PACIFIC ONLINE LIMITED
太平洋網絡有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 543)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of Pacific Online Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009, together with the comparative figures for the year ended 31 December 2008, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2009

		Year ended 31 December	
		2009	2008
	Note	***RMB'000***	*RMB'000*
Revenue	3	**386,994**	324,608
Cost of revenue	4	**(103,401)**	(88,180)
Gross profit		**283,593**	236,428
Selling and marketing costs	4	**(52,475)**	(46,983)
Administrative expenses	4	**(39,097)**	(37,940)
Product development expenses	4	**(17,069)**	(14,048)
Other income	5	**2,963**	—
Operating profit		**177,915**	137,457
Finance income	6	**6,926**	16,885
Finance cost	6	**(1,078)**	(36,819)
Finance income/(cost) — net	6	**5,848**	(19,934)
Profit before income tax		**183,763**	117,523
Income tax expense	7	**(48,782)**	(29,242)
Profit for the year		**134,981**	88,281

	Note	Year ended 31 December 2009 RMB'000	2008 RMB'000
Attributable to:			
Equity holders of the Company		**134,981**	88,281
Earnings per share for profit attributable to the equity holders of the Company during the year			
— basic (RMB)	8	**14.613 cents**	9.405 cents
— diluted (RMB)	8	**14.584 cents**	9.403 cents
Dividends per share			
— Final dividend proposed	9	**RMB10.23 cents**	RMB7.00 cents
— Special dividend proposed	9	**—**	RMB27.00 cents
		RMB10.23 cents	RMB34.00 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Profit for the year	**134,981**	88,281
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year	**134,981**	88,281
Attributable to:		
Equity holders of the Company	**134,981**	88,281

CONSOLIDATED BALANCE SHEET
As at 31 December 2009

		As at 31 December	
		2009	2008
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**12,534**	13,540
Intangible assets		**9,321**	947
Deferred income tax assets		**4,843**	2,785
		26,698	17,272
Current assets			
Derivative financial instrument		**—**	1,640
Trade and other receivables	10	**135,772**	99,726
Restricted cash		**—**	10,252
Short-term bank deposits with original terms of over three months		**34,680**	30,509
Cash and cash equivalents		**409,330**	582,854
		579,782	724,981
Total assets		**606,480**	742,253
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Ordinary shares		**8,737**	8,737
Reserves		**474,561**	646,744
Total equity		**483,298**	655,481
Current liabilities			
Accruals and other payables	11	**61,445**	40,848
Prepaid advertising subscriptions from customers		**21,271**	23,322
Current income tax liabilities		**40,466**	22,602
Total current liabilities		**123,182**	86,772
Total equity and liabilities		**606,480**	742,253
Net current assets		**456,600**	638,209
Total assets less current liabilities		**483,298**	655,481

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2009

		Attributable to the equity holders of the Company		
		Ordinary shares *RMB'000*	**Reserves** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2008		8,986	656,195	665,181
Comprehensive income				
Profit		—	88,281	88,281
Other comprehensive income		—	—	—
Total comprehensive income		—	88,281	88,281
Dividends paid	9	—	(70,965)	(70,965)
Employees' share option benefits		—	6,776	6,776
Repurchase of shares of the Company		(249)	(33,543)	(33,792)
Balance at 31 December 2008		8,737	646,744	655,481
Comprehensive income				
Profit		—	134,981	134,981
Other comprehensive income		—	—	—
Total comprehensive income		—	134,981	134,981
Dividends paid	9	—	(314,062)	(314,062)
Employees' share option benefits		—	6,898	6,898
Balance at 31 December 2009		8,737	474,561	483,298

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Cash flows from operating activities		
Cash generated from operations	**175,690**	117,600
Income tax paid	**(32,976)**	(17,740)
Net cash generated from operating activities	**142,714**	99,860
Cash flows from investing activities		
Purchase of property, plant and equipment	**(3,092)**	(6,107)
Purchase of intangible assets	**(9,291)**	(433)
Decrease/(increase) in short-term bank deposits with original terms of over three months and restricted cash	**6,081**	(22,761)
Interest received	**4,275**	13,807
Net cash used in investing activities	**(2,027)**	(15,494)
Cash flows from financing activities		
Repurchase of shares of the Company	**—**	(33,792)
Dividends paid	**(314,062)**	(70,965)
Net cash used in financing activities	**(314,062)**	(104,757)
Net decrease in cash and cash equivalents	**(173,375)**	(20,391)
Cash and cash equivalents at beginning of year	**582,854**	621,057
Exchange losses on cash and cash equivalents	**(149)**	(17,812)
Cash and cash equivalents at end of the year	**409,330**	582,854

Notes to the Consolidated Financial Statements (All amounts are stated in Renminbi ("RMB") unless otherwise stated):

1. GENERAL INFORMATION

The Company was incorporated on 27 August 2007 as an exempted company with limited liability under the Company Law, Cap.22, (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is principally engaged in the provision of internet advertising services in the People's Republic of China (the "PRC").

