,891</u>	<u>327,259</u>
Segment profit/(loss)	<u>43,296</u>	<u>(1,287)</u>	<u>42,009</u>
Interest revenue	973	33	1,006
Interest expense	1,119	1,135	2,254
Income tax expenses	8,863	2,915	11,778
Depreciation and amortisation	6,582	1,341	7,923
Capital expenditure	3,270	184,282	187,552
<b>At 31 December 2009</b>			
Segment assets	<u>276,900</u>	<u>428,580</u>	<u>705,480</u>
Segment liabilities	<u>70,148</u>	<u>91,564</u>	<u>161,712</u>

**6. Segment information (continued)**

**Information about reportable segment profit or loss, assets and liabilities: (continued)**

	<b>Bags</b> <i>HK\$'000</i>	<b>Coal</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Year ended 31 December 2008</b>			
Revenue from external customers	<u>304,015</u>	<u>60,135</u>	<u>364,150</u>
Segment profit	<u>49,945</u>	<u>7,532</u>	<u>57,477</u>
Interest revenue	176	777	953
Interest expense	344	–	344
Income tax expenses	10,413	3,696	14,109
Depreciation and amortisation	4,980	486	5,466
Loss on disposals of property, plant and equipment	40	46	86
Written off of property, plant and equipment	156	–	156
Capital expenditure	14,053	104,369	118,422
<b>At 31 December 2008</b>			
Segment assets	<u>216,416</u>	<u>266,338</u>	<u>482,754</u>
Segment liabilities	<u>38,267</u>	<u>34,207</u>	<u>72,474</u>



6. Segment information (continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
<b>Revenue</b>	<b>327,259</b>	364,150
<b>Profit or loss</b>		
Total profit or loss of reportable segments	42,009	57,477
Interest revenue	1,130	3,427
Interest expense	(2,524)	(344)
Income from excess of fair value over cost of acquisition of a subsidiary	–	414
Reversal of impairment loss in associate	422	1,400
Unallocated corporate income	–	–
Unallocated corporate expenses	(9,436)	(8,541)
Consolidated profit for the year	<b>31,601</b>	53,833
<b>Assets</b>		
Total assets of reportable segments	705,480	482,754
Corporate assets	14,446	68,541
Elimination of intersegment assets	(26,250)	(15,898)
Consolidated total assets	<b>693,676</b>	535,397
<b>Liabilities</b>		
Total liabilities of reportable segments	161,712	72,474
Corporate liabilities	17,835	4,129
Elimination of intersegment liabilities	(41,657)	(29,188)
Consolidated total liabilities	<b>137,890</b>	47,415

Geographical information:

	Revenue		Non-current assets	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	–	–	49	68
The People's Republic of China (the "PRC") except Hong Kong	<b>327,259</b>	364,150	<b>417,859</b>	238,417
Consolidated total	<b>327,259</b>	364,150	<b>417,908</b>	238,485

In presenting the geographical information, revenue is based on the locations of the customers.

**6. Segment information (continued)****Revenue from major customers:**

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Bags segment		
Customer a	<b>253,368</b>	304,015
Coal segment		
Customer a	<b>60,173</b>	60,135

**7. Finance costs**

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans and overdrafts	<b>1,638</b>	344
Bank charges	<b>886</b>	–
	<b>2,524</b>	344

**8. Income tax expense**

	<b>2009</b> <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax – Overseas		
Provision for the year	<b>9,286</b>	11,246
Under-provision in prior year	<b>40</b>	–
	<b>9,326</b>	11,246
Deferred tax	<b>2,452</b>	2,863
	<b>11,778</b>	14,109

No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2009 as the Group did not generate any assessable profits arising in Hong Kong during the year (2008: HK\$Nil).

