利記控股有限公司
LEE KEE HOLDINGS LIMITED

SINCE 1947

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 637)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

The Board of Directors (the "Board") of Lee Kee Holdings Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively "LEE KEE" or the "Group") for the year ended 31st December 2009 together with the comparative figures of the corresponding year ended 31st December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31st December	
	Note	**2009** *HK$'000*	2008 *HK$'000*
Revenues	*3*	**2,433,980**	4,127,696
Cost of sales		**(2,216,534)**	(4,027,405)
Gross profit		**217,446**	100,291
Other income	*4*	**3,915**	16,642
Distribution and selling expenses		**(13,923)**	(21,357)
Administrative expenses		**(81,096)**	(86,184)
Other (losses)/gains, net		**(690)**	355
Operating profit		**125,652**	9,747
Finance costs	*5*	**(2,451)**	(12,045)
Profit/(loss) before income tax	*6*	**123,201**	(2,298)
Income tax expense	*7*	**(16,178)**	(3,066)
Profit/(loss) for the year		**107,023**	(5,364)
Profit/(loss) attributable to:			
Equity holders of the Company		**106,940**	60
Minority interests		**83**	(5,424)
		107,023	(5,364)
Earnings per share for profit attributable to the equity holders of the Company during the year	*8*		
– basic and diluted (Hong Kong cents)		**12.90**	0.01
Dividends	*9*	**95,306**	66,300

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31st December	
	2009	2008
	HK$'000	*HK$'000*
Profit/(loss) for the year	**107,023**	(5,364)
Other comprehensive income for the year:		
Exchange translation differences	**717**	2,078
Movement of available-for-sale financial asset revaluation reserve	**2,524**	(2,524)
Other comprehensive income for the year, net of tax	**3,241**	(446)
Total comprehensive income for the year	**110,264**	(5,810)
Total comprehensive income attributable to:		
Equity holders of the Company	**110,122**	(662)
Minority interests	**142**	(5,148)
	110,264	(5,810)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31st December	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Leasehold land		**48,412**	45,071
Property, plant and equipment		**75,227**	73,695
Deferred income tax assets		**174**	192
Available-for-sale financial asset		**4,380**	6,581
Prepayment for leasehold land		**3,071**	3,063
Prepayment for property, plant and equipment		**–**	321
		131,264	128,923
Current assets			
Inventories		**626,041**	221,615
Trade and other receivables	*10*	**202,429**	131,288
Income tax recoverable		**280**	10,798
Bank balances and cash		**715,387**	864,147
		1,544,137	1,227,848
Total assets		**1,675,401**	1,356,771
Capital and reserves attributable to the equity holders of the Company			
Share capital		**82,875**	82,875
Share premium		**495,293**	495,293
Other reserves		**558,781**	541,010
Proposed dividend		**87,019**	58,013
		1,223,968	1,177,191
Minority interests		**24,709**	24,567
Total equity		**1,248,677**	1,201,758
Non-current liability			
Deferred income tax liabilities		**2,952**	2,203
Current liabilities			
Trade and other payables	*11*	**124,945**	72,607
Amount due to a joint venturer of a jointly controlled entity		**561**	292
Bank borrowings		**279,515**	74,206
Income tax payable		**13,051**	5
Amount due to minority interests		**5,700**	5,700
		423,772	152,810
Total liabilities		**426,724**	155,013
Total equity and liabilities		**1,675,401**	1,356,771
Net current assets		**1,120,365**	1,075,038
Total assets less current liabilities		**1,251,629**	1,203,961

Notes

1. BASIS OF PREPARATION

These consolidated income statement for the year ended 31st December 2009 and consolidated statement of financial position as at 31st December 2009 and the related notes 1 to 11 are extracted from the Group's consolidated financial statements for the year ended 31st December 2009. The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (which include Hong Kong Accounting Standards ("HKAS")). These policies have been consistently applied to the two years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial asset and financial asset at fair value through profit or loss.

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

The following new or revised standards and amendment to existing standards, which are relevant to the Group's operations, are mandatory for the year ended 31st December 2009. The adoption of these HKFRSs has no material impact on the Group's results and financial position for the current or prior years, and does not result in any significant changes in the accounting policies of the Group. Nevertheless, certain changes in presentation and disclosures have been adopted by the Group in compliance with the following new and revised HKFRSs:

- HKAS 1 (Revised), "Presentation of Financial Statements": The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 8, "Operating Segments": HKFRS 8 replaces HKAS 14, "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Group's most senior executive management that makes strategic decisions. The directors consider that the operating segments identified in accordance with HKFRS 8 do not differ materially from those previously disclosed under HKAS 14.