The Company has its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements have been approved for issue by the Board on 29 March 2010.

2. BASIS OF PREPARATION AND PRESENTATION

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the derivative financial instrument which is stated at fair value through profit or loss.

Assessment and adoption of new/revised HKFRS

The Group has adopted the following new/revised HKFRS for the accounting periods commencing 1 January 2009:

		Effective for annual periods beginning on or after
HKAS 1 (Revised)	Presentation of Financial Statements	1 January 2009
HKAS 23 (Revised)	Borrowing Costs	1 January 2009
HKFRS 8	Operating Segments	1 January 2009
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations	1 January 2009
Amendment to HKFRS 7	Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments	1 January 2009
Amendment to HKFRS 8	Disclosure of measurement of segment assets	1 January 2010

The Group has early adopted and applied Amendment to HKFRS 8 'Operating Segments'. The amendment states that a measure of segment assets should only be disclosed when such amounts are regularly provided to the chief operating decision maker. As such amounts are not regularly provided to the chief operation decision maker, the Group early adopted the amendment and does not disclose such information. Please refer to Note 3 for details.

The adoption of the above new/revised HKFRS including the early adoption of Amendment to HKFRS 8 did not have any material impact on the Group's consolidated financial statements except for disclosures and has not led to any changes in our accounting policies except disclosed elsewhere.

3. SEGMENT INFORMATION

The Group is principally engaged in the provision of internet advertising services for different commodities. The chief operating decision maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The chief operating decision maker considers the business from the performance of the internet advertising generated from different internet portals which it operates. As all revenues of the Group are generated from customers in the PRC, it is not further evaluated on a geographic basis.

The chief operating decision maker assesses the performance of the operating segments based on revenue derived from its different internet portals. The reportable operating segments derive their revenue primarily from the two major portals PConline and PCauto. The Company currently does not allocate cost of revenue, operating costs or assets to its segments, as its chief operating decision maker does not use this information to allocate resources to or evaluate the performance of the operating segments. Therefore, the Company does not report a measure of profit for each reportable segment and total assets.

Other segments relate to revenues generated from other portals, including on-line game, lady and kids products, e-commerce and other services.

There were no inter-segment sales for the year ended 31 December 2009 (2008: same). The revenue from external parties reported to the chief operating decision maker is measured in a manner consistent with that in the consolidated income statement.

	PConline	**PCauto**	**Others**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2009				
Revenue	205,390	149,860	31,744	386,994
For the year ended 31 December 2008				
Revenue	198,108	107,554	18,946	324,608

Though the Company is domiciled in the Cayman Islands, for the year ended 31 December 2009, all revenues of the Group were derived from external customers and they were all generated from the PRC (2008: same).

As at 31 December 2009, the total non-current assets of the Group were all located in the PRC (2008: same).

For the year ended 31 December 2009, there was no revenue derived from a single external customer accounting for ten per cent or more of the Group's revenues (2008: same).

4. EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing costs, administrative expenses and product development expenses were analysed as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Employee benefit expenses	**90,083**	79,028
Business tax	**41,433**	32,126
Sales commission	**27,460**	23,119
Rental expenses	**13,720**	13,034
Advertising expenses	**14,079**	13,562
Depreciation and amortisation expenses	**4,891**	4,867
Auditors' remuneration	**2,987**	3,480
Conference and office expenses	**3,046**	3,279
Travelling expenses	**2,277**	2,899
Professional fees	**5,022**	3,160
Provision for impairment of receivables	**3,085**	4,362
Utilities and energy costs	**444**	360
Other expenses	**3,515**	3,875
Total cost of revenue, selling and marketing costs, administrative expenses and product development expenses	**212,042**	187,151

5. OTHER INCOME

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Government grants	**2,963**	—

The Group obtained and recognised as income government grants of RMB2,963,000 (2008: nil) for the development of e-commerce initiatives and improvement of its internet websites.

