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SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0444)

ANNUAL RESULTS ANNOUNCEMENT

FOR THE YEAR ENDED 31 MARCH 2009

FINANCIAL HIGHLIGHTS

- Turnover for the financial year 2009 dropped to HK$409,780,000 from HK$733,211,000 last financial year 2008 due to the impact of the financial tsunami in the second half of the financial year.

- Average gross margin increased from 32.4% to 34.5% but gross profit decreased to HK$141,380,000 from HK$237,442,000.

- Net profit for the year is HK$41,365,000 (2008: HK$34,389,000). Net profit margin increased from 4.7% to 10.1%.

- The realised foreign exchange gain for the year was HK$25,641,000 as compared with realised foreign exchange loss HK$27,773,000 last year. The unrealised foreign exchange gain this financial year was HK$19,082,000 as compared with unrealised foreign exchange loss HK$52,743,000 last financial year.

- Earnings per share is 10.1 HK cents in this financial year and 8.4 HK cents in last financial year.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2009.

FINANCIAL RESULTS

The board of directors (the "Board") of Sincere Watch (Hong Kong) 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 (the "Financial Year 2009"), together with the audited comparative figures for the corresponding year ended 31 March 2008.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Turnover	3	**409,780**	733,211
Cost of sales		**(268,400)**	(495,769)
Gross profit		**141,380**	237,442
Interest income		**292**	1,990
Selling and distribution costs		**(37,519)**	(37,276)
General and administrative expenses		**(98,833)**	(79,800)
Profit before taxation and exchange gains (losses)		**5,320**	122,356
Realised exchange gain (loss)		**25,641**	(27,773)
Unrealised exchange gain (loss)		**19,082**	(52,743)
Profit before taxation	4	**50,043**	41,840
Income tax expense	5	**(8,678)**	(7,451)
Profit for the year		**41,365**	34,389
Earnings per share			
– basic	7	**10.1 HK cents**	8.4 HK cents

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		**14,011**	16,430
Intangible assets		**10,556**	11,865
Deferred tax assets		**16,160**	13,436
		40,727	41,731
Current assets			
Inventories		**326,396**	281,250
Trade and other receivables	8	**44,754**	119,000
Tax recoverable		**248**	1,187
Pledged bank deposits		**6,900**	–
Bank balances and cash		**77,569**	214,228
		455,867	615,665
Current liabilities			
Trade and other payables	9	**243,384**	424,215
Amount due to immediate holding company		**118**	71
Amounts due to fellow subsidiaries		**1,142**	1,566
Taxation payable		**8,433**	4,692
		253,077	430,544
Net current assets		**202,790**	185,121
Total assets less current liabilities		**243,517**	226,852
Non-current liability			
Deferred tax liability		**1,800**	2,700
Net assets		**241,717**	224,152
Capital and reserves			
Share capital		**40,800**	40,800
Reserves		**200,917**	183,352
Equity attributable to equity holders of the Company		**241,717**	224,152

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2004 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company's ultimate holding company is Peace Mark (Holdings) Limited (Provisional Liquidators Appointed) ("Peace Mark"), a company incorporated in the Bermuda with limited liability. The Company's immediate holding company is Sincere Watch Limited ("SWL"), a company incorporated in the Republic of Singapore.

Peace Mark went into provisional liquidation in September 2008. Peace Mark appointed Ferrier Hodgson Limited, Hong Kong ("Ferrier Hodgson") as provisional liquidators, to undertake an urgent assessment of its operations in consultation with its management, creditors, regulatory authorities and other relevant parties. Ferrier Hodgson issued a press release announcing that SWL was ring-fenced from Peace Mark as SWL had not guaranteed nor was it otherwise exposed to the financial obligations of Peace Mark. In September 2008, the provisional liquidators began seeking interested parties to acquire the interest that Peace Mark has in SWL and its subsidiaries. As of 31 March 2009 and the date of this announcement, the bidding process has not been finalised.