The subsidiary, Changchun Yicheng Packaging Company Limited (“Changchun Yicheng”), operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprise (中華人民共和國外商投資企業和外國企業所得稅法) (the “PRC Income Tax Law”). Changchun Yicheng is located in Hexin Town of High-New Development Zone, Changchun (長春市高新技術開發區合心高科技園). Pursuant to a notice issued by Changchun Green District State Tax Bureau (長春綠園國家稅務局), Changchun Yicheng is exempted from enterprise income tax from 1 May 2006 to 31 December 2007, followed by a 50% relief for the next three years (for the years 2008 to 2010). The tax rate applicable to Changchun Yicheng in the PRC, after the 50% relief, is 12.5%.

## 8. Income tax expense (continued)

The subsidiary, Inner Mongolia Jinyuanli Underground Mining Company Limited, operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law. No provision for enterprise income tax has been made as it has no assessable profit for the year.

The subsidiary, Jilin Province De Feng Commodity Economics and Trade Co., Limited operating in the PRC, is subject to enterprise income tax rate of 25% on its taxable profit in accordance with the PRC Income Tax Law.

## 9. Profit for the year

The Group's profit for the year is stated after charging the following:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Auditor's remuneration		
Current	688	688
Under-provision in prior year	17	–
	<u>705</u>	<u>688</u>
Cost of inventories sold	251,771	272,438
Depreciation of property, plant and equipment	7,882	5,574
Operating lease rentals in respect of land and buildings	838	662
Loss on disposals of property, plant and equipment	–	86
Write off of property, plant and equipment	–	156

Cost of inventories sold includes staff costs and depreciation of approximately HK\$12,380,000 (2008: HK\$11,502,000) which are included in the amounts disclosed separately.

## 10. Dividend and bonus issue of shares

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Final dividend proposed of HK1.9 cents (2008: HK3.8 cents) per share	<u>9,657</u>	<u>16,095</u>

A final dividend in respect of the year 2009 of HK1.9 cents per share, totalling approximately HK\$9,657,000 are proposed by the Board. The dividends are subject to approval by shareholders at the forthcoming annual general meeting ("AGM") and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the number of shares in issue at the date of approval of these consolidated financial statements.

On 12 April 2010, the directors recommended a bonus issue of shares to the shareholders of the Company on the basis of one bonus share for every five shares of the Company being held. The bonus issue of shares are subject to approval by the shareholders at the forthcoming AGM to be held on Wednesday, 4 August 2010. The bonus shares will rank pari passu in all respect with the ordinary shares of the Company and the Company will not allot any fractions of bonus shares.

## 11. Earnings per share

### *Basic earnings per share*

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$32,170,000 (2008: HK\$50,956,000) and the weighted average number of ordinary shares of 508,262,400 (2008 restated: 508,262,400) in issue during the year.

The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share have been retrospectively adjusted to reflect the bonus issue completed on 12 June 2009.

### *Diluted earnings per share*

No diluted earnings per share are presented as the Company did not have any dilutive ordinary shares during the years ended 31 December 2008 and 2009.

## 12. Trade receivables

The general credit terms of sales of bags and barrels are 30 days and sales of coal are 60 days.

The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current to 90 days	<b>59,577</b>	82,140
91 to 180 days	<b>32,673</b>	–
181 to 365 days	<b>14,034</b>	–
	<hr/>	<hr/>
	<b>106,284</b>	82,140
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## 13. Trade payables

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current to 90 days	<b>4,636</b>	12,835
91 to 180 days	<b>341</b>	442
181 to 270 days	–	–
271 to 360 days	–	16
Over 360 days	<b>4</b>	–
	<hr/>	<hr/>
	<b>4,981</b>	13,293
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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

In 2009, the Group's main businesses were the production and sale of plastic woven bags and the trading of coal in the PRC. As the excavation of the underground coal mine is still under way, the plastic woven bags business still dominates the Group's businesses in 2009. As a result of a drastic change in the product mix of the customers, the Group's plastic woven bags business was affected. But implementation of stringent costs control measures enabled the Group to maintain its profit margin.