6. FINANCE INCOME/(COST) — NET

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Finance income		
— Interest income on short-term bank deposits	**4,275**	15,245
— Change in fair values of forward foreign exchange contracts	**2,651**	1,640
	6,926	16,885
Finance cost		
— Net foreign exchange losses	**(1,078)**	(36,819)
Finance income/(cost) — net	**5,848**	(19,934)

7. INCOME TAX EXPENSE

	2009	2008
	RMB'000	*RMB'000*
PRC current tax	**50,840**	29,359
Deferred taxation	**(2,058)**	(117)
Income tax expense	**48,782**	29,242

The Company, which is a Cayman Islands corporation, is not subject to any profits tax. The subsidiaries of the Group incorporated in Hong Kong were not subject to Hong Kong profits tax as they had no assessable income arising in or derived from Hong Kong during the year ended 31 December 2009 (2008: same).

Current taxation primarily represented the provision for PRC Corporate Income Tax ("CIT") for subsidiaries operating in the PRC. These subsidiaries are subject to CIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"). The New CIT Law, which became effective from 1 January 2008, unifies the corporate income tax rate for domestic enterprises and foreign invested enterprises to 25%. In addition, the New CIT Law provides for, among others, a preferential tax rate of 15% for enterprises qualified as High and New Technology Enterprises ("HNTE"). In 2008, Guangzhou Pacific Computer Information Consulting Co., Ltd. (廣州太平洋電腦信息諮詢有限公司, "GZP Computer") and Guangdong Pacific Internet Information Services Co., Ltd. (廣東太平洋互聯網信息服務有限公司, "GDP Internet"), the principal operating subsidiaries of the Company, were formally designated as HNTE under the New CIT Law. As a result, GZP Computer and GDP Internet are subject to CIT at a rate of 15% in both 2008 and 2009.

All the other PRC entities of the Group are subject to CIT at 25% (2008: same) in accordance with the New CIT Law.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the statutory tax rate applicable to profits of all the consolidated PRC entities as follows:

	Year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
Profit before tax	**183,763**	117,523
Tax calculated at the statutory tax rate of 25% (2008: 25%)	**45,941**	29,381
Tax effects of:		
— Tax concessions available to certain PRC subsidiaries (a)	**(20,683)**	(14,746)
— Income not subject to tax	**(824)**	(3,561)
— Expenses not deductible for tax purposes (b)	**3,667**	12,555
Withholding tax on the earnings anticipated to be remitted by a PRC subsidiary	**20,681**	5,394
Others	**—**	219
Tax charge	**48,782**	29,242

(a) Two of the Group's major operating subsidiaries in the PRC were approved by the relevant tax authority to be entitled to the HNTE status in 2009. Accordingly, preferential tax treatments were enjoyed by these two companies for the year ended 31 December 2009 (2008: same).

(b) Expenses not deductible for tax purposes include primarily share-based payment charges, and expenses incurred by the Company and subsidiaries incorporated in Hong Kong.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**134,981**	88,281
Weighted average number of ordinary shares in issue (thousand shares)	**923,710**	938,612
Basic earnings per share (RMB)	**14.613 cents**	9.405 cents

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. Due to the fact that the exercise price for certain options granted are higher than the average market price, the impact had not been included in the calculation of diluted earnings per share.

	Year ended 31 December	
	2009	2008
Profit attributable to equity holders of the Company (RMB'000)	**134,981**	88,281
Weighted average number of ordinary shares in issue (thousand shares)	**923,710**	938,612
Adjustments for — share options (thousand shares)	**1,809**	236
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	**925,519**	938,848
Diluted earnings per share (RMB)	**14.584 cents**	9.403 cents

9. DIVIDENDS

The dividends paid in 2008 were RMB70,965,000 (RMB7.47 cents per ordinary share).

The dividends paid in 2009 included the payment of the 2008 final dividend of RMB7.00 cents per ordinary share out of the retained earnings, totalling RMB64,660,000, and a special dividend for 2008 of RMB27.00 cents per ordinary share out of the share premium amount, totalling RMB249,402,000.

The directors recommended the payment of a final dividend of RMB10.23 cents per ordinary share in cash for the year ended 31 December 2009, totalling RMB94,487,000 based on the ordinary shares in issue as of 31 December 2009, and a bonus issue of shares on the basis of one new share for every twenty existing issued shares. Such final dividend and bonus issue of shares are to be approved by the shareholders at the Annual General Meeting on 24 May 2010. These consolidated financial statements do not reflect these dividend payable and bonus issue of shares.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Trade receivables, net of impairment provision (a)	**133,164**	96,267
Receivables from related parties	**423**	423
Other receivables (b)	**2,185**	3,036
	135,772	99,726
Denominated in		
— RMB	**135,607**	98,137
— US$	**1**	1,325
— HK$	**164**	264
	135,772	99,726