The shares of the Company 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 the Group are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments of Hong Kong Accounting Standards ("HKAS"s) and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("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 periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 1 (Revised)	Presentation of financial statements [3]
HKAS 23 (Revised)	Borrowing costs [3]
HKAS 27 (Revised)	Consolidated and separate financial statements [4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [3]
HKAS 39 (Amendment)	Eligible hedged items [4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [3]
HKFRS 3 (Revised)	Business combinations [4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments [3]
HKFRS 8	Operating segments [3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives [5]
HK(IFRIC) – INT 13	Customer loyalty programmes [6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate [3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation [7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners [4]
HK(IFRIC) – INT 18	Transfers of assets from customers [8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 January 2009

[4] Effective for annual periods beginning on or after 1 July 2009

[5] Effective for annual periods ending on or after 30 June 2009

[6] Effective for annual periods beginning on or after 1 July 2008

[7] Effective for annual periods beginning on or after 1 October 2008

[8] Effective for transfers on or after 1 July 2009

* IFRIC represents the International Financial Reporting Interpretations Committee

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group's principal activity is brand management and distribution of branded luxury watches, timepieces and accessories as a single business segment.

An analysis of the Group's turnover and results by geographical market based on location of its customers is as follows:

Year ended 31 March 2009

	Hong Kong	**PRC other than Hong Kong**	**Other Asian locations**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE				
Sales	**283,775**	**88,374**	**37,631**	**409,780**
RESULT				
Segment result	**88,302**	**37,513**	**8,888**	**134,703**
Unallocated expenses				**(129,675)**
Unallocated income				**45,015**
Profit before taxation				**50,043**
Income tax expense				**(8,678)**
Profit for the year attributable to equity holders of the Company				**41,365**

Year ended 31 March 2008

	Hong Kong	PRC other than Hong Kong	Other Asian locations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
Sales	568,626	96,506	68,079	733,211
RESULT				
Segment result	170,665	39,993	17,671	228,329
Unallocated expenses				(188,479)
Unallocated income				1,990
Profit before taxation				41,840
Income tax expense				(7,451)
Profit for the year attributable to equity holders of the Company				34,389

	2009	2008
	HK$'000	*HK$'000*
SEGMENT ASSETS (BY LOCATION OF CUSTOMERS)		
Hong Kong	**35,460**	85,800
PRC other than Hong Kong	**6,020**	17,280
Other Asian locations	**12,684**	27,785
	54,164	130,865
Unallocated assets	**442,430**	526,531
	496,594	657,396
SEGMENT ASSETS (BY LOCATION OF ASSETS)		
Hong Kong	**385,473**	514,463
PRC other than Hong Kong	**50,228**	65,520
Other Asian locations	**44,486**	62,790
	480,187	642,773
Unallocated assets	**16,407**	14,623
	496,594	657,396

Most of the Group's liabilities represent trade payables to suppliers in Europe. Accordingly, no segment liabilities by location of customers were presented.

	2009	2008
	HK$'000	*HK$'000*
OTHER INFORMATION		
Capital additions (by location of assets)		
Hong Kong	**6,990**	7,146
PRC other than Hong Kong	**170**	5,625
Other Asian locations	**743**	1,311
	7,903	14,082
Depreciation and amortisation (by location of assets)		
Hong Kong	**7,252**	4,009
PRC other than Hong Kong	**1,935**	1,072
Other Asian locations	**2,280**	2,107
	11,467	7,188

	2009	2008
	HK$'000	*HK$'000*
Allowance for (reversal of allowance for) doubtful debts		
(by location of customers)		
Hong Kong	**–**	1,945
Hong Kong	**(1,945)**	(339)
Allowance for inventories		
(by location of assets)		
Hong Kong	**8,620**	7,070
Other Asian locations	**2,866**	4,228

The capital expenditure, depreciation and other non-cash expenditure, by nature, are not separable by location of customers.