The Group successfully transferred the listing from GEM to the Main Board on 22 June 2009. The Directors believe that the listing of the Company's shares (the "Shares") on the Main Board will enhance the profile of the Group and increase the trading liquidity of the Shares and provide a better market profile for the Group with institutional and retail investors. The Directors consider that the listing of the Shares on the Main Board will be beneficial to the future growth, financial flexibility and business development of the Company.

吉林省德峰物資經貿有限責任公司 (Jilin Province De Feng Commodity Economics and Trade Co., Limited) ("De Feng")'s principal business was the sale of coal. Due to an early and bitter cold winter in the PRC in 2009, in order to ensure electricity supply stability, all railways were deployed for transportation of coal to major power stations as top priority. With regard to the sale of coal for other purposes, there was not sufficient railway capacity because of costs reason and coal sold for other purposes was transported through trucks or not at all in some circumstances and as a result De Feng's business was affected significantly.

In relation to the underground coal trading joint venture arrangement with YuanYuan, having overcome numerous difficulties and hindrances in 2009, the underground coal mine commenced trial production on 5 February 2010. According to the relevant coal mining permit approval, the annual permitted amount of production is 1.2 million tons. Our Company has been permitted to sell the engineering coal in the underground coal mine and has undergone a one-off review for all aspects of the relevant constructions and installations, with the hope of the formal production in the second half of this year.

### **Financial Review**

Due to the impact of the financial tsunami in the first half of the year and as the result of the drastic change in the product mix of the customers, the Group's profits for the year were undoubtedly affected to a certain extent. For the year ended 31 December 2009, the Group's turnover was approximately HK\$327,259,000, representing a decrease of approximately HK\$36,891,000 as compared with approximately HK\$364,150,000 last year. The revenue was mainly generated from Changchun Yicheng Packaging Company Limited ("Yicheng"). Although the Group's turnover for the year ended 31 December 2009 decreased compared with last year but implementation of stringent costs control measures enabled the Group to maintain its profit margin. Consequently, profit attributable to shareholders for the year ended 31 December 2009 reduced to approximately HK\$32,170,000 as compared to approximately HK\$50,956,000 in

2008. The result of the Group's coal business for the year ended 31 December 2009 as reflected in the segmental information included pre-operation expenditures and excavation costs for the underground coal mine of approximately HK\$10,185,000 and profit from distribution of coal of approximately HK\$8,898,000.

Selling expenses for 2009 totaling approximately HK\$2,390,000 as compared with approximately HK\$6,490,000 in 2008. Administrative expenses for 2009 totaling approximately HK\$28,457,000 in 2009 (2008: approximately HK\$21,935,000) in which there was a one-off transfer listing expenses of approximately HK\$2,600,000 incurred during the year of 2009. The excavation costs for the underground coal mine peaked, therefore, the general expenses and costs were higher than the previous year.

The Group entered into a special loan Guarantee Scheme operated by the Government of the Hong Kong Special Administrative Region in the amount of HK\$12,000,000 in September 2009. We applied the loan for the Group's general working purpose.

Yicheng entered into a number of short term loans of approximately HK\$41,000,000 which were secured by Yicheng's trade receivables. Yicheng applied the loans for the Group's general working purpose.

The Group expects that the underground coal mine will contribute a substantial amount of its profits to the Group in 2010. With the success of the underground coal mine, the Group will continue to seek other coal related investment opportunities with the aim to achieve satisfactory return to the shareholders.

## **Prospects**

After a construction period of almost three years, the underground coal mine has commenced trial production. Approximately half a year is required for adjustments and the testing of trial operations as well as obtaining approvals from government departments. It is estimated that the underground coal mine will be able to commence formal production in the second half of this year. At that time, the underground coal mine will become another locomotive of the Group. In order to bring considerable revenues for the shareholder and for the success of the underground coal mine, the Group will continue to seek other coal related investment opportunities with the aim to achieve satisfactory return to the shareholders.

## **Capital structure, liquidity and financial resources**

As a result of the bonus issue of Shares on the basis of one bonus share for every five then existing share in 2009, the Company has a total number of 1,200,000,000 authorised Shares and its issue share capital is 508,262,400 shares.

As at 31 December 2009, the Group had cash and cash equivalents amounting to approximately HK\$58 million. Additionally, the Group's gearing ratio was 0.01 which was based on the division of long-term liabilities by shareholders' funds. The Group's liquidity ratio was 2.21.

### **Foreign currency risk**

The Group's sales and purchase are mainly transacted in Renminbi and the books are recorded in Hong Kong dollar. Since the exchange rate fluctuation between Hong Kong dollar and Renminbi is very small, the foreign exchange risk is very low and no hedging has been made.

### **Contingent liabilities**

As at 31 December 2009, the Group did not have any material contingent liabilities.

### **Employee information**

As at 31 December 2009, the Group employed a total of 674 full-time employees. The Group has entered into employment contracts with all of its employees. The remuneration package for its staff comprises of monthly salary, provident fund contributions, medical claims, training programmes, housing allowance and discretionary options based on their contribution to the Group.

During the year under review, the Group had not experienced any significant labour disputes which led to the disruption of its normal business operations. The Directors consider the Group's relationship with its employees to be good.

### **Audit Committee**

The Company established an audit committee on 16 August 2001, comprising the independent non-executive Directors, namely Mr. Kwok Chi Shing, Mr. Tsang Wai Sum and Mr. Yu Yang. The written terms of reference of the audit committee comply with the Listing Rules. The primary duties of the audit committee of the Company are to review the Company's annual report and financial statements, half-year report and quarterly reports and to provide advices and comments thereon to the Board. The audit committee of the Board will also be responsible for supervising and reviewing the financial reporting process and internal control system of the Group.

The audit committee of the Company held four meetings during the year. The audit committee has reviewed the annual results for the year ended 31 December 2009.

### **Material acquisitions and significant investment**

The Group had no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2009 and currently it has no plan for material investments or capital assets.

### **Corporate governance**

The Company has complied with the code on Corporate Governance practice (the "Corporate Governance Code") as set out in Appendix 14 to the Rule Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2009.

### **Model Code for Securities Transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issues (the “Model Code”) as set out in the Appendix 10 to the Listing Rules as the code of conduct to regulate securities transactions by Directors of the Company. Having made specific enquiries of all Directors, all of them confirmed that they have strictly complied with the Model Code throughout the year ended 31 December 2009.

### **Publication of Final Results on the Websites of the Stock Exchange and the Company**

This announcement will be published on the websites of Stock Exchange and the Company. The annual report for the year containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published in the websites of the Stock Exchange and the Company in due course.

### **Dividends and Bonus Issue of Shares**

The Board of Directors recommended a final dividend of HK1.9 cents per share (2008: HK3.8 cent) and the issue of bonus share on the basis of one bonus share for every five existing share being held to the shareholders registered in the Company’s Register of Members as at the close of business on Monday, 25 October 2010. The necessary resolutions will be proposed at the forthcoming Annual General Meeting.

### **Annual General Meeting**

The 2009 Annual General Meeting of the Company will be held on Wednesday, 4 August 2010 and the Notice of Annual General Meeting will be published and dispatched in the manner as required by the Listing Rules.

### **Closing of Register of Members**

The Register of Members will be closed from Tuesday, 26 October 2010 to Tuesday, 2 November 2010 (both days inclusive). In order to establish entitlements to the proposed final dividend and bonus issue of the Share, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, 26th Floor Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30pm on Monday, 25 October 2010.

### **Purchase, Sale or Redemption of Shares**

Neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company’s shares during the year.

By order of the Board  
**Mak Shiu Chung, Godfrey**  
*Co-Chairman*

12 April 2010, Hong Kong



**At the date of this announcement, the Board comprises:**

**Executive Directors**

Mr. Mak Shiu Chung, Godfrey

Mr. Xu Bin

Mr. Zhang Chao Liang

Mr. Wang Hon Chen

**Independent Non-Executive Directors**

Mr. Kwok Chi Shing

Mr. Tsang Wai Sum

Mr. Yu Yang