(a) Trade receivables

Credit terms granted to customers by the Group are generally within six months. At 31 December 2009, the ageing analysis of the trade receivables (net of impairment provision of approximately RMB9,156,000 (2008: RMB6,070,000)) was as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Current to 6 months	**113,477**	82,191
6 months to 1 year	**17,946**	12,197
1 year to 2 years	**1,741**	1,879
	133,164	96,267

As of 31 December 2009, trade receivables of RMB12,281,000 (2008: RMB11,996,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables was as follows:

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Current to 6 months	**6,024**	6,054
6 months to 1 year	**4,516**	4,063
1 year to 2 years	**1,741**	1,879
	12,281	11,996

(b) Other receivables

Other receivables mainly represent petty cash advance made to employees, prepaid operating rental and telecommunication fees and interest receivables from bank deposits.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

11. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2009	2008
	RMB'000	*RMB'000*
Salaries payables	**20,374**	11,555
Accrued expenses (a)	**19,254**	20,040
Other payables (b)	**21,817**	9,253
	61,445	40,848

(a) Accrued expenses mainly represented accrued sales commission fees payable to advertising agencies.

(b) Other payables mainly represented business tax and other levies payable.

12. EVENTS AFTER THE BALANCE SHEET DATE

On 28 January 2010, GZP Computer (the "Purchaser") and Administrative Committee of Tianhe Software Park (the "Vendor") entered into a sale and purchase agreement, pursuant to which the Vendor shall sell and the purchaser shall acquire the property in No. 115, Gaopu Road, Gaotang Software Station, Tianhe District, Guangzhou, the PRC with a total gross floor area of approximately 29,730 square meters at a total consideration of RMB148,650,000.

In light of the development plan of the Group, the Board has decided to establish its headquarters, research and development center, e-business platform operation center, as well as software and services contracting center in the above property.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenue increased by 19.2% from RMB324.6 million for the year ended 31 December 2008 to RMB387.0 million for the year ended 31 December 2009. Revenue for PConline, the Group's information technology ("IT") and consumer electronics portal, increased by 3.7% from RMB198.1 million for the year ended 31 December 2008 to RMB205.4 million for the year ended 31 December 2009. The slight increase in revenues from PConline was due to a slowdown in advertising spending from IT manufacturers as the global financial crisis adversely impacted their advertising budgets. Revenue for PCauto, the Group's automobile portal, increased by 39.3% from RMB107.6 million for the year ended 31 December 2008 to RMB149.9 million for the year ended 31 December 2009. The increase in revenues from PCauto was due to a growth of the automobile industry in China and their corresponding need to advertise, and new features on the Company's auto portal that helped to attract a larger number of users. Revenue for the Group's other operations, such as games, lady, baby portals and others, increased by 67.5%. Revenues from this segment are increasing significantly as consumer goods companies start to experiment with and direct a greater share of their advertising budgets to internet advertising. PConline and PCauto accounted for the majority of the Group's total revenue, at 91.8%, however, the Group's diversification strategy is proving beneficial, as new revenue sources are helping supplement and offset risk of the Group's main verticals.

Cost of Revenue

Cost of Revenue increased by 17.3% from RMB88.2 million for the year ended 31 December 2008 to RMB103.4 million for the year ended 31 December 2009. The gross profit margin was 73.3% for fiscal year 2009 and was stable compared to fiscal year 2008. The increase in Cost of Revenue was due to an increase in headcount to support the Group's expansion plans.

Selling and Marketing Costs

Selling and Marketing Costs increased by 11.7% from RMB47.0 million for the year ended 31 December 2008 to RMB52.5 million for the year ended 31 December 2009. The increase was primarily due to increase in staff costs to accommodate a larger client base.

Administrative Expenses

Administrative Expenses increased by 3.0% from RMB37.9 million for the year ended 31 December 2008 to RMB39.1 million for the year ended 31 December 2009. The increase was mainly due to an increase in expenses associated with being a publicly listed company, such as compliance costs, professional fees and an increase in staff.

Product Development Expenses

Product Development Expenses increased by 21.5% from RMB14.0 million for the year ended 31 December 2008 to RMB17.1 million for the year ended 31 December 2009. The increase was primarily due to an increase in staff costs as the Group expanded its headcount in the research and development team.

Finance Income and Cost

The Group realized a net finance income of RMB5.8 million for the year ended 31 December 2009, compared with a net finance cost of RMB19.9 million for the year ended 31 December 2008. The net finance income was primarily attributed to interest income on short term bank deposits.