4. PROFIT BEFORE TAXATION

	2009	2008
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note a)*	**15,783**	15,735
Other staff costs	**18,002**	17,877
Other staff's retirement benefit scheme contributions	**418**	404
Total staff costs	**34,203**	34,016
Allowance for doubtful debts	**–**	1,945
Allowance for inventories	**11,486**	11,298
Auditor's remuneration	**651**	660
Amortisation of intangible assets (included in general and administrative expenses)	**1,309**	1,309
Depreciation of property, plant and equipment	**10,158**	5,879
Minimum lease payments in respect of rented premises *(note b)*	**39,627**	21,382
and after crediting:		
Reversal of allowances for doubtful debts	**1,945**	339

Notes:

(a) The Directors' remuneration included rentals of HK$105,000 (2008: HK$180,000) paid during the year in respect of a Director's accommodation.

(b) The minimum lease payments in respect of rented premises included contingent rent of HK$253,000 (2008: HK$168,000). Contingent rent was charged by the lessors if certain percentage of turnover of the related boutiques reached the minimum levels as agreed under the tenancy agreements.

5. INCOME TAX EXPENSE

	2009	2008
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong Profits Tax	**10,376**	4,740
Tax in other jurisdictions	**2,165**	5,524
	12,541	10,264
Overprovision in prior years		
Hong Kong Profits Tax	**(80)**	–
Tax in other jurisdictions	**(5)**	–
	(85)	–
Deferred tax	**(3,778)**	(2,813)
	8,678	7,451

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

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

6. DIVIDEND

The final dividend for the year ended 31 March 2008 of HK$0.05 (2008: HK$0.06 in respect of year ended 31 March 2007) per share amounting to HK$20,400,000 (2007: HK$24,480,000) in total was paid during the year.

The Board has resolved not to declare the payment of any final dividend for the year ended 31 March 2009.

7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK$41,365,000 (2008: HK$34,389,000) and on the number of shares of 408,000,000 (2008: 408,000,000) that were in issue throughout the year.

There were no potential ordinary shares outstanding during both years.

8. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**27,709**	99,704
Other receivables, deposits and prepayments	**17,045**	19,296
	44,754	119,000

The Group allows a credit period normally ranging from 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**11,004**	75,280
31 – 90 days	**15,107**	17,545
91 – 120 days	**1,443**	6,868
Over 120 days	**639**	2,690
	28,193	102,383
Allowance for doubtful debts	**(484)**	(2,679)
	27,709	99,704

9. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**207,520**	391,283
Other payables	**35,864**	32,932
	243,384	424,215

The following is an aged analysis of trade payables:

	2009	2008
	HK$'000	*HK$'000*
Within 90 days	**12,224**	43,239
91 days – 365 days	**166,585**	325,994
Over 365 days	**28,711**	22,050
	207,520	391,283

FINANCIAL REVIEW

The Group remained profitable with no outstanding loans for the year under review despite the unfavourable global financial situation.

For the year ended 31 March 2009 ("FY2009") the Group recorded a turnover of HK$409,780,000, down 44.1% from HK$733,211,000 achieved in the year ended 31 March 2008 ("FY2008").

The decline in sales was due to the impact of the global financial crisis, resulting in the sharp weakening of consumer spending on luxury items in the second half of FY2009 (October 2008 to March 2009).

This has already been reflected by the falling Swiss watch exports to Taiwan, China and Hong Kong as consumer spending on luxury items shrank. Exports to the sector's biggest market, Hong Kong, fell 29 per cent, according to the Swiss Watch Federation's March 2009 statistics.

In line with the fall in turnover, gross profit declined by 40.5% to HK$141,380,000 from HK$237,442,000.

Operating expenses went up in the current year from HK$117,076,000 to HK$136,352,000. The higher expenses were the result of expansion of the boutique network in Hong Kong, China and Macau.

The Group registered a profit before tax of HK$50,043,000 and a net profit of HK$41,365,000. The net profit increase of 20.3% stemmed from the realised and unrealised foreign exchange gains of HK$25,641,000 and HK$19,082,000 respectively.

The exchange difference arose from trade payables denominated in foreign currencies based on the exchange rates prevailing at the balance sheet dates, and any difference in valuation were then recognised in the income statement as unrealised gains or losses.