- HKFRS 7 (Amendment), "Financial Instruments: Disclosures": The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in the amendment. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

The Group has not early adopted the new or revised standards, amendments and interpretations to existing standards issued by the HKICPA that are not yet effective for the year ended 31st December 2009, and is in the process of assessing their impact on future accounting periods.

3. REVENUES AND SEGMENT REPORTING

The Group is principally engaged in the trading of zinc, zinc alloy, nickel, nickel-related products, aluminium, aluminium alloy and stainless steel and other electroplating chemical products. Revenues recognised during the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenues		
Sales of goods	**2,433,980**	4,127,696

(a) Segment information

The chief operating decision-maker has been identified as the Group's most senior executive management, who reviews the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions.

The chief operating decision-maker reviews the performance of the Group mainly from a geographical areas perspective. The Group is organised into two operating segments, namely (i) Hong Kong and (ii) China mainland. Both operating segments represent trading of different types of metal products.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of operating results (before income tax expense) of each segment, which excludes the effects of other income, other (losses)/gains, net and finance costs in the result for each operating segment.

The segment information for the reporting segments for the year ended 31st December 2009 is as follows:

	Hong Kong	**China mainland**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenues	**2,062,529**	**371,451**	**2,433,980**
Segment results	**116,747**	**5,680**	**122,427**
Other segment expenditure items included in the segment results as follows:			
Cost of inventories sold	**1,881,883**	**348,723**	**2,230,606**
Depreciation of property, plant and equipment	**9,471**	**2,465**	**11,936**
Amortisation of leasehold land	**645**	**737**	**1,382**
Reversal of provision for inventories	**(18,936)**	**(921)**	**(19,857)**
Provision for impairment of trade receivables	**373**	**1,796**	**2,169**
Segment assets	**1,436,179**	**107,958**	**1,544,137**
Segment liabilities	**369,070**	**54,702**	**423,772**

The segment information for the reporting segments for the year ended 31st December 2008 is as follows:

	Hong Kong *HK$'000*	China mainland *HK$'000*	Total *HK$'000*
Segment revenues	3,725,755	401,941	4,127,696
Segment results	9,695	(16,945)	(7,250)
Other segment expenditure items included in the segment results as follows:			
Cost of inventories sold	3,645,621	401,728	4,047,349
Depreciation of property, plant and equipment	8,852	1,194	10,046
Amortisation of leasehold land	478	460	938
(Reversal of provision)/provision for inventories	(25,048)	872	(24,176)
Provision for impairment of trade receivables	1,440	1,490	2,930
Segment assets	1,110,601	117,247	1,227,848
Segment liabilities	101,002	51,808	152,810

Segment assets and segment liabilities comprise current assets and current liabilities respectively.

The total of non-current assets other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in Hong Kong is approximately HK$71,739,000 (2008: HK$70,235,000), and the total of these non-current assets located in China mainland is approximately HK$54,971,000 (2008: HK$51,915,000).

(b) Reconciliation of segment results, segment assets and segment liabilities

	2009 ***HK$'000***	2008 *HK$'000*
Segment results		
Total segment results	**122,427**	(7,250)
Other income	**3,915**	16,642
Other (losses)/gains, net	**(690)**	355
Finance costs	**(2,451)**	(12,045)
Profit/(loss) before income tax per consolidated income statement	**123,201**	(2,298)

	2009 *HK$'000*	2008 *HK$'000*
Segment assets		
Total segment assets	**1,544,137**	1,227,848
Leasehold land	**48,412**	45,071
Property, plant and equipment	**75,227**	73,695
Deferred income tax assets	**174**	192
Available-for-sale financial asset	**4,380**	6,581
Prepayment for leasehold land	**3,071**	3,063
Prepayment for property, plant and equipment	**–**	321
Total assets per consolidated statement of financial position	**1,675,401**	1,356,771

	2009 *HK$'000*	2008 *HK$'000*
Segment liabilities		
Total segment liabilities	**423,772**	152,810
Deferred income tax liabilities	**2,952**	2,203
Total liabilities per consolidated statement of financial position	**426,724**	155,013

4. OTHER INCOME

	2009 *HK$'000*	2008 *HK$'000*
Interest income	**3,501**	15,654
Management fee, net of withholding tax	**70**	70
Others	**344**	918
	3,915	16,642

5. FINANCE COSTS

	2009 *HK$'000*	2008 *HK$'000*
Interest on		
Bank overdrafts	**–**	46
Loans against trust receipts	**1,915**	8,513
Short-term bank loans	**536**	3,486
	2,451	12,045

6. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived after charging/(crediting):

	2009	2008
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**11,936**	10,046
Amortisation of leasehold land	**1,382**	938
Cost of inventories sold	**2,230,606**	4,047,349
Impairment loss of available-for-sale financial asset	**4,725**	–
Net fair value gains of financial asset at fair value through profit or loss	**–**	(95)

7. 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. Income tax on profits arising from operations in China mainland has been calculated on the estimated assessable profit for the year at the rates of income tax prevailing in China mainland in which the Group's entities operate.