Income Tax Expense

Income Tax Expense increased by 66.8% from RMB29.2 million for the year ended 31 December 2008 to RMB48.8 million for the year ended 31 December 2009. The increase was due to increase of withholding tax on profits retained by PRC subsidiaries.

Net Profit

Net Profit increased by 52.9% from RMB88.3 million for the year ended 31 December 2008 to RMB135.0 million for the year ended 31 December 2009.

Liquidity and Financial Resources

As of 31 December 2009, the Group had financial resources in the form of short term bank deposits and cash amounting to RMB444.0 million, compared to RMB623.6 million as at 31 December 2008. The cash inflow increased by 42.9% from operating activities during the year and there was no external debt.

Business Outlook

As the Group expected, the advertising industry saw a significant improvement in the second half of 2009. Our strong market position allowed us to reap the benefits from the recovery in both the global economy and the advertising industry in China. Despite a weaker first half in 2009, we continued to deliver strong results, which contributed to our positive outlook for 2010.

Throughout the year, we have been further developing our portals to provide a more interactive experience for our users. Our 2009 results were primarily driven by strong growth in PCauto, as the automobile companies enjoyed substantial growth and their corresponding need to advertise. Our other portals such as PClady and PCgames also saw meaningful growth, and we expect to see even stronger contribution from these portals in 2010. PConline, our core IT portal, continued to grow, though at a slower pace than in 2008, as the IT sector was impacted by global budget constraint by the major consumer electronics brands.

We remain highly confident of our business outlook and continue to invest in our future growth. We agreed to purchase three new buildings in Guangzhou to enhance the working environment for our employees, prepare for further expansion and attract top talents in the markets. We are constantly recruiting new talents and setting up proprietary training programs to continuously develop our staff. As always, we invest heavily in our technology and R&D activities in an effort to further enhance our content offering and user experience.

The future of the advertising market in China is bright and appropriate positioning is the key to sustaining our strong growth in this market. In 2010, we will be releasing new portals as well as increasing our share of existing markets with new features that cater to our customers' needs. We remain committed to executing our core business strategies so as to drive the strong growth of our Company and deliver value to our shareholders.

OTHER INFORMATION

Employee and Remuneration Policies

As at 31 December 2009, the Group had 754 employees (2008: 674), increased by 11.9% over 2008. The increase in staff level represented the expansion of the Group's operations in 2009. The Group determines its staff's remuneration based on factors such as qualifications and years of experience.

Proposed Final Dividend and Bonus Issue of Shares

The Board has recommended (i) the payment of a final dividend of RMB10.23 cents per ordinary share in cash for the year ended 31 December 2009 (the "Proposed Final Dividend") and (ii) a bonus issue of shares on the basis of one new share for every twenty existing issued shares held (the "Proposed Bonus Issue of Shares") to shareholders whose names appear on the register of members of the Company at the close of business on 24 May 2010. Subject to shareholders' approval at the Company's forthcoming Annual General Meeting to be held on Monday, 24 May 2010, the dividend warrants relating to the Proposed Final Dividend will be sent to the shareholders on or about 31 May 2010 and the new share certificates relating to the Proposed Bonus Issue of Shares will be sent to the shareholders on or about 7 June 2010.

A circular containing, among other matters, further details relating to the Proposed Bonus Issue of Shares will be despatched to the shareholders of the Company as soon as practicable.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 19 May 2010 to Monday, 24 May 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the Proposed Final Dividend and Proposed Bonus Issue of Shares and for attending and voting at the Annual General Meeting of the Company to be held on Monday, 24 May 2010, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 May 2010.

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

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

Audit Committee

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, namely, Mr Tsui Yiu Wa, Alec (Chairman of the Audit Committee), Mr Thaddeus Thomas Beczak and Mr Louie Ming, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the annual financial results of the Group for the year ended 31 December 2009.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Board is of the view that the Company has met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except that there is no separation of the role of Chairman and Chief Executive Officer. Mr Lam Wai Yan currently assumes the role of both the Chairman and the Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Company.

Appreciation

I would like to take this opportunity to express my gratitude, on behalf of the Board, to all our employees for their contribution and to all our shareholders for their continuous support of our Group.

On behalf of the Board
Lam Wai Yan
Chairman

Hong Kong, 29 March 2010

As at the date of this announcement, the Board comprises 5 executive directors, namely, Mr Lam Wai Yan, Mr Ho Kam Wah, Mr Wang Ta-Hsing, Ms Zhang Cong Min and Mr Tsung Shih Kin, Samuel; and 3 independent non-executive directors, namely, Mr Tsui Yiu Wa, Alec, Mr Thaddeus Thomas Beczak and Mr Louie Ming.