Excluding the foreign exchange gains, the Group's profit before tax was HK$5,320,000 in FY2009 against HK$122,356,000 in FY2008. The substantial decrease in turnover contributed to the profit decline.

Despite the challenging market conditions, gross margins edged up from 32.4% to 34.5%, reflecting an enhanced product mix of higher margin timepieces for the year under review.

Group Net Asset Value per share (NAV) rose to 59.24 HK cents as at 31 March 2009, up from 54.94 HK cents as at 31 March 2008.

Earnings per share for the year ended 31 March 2009 was up at 10.1 HK cents versus 8.4 HK cents in FY 2008.

BUSINESS REVIEW

The Group is the sole distributor of Franck Muller watches and accessories in Hong Kong, Macau, the PRC and in Taiwan. We also represent four other exclusive luxury brands – Cvstos, de Grisogono, Pierre Kunz and European Company Watch.

As a result of the global financial crisis, the Group experienced significant challenges with the downturn of the economy especially in the second half of the year in review. This unfavourable environment prompted the Group to adjust expansion plans, control costs and inventory levels.

Distribution network and market penetration

We continue to maintain our presence in North Asia by working closely with our network partners of independent watch retailers and mono-brand boutiques.

As at 31 March 2009, the Group runs 10 mono-brand boutiques – five in Hong Kong, two in Macau, two in the PRC and one in Taiwan, retailing under the brands of Franck Muller and de Grisogono. The Group expanded its Franck Muller boutiques in the year under review, with two new outlets in Hong Kong – one at Lee Theatre in Causeway Bay and the other at The Peninsula in Tsimshatsui, both opening in the first half of the year. They form a vital part of the Group's brand management strategy, as they are located at prime luxury shopping areas, showcasing our exclusive luxury brands and enhancing market share for the Group's brands.

In developing and expanding the distribution network for the Group's brands, we have constantly adhered to the policy of partnering with luxury retailers in the territories we operate in. We have 23 independent watch retail partners operating 44 network stores in Hong Kong, Macau, the PRC and Taiwan as at end of March 2009.

Due to the changes in the business environment, the Group expects more prudent growth in the distribution network as the retailers adjust their business strategies and their pace of expansion. However, the Group will continue to work with and through the current network to reinforce and strengthen brand positioning and market share in North Asia.

As customers of luxury demand ever increasing levels of discerning service, the Group launched a new service training programme entitled "Good to Great". This programme builds a platform for delivering and strengthening a culture of service excellence in the Group. This has enhanced our service levels and heightened customer satisfaction in the Group's boutique operations.

Brand enhancement activities

Strategic brand management, which creates shareholders value, is a critical element of the Group's growth strategy.

The Group's range of exclusive luxury watch brands – Franck Muller, de Grisogono, Cvstos, Pierre Kunz and European Company Watch – continued to delight customers and reinforce Sincere Watch (Hong Kong) Limited's leadership in the luxury watch industry in Asia.

The Group sustained advertising efforts and innovative promotion events in the year, customizing an unparalleled driving experience for owners of Franck Muller timepieces on a Super Car Tour, hosting a glamorous evening themed after the romantic Imperial India era. The Group's other budding brands were not to be forgotten with the launch of the Cvstos Concept-S collection and the de Grisogono Star River event amongst others.

To reinforce the pole position of the Group's key watch brand, the Group also hosted two exclusive Franck Muller evenings for its partners, celebrities, dignitaries and customers in Hong Kong and Beijing. Following the success of the evening in Hong Kong, the Indian themed event was flown into China's capital city, Beijing. It was received with equal delight from the Chinese customers and media, making it an unforgettable experience for all.

The Master of Complications, Mr. Franck Muller was in Hong Kong to open the Franck Muller boutique at The Peninsula which was attended by major media owners in Asia.

The Group continued to set standards in the industry by customizing a Super Car Tour for owners of the Franck Muller timepiece. A convoy of 33 elite super cars enjoyed a superlative drive from Singapore to Kuala Lumpur, Terengganu and Cameron Highlands.