	2009	2008
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**14,373**	2,070
– China mainland corporate income tax	**1,088**	165
Deferred income tax	**767**	119
(Over)/under-provision in prior years	**(50)**	712
Income tax expense	**16,178**	3,066

8. EARNINGS PER SHARE

(a) Basic

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

	2009	2008
Profit attributable to the equity holders of the Company (HK$'000)	**106,940**	60
Number of ordinary shares in issue ('000)	**828,750**	828,750
Basic earnings per share (Hong Kong cents per share)	**12.90**	0.01

(b) Diluted

Diluted earnings per share is calculated adjusting the number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary share which is the share options granted to the directors of the Company and the employees of the Group under the Pre-IPO Share Option Scheme. For the share options, a calculation is made in order 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.

Diluted earnings per share for the years ended 31st December 2009 and 2008 are the same as the basic earnings per share as the outstanding options for the years ended 31st December 2009 and 2008 are anti-dilutive.

9. DIVIDENDS

	2009 *HK$'000*	2008 *HK$'000*
Interim dividend of HK1 cent (2008: HK1 cent) per ordinary share *(note (a))*	**8,287**	8,287
Proposed special dividend of HK8 cents (2008: Nil) per ordinary share *(note (b))*	**66,300**	–
Proposed final dividend of HK2.5 cents (2008: HK7 cents) per ordinary share *(note (c))*	**20,719**	58,013
	95,306	66,300

Notes:

(a) An interim dividend in respect of 2009 of HK1 cent (2008: HK1 cent) per ordinary share, amounting to a total dividend of HK$8,287,000 (2008: HK$8,287,000) was paid on 30th September 2009.

(b) A special dividend in respect of 2009 of HK8 cents (2008: Nil) per ordinary share, amounting to a total dividend of HK$66,300,000 (2008: Nil) was proposed for approval at the annual general meeting. The financial statements do not reflect this dividend payable.

(c) A final dividend in respect of 2009 of HK2.5 cents (2008: HK7 cents) per ordinary share, amounting to a total dividend of HK$20,718,750 (2008: HK$58,012,500) was proposed for approval at the annual general meeting. The financial statements do not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	2009 *HK$'000*	2008 *HK$'000*
Trade receivables, net of provision	**173,724**	108,831
Prepayments to suppliers	**16,121**	7,191
Deposits	**1,165**	1,857
Other receivables	**11,419**	13,409
	202,429	131,288

The Group offers credit terms to its customers ranging from cash on delivery to 90 days. Ageing analysis of trade receivables, based on invoice date, is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**136,308**	57,503
31 to 60 days	**31,331**	20,504
61 to 90 days	**4,410**	15,648
Over 90 days	**1,675**	15,176
	173,724	108,831

11. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables – third parties	**82,527**	43,173
Trade payables – a related company	**3,535**	1,300
	86,062	44,473
Prepayments from customers	**20,295**	19,105
Accrued expenses	**18,588**	9,029
	124,945	72,607

Ageing analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**84,342**	43,634
31 to 60 days	**1,579**	622
61 to 90 days	**5**	–
Over 90 days	**136**	217
	86,062	44,473

OVERALL BUSINESS PERFORMANCE

Thanks in part to stimulus measures put into place by governments the world over, the economic slide was halted in the second quarter of 2009. During the second half of 2009, the world economy appeared to bottom out and began to show "green shoots" of recovery. Robust growth in Asia soon commenced to spearhead the rest of the world out of recession. Since then the good news includes a period of 5.9% economic growth in the USA during the last quarter of 2009 and an 8.7% growth figure for the PRC for the full year. Against this economic backdrop, base metal prices sprang into an overall upward trend during the year under review, with zinc, aluminium, and nickel prices soaring 112%, 45% and 58% respectively in 2009 whose average price however, still remained below the levels of 2008.

Revenue for 2009 decreased to approximately HK$2,434 million (2008: HK$4,128 million) as a result of lower metal price and tonnage sold. