

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PLAYMATES TOYS LIMITED

彩星玩具有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 869)

ANNOUNCEMENT OF ANNUAL RESULTS YEAR ENDED 31 DECEMBER 2009

RESULTS

The directors of Playmates Toys Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2009 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	<i>Note</i>	2009 <i>US\$'000</i> <i>(Note 11)</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Revenue	2	82,121	636,440	703,596
Cost of sales		(44,444)	(344,438)	(434,123)
Gross profit		37,677	292,002	269,473
Marketing expenses		(23,456)	(181,786)	(216,319)
Selling and distribution expenses		(7,037)	(54,535)	(55,647)
Administration expenses		(11,469)	(88,892)	(136,201)
Impairment of a jointly controlled entity		(222)	(1,720)	–

	<i>Note</i>	2009 <i>US\$'000</i> <i>(Note 11)</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Operating loss		(4,507)	(34,931)	(138,694)
Other income		18	137	844
Finance costs		(863)	(6,687)	(5,058)
Share of profit of an associated company		15	116	523
Share of loss of a jointly controlled entity		(510)	(3,950)	(1,313)
		<hr/>	<hr/>	<hr/>
Loss before income tax	3	(5,847)	(45,315)	(143,698)
Income tax expense	4	(5,341)	(41,389)	(46,818)
		<hr/>	<hr/>	<hr/>
Loss for the year attributable to equity holders of the Company		(11,188)	(86,704)	(190,516)
		=====	=====	=====
		<i>US cents</i>	<i>HK cents</i>	<i>HK cents</i>
Loss per share	6			
Basic		(2.26)	(17.51)	(38.49)
		=====	=====	=====
Diluted		N/A	N/A	N/A
		=====	=====	=====

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 <i>US\$'000</i> <i>(Note 11)</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Loss for the year	(11,188)	(86,704)	(190,516)
Other comprehensive income:			
Exchange differences arising on translation of the financial statements of foreign subsidiaries	(69)	(533)	–
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year attributable to equity holders of the Company	(11,257)	(87,237)	(190,516)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

	Note	2009 US\$'000 (Note 11)	2009 HK\$'000	2008 HK\$'000
Non-current assets				
Property, plant and equipment		623	4,829	10,111
Interest in an associated company		3,320	25,729	25,613
Interest in a jointly controlled entity		-	-	8,534
Deferred tax assets	7	43	332	45,856
		<u>3,986</u>	<u>30,890</u>	<u>90,114</u>
Current assets				
Inventories		1,313	10,181	19,469
Trade receivables	8	9,879	76,562	77,240
Other receivables, deposits and prepayments		3,216	24,929	77,585
Taxation recoverable		752	5,828	2,255
Interest in a jointly controlled entity		408	3,162	-
Cash and bank balances		14,606	113,194	48,939
		<u>30,174</u>	<u>233,856</u>	<u>225,488</u>
Current liabilities				
Borrowings		-	-	41,721
Trade payables	10	2,539	19,683	95,842
Other payables and accrued charges		7,637	59,186	54,929
Amount due to a fellow subsidiary		30	231	1,103
Derivative financial instrument	9	8,206	63,597	-
Provisions		3,213	24,904	29,520
Taxation payable		26	198	406
		<u>21,651</u>	<u>167,799</u>	<u>223,521</u>
Net current assets		<u>8,523</u>	<u>66,057</u>	<u>1,967</u>
Total assets less current liabilities		<u>12,509</u>	<u>96,947</u>	<u>92,081</u>
Non-current liabilities				
Borrowings	9	11,817	91,581	-
Net assets		<u>692</u>	<u>5,366</u>	<u>92,081</u>
Equity				
Share capital		639	4,955	4,950
Reserves		53	411	87,131
Total equity		<u>692</u>	<u>5,366</u>	<u>92,081</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable 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 issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and the requirements of the Hong Kong Companies Ordinance. These financial statements also include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instrument (including conversion options embedded in convertible bonds) which is stated at fair value.

The accounting policies used in the preparation of this consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2008, except that the Group has applied for the first time the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2009:

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

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

HKAS 1 (Revised 2007) Presentation of Financial Statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and presentation of some items within the primary financial statements. A third balance sheet as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'.

Comparatives have been restated to conform with the revised standard. However, the changes to the comparatives have not affected the consolidated or parent company balance sheet at 1 January 2008 and accordingly the third balance sheet as at 1 January 2008 is not presented.

HKFRS 8 Operating Segments

Upon the adoption of HKFRS 8, reportable segment information is now based on internal management reporting information that is regularly reviewed by the Group's senior executive management. In the previous annual financial statements, according to the predecessor standard, HKAS 14 "Segment Reporting", "business segments" were identified by reference to the nature of the products and services provided by the Group. The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group.

HKFRS 7 (Amendments) Improving Disclosures about Financial Instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the balance sheet. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows.

Annual Improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first Annual Improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 28 Investments in Associates has changed the Group's accounting policies on allocation of impairment losses of investments in associates and jointly controlled entities accounted for under the equity method. The amendment to HKAS 38 Intangible Assets has changed the Group's accounting policies on advertising and marketing expenses.

(i) Impairment of investment in associate and jointly controlled entity accounted for under equity method

The amendment clarifies that an investment in associate and jointly controlled entity accounted for under the equity method is a single asset for the purposes of impairment testing. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. The new accounting policy has been applied prospectively as permitted by the amendment. The amendment did not have any impact on the current period results and financial position.

(ii) *Advertising and marketing expenses*

The adoption of the amendment to HKAS 38 has changed the Group's accounting policies on advertising and marketing expenses. In previous years, production costs of commercials and related programme costs are deferred and expensed in the year the commercial is first aired. Under the amendment, an asset may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services, all the advertising and marketing expenses are therefore expensed as incurred. This amendment has been applied retrospectively but did not have material impact on the results and financial position for any period presented.

Certain new and amended HKFRSs that have been published but are not yet effective have not been adopted early by the Group. The Group is currently assessing the impact of these new and amended HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the design, development, marketing and distribution of toys and family entertainment activity products. Turnover of the Group is the revenue from these activities.

Revenue recognised during the year ended 31 December 2009 from sales of toys was HK\$636,440,000 (2008: HK\$703,596,000).

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue and (ii) the Group's property, plant and equipment, and interests in an associated company and a jointly controlled entity ("specified non-current assets"). The geographical location of customers is based on the country in which the customer is located. The geographical location of the specified non-current assets is based on the physical location of the assets in case of property, plant and equipment, and the location of operation in case of interests in an associated company and a jointly controlled entity.

	Revenue		Specified non-current assets	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	-	-	27,759	29,591
Americas				
– U.S.A.	423,747	458,776	2,799	14,515
– Others	35,588	50,021	-	-
Europe	130,944	165,603	-	-
Asia Pacific other than Hong Kong	44,556	17,254	-	152
Others	1,605	11,942	-	-
	636,440	703,596	2,799	14,667
	636,440	703,596	30,558	44,258

Major customer

The Group's customer base is diversified and includes three (2008: three) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Aggregate revenue from sales to these customers amounted to approximately HK\$324 million (2008: HK\$314 million).

3. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging/(crediting) the following:

	2009	2008
	HK\$'000	HK\$'000
Cost of inventories sold	295,238	374,659
Write-down of inventories	4,862	3,803
Product development costs	13,927	15,798
Royalties paid	94,783	74,204
Provision for customer concession	10,824	5,380
Reversal of unutilised provision for customer concession	(1,240)	(1,761)
Provision for customer returns, cooperative advertising and cancellation charges	26,728	28,346
Reversal of unutilised provision for customer returns, cooperative advertising and cancellation charges	(3,039)	(6,328)
Depreciation of property, plant and equipment	3,164	2,765
Employee benefit expense, including directors' remuneration	69,214	87,699
Operating leases expense on office and warehouse facilities	9,492	9,301
Loss on disposal of property, plant and equipment	3,415	61
Interest on bank loans and overdrafts, wholly repayable within five years	3,069	1,999
Interest income	(137)	(844)

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Overseas, mainly the U.S., taxation is provided on the profits/losses of the overseas subsidiaries in accordance with the tax laws of the countries in which these entities operate. Subsidiaries operating in the U.S. are subject to U.S. federal and state tax on its assessable profit. The tax rate for federal tax is 34% (2008: 34%) whilst the tax rate for state tax of California, the principal place of business of the Company's major subsidiary is 8.84% (2008: 8.84%).

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	162	1,446
Over provision in prior years – Hong Kong	(167)	(71)
Over provision in prior years – overseas	(3,836)	(208)
	<hr/> (3,841) <hr/>	<hr/> 1,167 <hr/>
Deferred taxation		
Origination and reversal of temporary differences	45,230	45,659
Decrease in tax rate	-	(8)
	<hr/> 45,230 <hr/>	<hr/> 45,651 <hr/>
Income tax expense	41,389 =====	46,818 =====

5. DIVIDEND

The directors do not recommend the payment of a dividend.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of HK\$86,704,000 (2008: HK\$190,516,000) and on the weighted average number of ordinary shares of 495,044,000 (2008: 495,000,000) in issue during the year.

Diluted loss per share for the year ended 31 December 2009 was not presented because the impacts of the exercise of the share options and conversion of convertible bond were anti-dilutive.

Diluted loss per share for the year ended 31 December 2008 was not presented because the impact of the exercise of the share options was anti-dilutive.

7. DEFERRED TAX ASSETS

As at 31 December 2009, deferred tax assets in relation to unused tax losses of HK\$36,147,000 (2008:HK\$46,356,000) and temporary differences of HK\$9,440,000 (2008:HK\$nil) in respect of employee benefits relating to share-based payment transactions for U.S. subsidiaries of the Group recognised in prior years has been reversed. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The management evaluates at each balance sheet date whether the operations of the subsequent fiscal years are expected to produce profitable results or whether losses should be anticipated. The management, having considered the trends of the toys industry, current market condition and global economy, concluded that it is uncertain that future taxable profits will be available against which the unused tax losses and temporary differences in respect of employee benefits can be utilised.

8. TRADE RECEIVABLES

The normal trade terms with toy business customers are letters of credit at sight or usance or on open accounts with credit term of 60 days on average. The following is an aging analysis of trade receivables at the balance sheet date:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	74,761	70,257
31 - 60 days	422	1,738
Over 60 days	1,379	5,245
	<hr/>	<hr/>
	76,562	77,240
	<hr/> <hr/>	<hr/> <hr/>

9. CONVERTIBLE BOND

The Company issued US\$20 million (equivalent to HK\$155 million) 2% per annum convertible bond to its immediate holding company, PIL Toys Limited (“PIL Toys”) on 11 December 2009.

The derivative component of the convertible bond of HK\$63,597,000, classified as current liability, is stated at fair value at balance sheet date.

The liability component of the convertible bond carried at amortised cost of HK\$91,581,000 is classified as non-current liability.

10. TRADE PAYABLES

The following is an aging analysis of trade payables at the balance sheet date:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
0 - 30 days	16,637	73,051
31 - 60 days	1,066	19,994
Over 60 days	1,980	2,797
	<hr/>	<hr/>
	19,683	95,842
	<hr/> <hr/>	<hr/> <hr/>

11. US DOLLARS EQUIVALENTS

These are shown for reference only and have been arrived at based on the exchange rate of HK\$7.75 to US\$1 ruling at 31 December 2009.

12. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (Revised 2007) "Presentation of Financial Statements" and HKFRS 8 "Operating Segments", certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

13. EVENTS AFTER BALANCE SHEET DATE

Conversion of convertible bond

On 22 January 2010, PIL Toys exercised all the conversion rights attached to the convertible bond and on the same day the Company issued 200,000,000 ordinary shares with an aggregate nominal value of HK\$2,000,000 to PIL Toys.

Disposal of interest in a jointly controlled entity

The Group's interest in the jointly controlled entity was ceased on 1 January 2010. The recoverable amount recorded as at 31 December 2009 has been fully settled in February 2010.

Granting of share options

On 20 January 2010, the Company granted 20,300,000 share options at an exercise price of HK\$0.918 per share to certain eligible participants under the share option scheme adopted by the Company on 25 January 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Playmates Toys group worldwide turnover for the year ended 31 December 2009 of US\$82 million (HK\$636 million) reflects a decrease of 9.6% compared to the prior year's turnover of US\$90 million (HK\$704 million). The group reported an operating loss of HK\$35 million (2008: HK\$139 million) and net loss attributable to shareholders of HK\$87 million (2008: HK\$191 million). Basic loss per share was HK cents 17.51 (2008: HK cents 38.49).

Gross profit ratio on toy sales was 45.9% (2008: 38.3%). The increase was attributable to: a mix of higher margin product for 2009 compared to 2008 and a decrease in closeout sales, which were partially offset by an increase in development expenses and tooling costs as a percentage of turnover.

Recurring operating expenses were managed to a level below last year with lower advertising and promotional spending (down 16.0%), and a reduction in general and administrative expenses (down 34.7%) due to extensive cost cutting measures in both the US and Asian operations. The group recorded higher than usual licensing expenses due to the write off of minimum guarantees associated with non performing licenses. The reported net loss attributable to shareholders reflected non-recurring items including HK\$2 million in loss on the group's investment in the *Gormiti*[®] *JV*, and charges of HK\$10 million in unused bartered advertising credits and HK\$36 million in unrealised prior years tax losses.

In 2009 the toy industry experienced another year of challenges and negative growth. Traditional toys sales worldwide declined 3%. Economies in the developed markets remained sluggish throughout most of the year negatively impacting consumer spending in our most significant markets. Retailers remained cautious on inventory replenishment and weak consumer demand necessitated heavy promotional activity during the holiday season, which resulted in unit movement, but adversely affected dollar volume. US retailers continued to pursue a strategy of tight inventory control, brand and SKU reduction, and consolidation of vendor base. In the US overall retail toy sales were down by 1 %.

Playmates Toys US turnover decreased by 7.6% compared to 2008 due primarily to disappointing performance of both the *Star Trek*^{™ & ©} and *Terminator: Salvation*^{™ & ©} movie brands, decreased sales of *Teenage Mutant Ninja Turtle*[®] products, in a year that did not have new entertainment and the discontinuation of the *Disney*[®] *Princess* license; partially offset by the introduction of the *iCarly*[®] brand which performed well. International turnover decreased by 13.1% compared to 2008 for similar reasons.

Playmates Toys enters 2010, recognising the uncertainty of the global economic recovery and facing continued challenges in the operating environment, retailer consolidation of toy shelf space with a preference to support larger established brands and the expanding strength and dominance of its major competitors. To prevail in this difficult environment and to selectively exploit available new opportunities, Playmates Toys continues to pursue a focused operating strategy and diligent risk management. New property acquisitions will be highly selective and focused on Playmates Toys' core

competency: the Boy's action and Girl's doll categories. Restructuring, cost reduction initiatives and sustained expenses control are expected to further reduce overall operating costs.

Brand Overview

Turnover of Boys brands increased by 31% compared to 2008, primarily due to shipments of the *Star Trek*^{™ & ©} and *Terminator: Salvation*^{™ & ©} products coupled with the launch of the *Dino King*[®] brand in international markets.

Girls' brands turnover decreased by 25% compared to 2008, primarily due to discontinuation of the *Strawberry Shortcake*^{™ & ©}, *Disney Princess*[®], and *My Life*[™] product lines, partially offset by the increased sales of the *Disney Fairies*[®] brand and the introduction of the *iCarly*[®] brand.

Star Trek^{™ & ©} and *Terminator: Salvation*^{™ & ©} feature film properties were major contributors to toy sales for the first half of 2009, but the Fall DVD releases failed to drive any significant sales during the holiday season. Both brands finished the year below expectations and will not continue into 2010. Without new entertainment support other than the *TMNT* 25th Anniversary promotional programs, *Teenage Mutant Ninja Turtles*[®] sales were below 2008. In 2010 we will manage a limited distribution in selected markets of *TMNT* products to optimise a clean transition to the planned brand re-launch in 2012. The *Dinosaur King*[®] and *Yu-Gi-OH!*[®] brands performed well in international markets and will continue into 2010 in markets supported by TV broadcast.

In Fall 2009, Playmates Toys introduced a line of tween directed gadgets, figures and playsets based on the popular *iCarly*[®] TV Show, Nickelodeon[®]'s top rated live action tween franchise. The gadgets and playsets have performed well and the sales base for the brand expands in 2010 as *iCarly*[®] is introduced to new international markets. *H2O, Just Add Water*[®], a line of fashion dolls and accessories based on a live action TV series performed well in selective international markets that were supported by TV programming. The line will continue in 2010 in those markets. The *Disney Fairies*[®] line will not be carried forward into 2010 as the license expires.

The *Gormiti*^{® & ©} launch in the US market did not achieve expected results and Playmates Toys no longer participates in this venture.

In 2010, new brands will include *Michael Jackson*[®], King of Pop, "The most popular artist in the history of show business". Playmates Toys will introduce a line of highly detailed collectable line of figures depicting Michael in his iconic concert and video poses, to coincide with planned promotional activities and events in 2010. *Hero 108*[®], a Cartoon Network[™] and Moonscoop Entertainment[®] property with animation developed for episodic TV, scheduled to air on Cartoon Network[™] in early 2010, supported by a multi-platform promotional campaign and a robust MMOG will launch in Fall 2010. Playmates Toys will introduce a line of collectable figures with game cards and playsets. In addition, Playmates Toys recently acquired the license for *The World of Shrek*^{™ & ©}, a highly popular franchise of DreamWorks Animation SKG^{™ & ©} that includes "*Shrek Forever After*^{™ & ©}", the fourth theatrical release scheduled for May 2010 worldwide premier. Playmates Toys plans to launch a product line that will capture the humor and fun of the *Shrek*^{™ & ©} experience. Playmates Toys will

also launch in limited distribution two new girl's product lines: *Rainbow Brite*[®], a line of dolls and horses based on a heritage girls brand from Hallmark[®], and *My Pixies*[™] line of toddler dolls and role play toys.

FINANCIAL ANALYSIS

The toy business is inherently seasonal in nature. In general, sales in the second half-year are much higher than those in the first half. As a result, a disproportionately high balance of trade receivables is generated during the peak selling season in the second half of the year. Consistent with usual trade practices, a significant portion of the trade receivables is collected in the final weeks of the fourth quarter and in the first quarter of the subsequent year, resulting in a seasonal demand for working capital during the peak selling season. As at 31 December 2009, trade receivables were HK\$76,562,000 (2008: HK\$77,240,000) and inventories were at a seasonal low level of HK\$10,181,000 or 1.6% of turnover (2008: HK\$19,469,000 or 2.8% of turnover).

The Group's gearing ratio, defined as total bank borrowings expressed as a percentage of total tangible assets, at 31 December 2009 was 0% compared to 13.2% at 31 December 2008. The current ratio, calculated as the ratio of current assets to current liabilities, was 1.4 at 31 December 2009 compared to 1.0 at 31 December 2008.

The Group maintains a level of cash that is necessary and sufficient to serve recurring operations as well as further growth and developmental needs. As at 31 December 2009, the Group's cash and bank balances were HK\$113,194,000 (2008: HK\$48,939,000).

The Group is exposed to foreign currency risk primarily through sales that are denominated in United States dollars. The Group does not hedge its foreign currency risks, as the rate of exchange between Hong Kong dollars and the United States dollars is controlled within a tight range.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and complied with all the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2009.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the year ended 31 December 2009.

On behalf of the Board
CHAN Chun Hoo, Thomas
Chairman

Hong Kong, 26 March 2010

As at the date hereof, the board of directors of the Company comprises the following directors:

Mr. Chan Chun Hoo, Thomas (*Chairman and Executive Director*), Mr. Chow Yu Chun, Alexander (*Independent Non-executive Director*), Mr. Lee Ching Kwok, Rin (*Independent Non-executive Director*), Mr. Novak, Lou Robert (*Executive Director*), Mr. To Shu Sing, Sidney (*Executive Director*) and Mr. Yang, Victor (*Independent Non-executive Director*)

* *For identification purpose only*