The Group takes pride in creating time with customers and the media to enjoy the world of luxury watchmaking in order that long-term relationships are fostered and brand loyalty strengthened.

As the Chinese become important buyers of luxury, de Grisogono hosted special guests from Star River GuangZhou to discover the glamour and beauty of special creations presented by the brand at the "24th Biennale des Antiquaires".

GEOGRAPHIC MARKETS

Sales in all of the Group's key markets softened, precipitated by the sharply weakened consumer demand for luxury watches in the second half of FY2009.

Hong Kong

Hong Kong continues to be the Group's major market, accounting for 69.3% or HK$283,775,000 of the Group's revenue in FY2009.

Despite the lower revenue compared to the HK$568,626,000 in FY2008, the Group is optimistic that growth in this sector will regain its high momentum when consumer confidence returns with improvement in the Asian economic climate.

PRC other than Hong Kong

PRC and Macau accounted for HK$88,374,000 or 21.6% of the Group's revenue in FY2009.

This sector's revenue figure in FY2009 was 8.4% lower than the HK$96,506,000 turnover in FY2008. But this sector's percentage contribution to the Group's total revenue has risen from 13.2% in FY 2008 to 21.6% in FY2009. The drop in revenue reflects China's change in travel policy for mainlanders visiting Macau. The Group is confident that travel restrictions will ease in due time. The Group will continue to work to expand the Chinese network as opportunity avails.

Other Asian locations

Sales in other Asian locations (including Taiwan and Singapore) accounted for 9.2% or HK$37,631,000 of the Group's revenue in FY2009. Sales in Taiwan were down 44.9% from HK$68,079,000 in last financial year to HK$37,478,000 in FY2009. The sales decline reflects domestic demand in Taiwan. However, this downtrend is gradually tapering off as bilateral trade and other business collaborations with China gained momentum.

PROSPECTS

The global economic downturn has resulted in weakened discretionary spending on luxury watches. While this had impacted its performance, the Group remains gearing-free and will continue to monitor and control costs and preserve cash while on the lookout for strategic opportunities. With its strong branding, sound financial position and established reputation, the Group is confident of emerging stronger with the recovery of the world economy.

The Group will also continue to remain innovative and competitive, with the primary aim of exceeding customer expectations.

The Group will continue to build on its established goodwill with the Swiss watch principals, working with them to introduce fresh initiatives and promote a strong and robust culture of horology. It will continue to launch innovative retail concepts and marketing platforms in North Asia.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2009, the Group maintained a healthy financial position with cash and bank deposits of HK$84,469,000 and no outstanding bank loans.

The Group generally finances its operations and investing activities with internally generated cash flows. As at 31 March 2009, the Group's net assets amounted to HK$241,717,000 (31 March 2008: HK$224,152,000) and did not have any bank borrowings (31 March 2008: Nil).

The consolidated total liability decreased to HK$254,877,000 (31 March 2008: HK$433,244,000).

The Directors believe the Group has sufficient financial resources to fulfill its commitments and current working capital requirements.

CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE

The Group has realised currency exchange gain of HK$25,641,000 in FY2009 against a currency exchange loss of HK$27,773,000 in FY2008. In addition, the Group reported an unrealised exchange gain of HK$19,082,000 in FY2009, against an unrealised exchange loss of HK$52,743,000 in FY2008.

The Group pursues a prudent policy on financial risk management and management of foreign currency and interest rates. The Group benefits from favourable payment terms from its suppliers, which may result in unrealised gains or losses from time to time in applying Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

CHARGE ON ASSETS

The Group had a pledged bank deposit of HK$6,900,000 as at 31 March 2009 (31 March 2008: Nil) to secure undrawn banking facilities.

SIGNIFICANT ACQUISITION OF SUBSIDIARY

No significant acquisition of subsidiary was made for the current year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There was no definite future plan for material investments and acquisition of material capital assets as at 31 March 2009.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 March 2009 (31 March 2008: Nil).

STAFF AND EMPLOYMENT

As at 31 March 2009, the Group employed a total work force of 68, including Directors (31 March 2008: 84). Employees were paid at market rates with discretionary bonus and medical benefits, mandatory provident fund scheme and necessary training. The Group has been constantly reviewing staff remuneration to ensure it is competitive with market practices.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year to the date of this announcement, the Company has complied with the code provisions set out in the Code on Corporate Governance Practice contained in Appendix 14 to the Listing Rules, except for certain deviations hereunder.

During the period from 16 September 2008 to 28 February 2009, the Company had only two Independent Non-executive Directors and was thus in breach of Rules 3.10 and 3.21 of the Listing Rules. The Board appointed Mr. Lam Man Bun, Alan ("Mr. Lam") as the third Independent Non-executive Director on 1 March 2009 in compliance with the Listing Rules requirements. The announcement of the Company dated 2 March 2009 in relation to Mr. Lam's appointment ("Announcement") did not disclose the fact that, although Mr. Lam did not fulfill the requirements for independence under Rule 3.13(3) of the Listing Rules, the Company nevertheless considered Mr. Lam to be independent, and the reasons therefor. Mr. Lam is the sole proprietor of a Hong Kong law firm (the "Firm") that had provided certain limited professional services to an Executive Director of the Company in connection with a personal matter, but this was not disclosed to the other Board members prior to Mr. Lam's appointment, as it was believed that the provision of such limited services should not have affected Mr. Lam's independence. Accordingly, the fact that Mr. Lam had provided professional services to the Executive Director was not included in the Announcement. The Company subsequently obtained clarification and confirmation from the Executive Director and Mr. Lam that the latter's involvement in the services in question was very limited and the amount of fees charged by the Firm for the service was also very minimal and was immaterial for both Mr. Lam and the Executive Director. The Board was also satisfied that Mr. Lam has confirmed that upon his appointment as, and for so long as he remains, an Independent Non-executive Director of the Company, he will act strictly independently and for the general benefits and interests of all shareholders of the Company. In so far as Mr. Lam's independence is concerned, the Stock Exchange has agreed that Mr. Lam is independent, based on the totality of the information provided in the Company's submissions to the Stock Exchange in this regard.

COMPLIANCE WITH MODEL CODE

During the year to the date of this announcement, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding Director's securities transactions. Having made specific enquiry of all Directors, save for the breach disclosed in the announcement of the Company dated 2 April 2009 and the Rule B.8. of the Model Code. In view of the breach, the Company has reviewed the internal reporting and compliance procedures governing the dealings in securities of the Company by the management. In particular, the Company has stepped up its monitoring and reporting procedures by (i) carrying out discussions with the management with a particular emphasis on the importance of adhering to the requirements stipulated in the Listing Rules (including the Model Code) and the Securities and Futures Ordinance ("SFO"); (ii) arranging for seminars and training sessions for management of the Group to ensure that they are up-to-date with the requirements stipulated in the Listing Rules (including the Model Code) and the SFO; and (iii) reminding and requiring all management intending to deal in the securities of the Company to follow strictly the reporting procedures under the Model Code whenever they intend to deal in the securities of the Company and to report to the Chairman and an Executive Director (other than himself/herself) the details of their securities transactions, and to obtain a dated written acknowledgment before any dealing, and to abide by the disclosure requirements under the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company during the year.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive directors, namely Mr. Lew, Victor Robert (Chairman of the Audit Committee), Dr. King Roger and Mr. Lam Man Bun, Alan. The Group's audited financial statements for the year ended 31 March 2009 have been reviewed by the Audit Committee.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

As at the date of the announcement, the Executive Directors are Mr. Tay Liam Wee, Mr. Chau Kwok Fun, Kevin and Ms. Tay Liam Wuan; the Non-executive Directors are Mr. Roderick John Sutton and Mr. John Howard Batchelor; and the Independent Non-executive Directors are Mr. Lew, Victor Robert, Dr. King Roger and Mr. Lam Man Bun, Alan.

By order of the Board
Tay Liam Wee
Chairman

Hong Kong, 5 June 2009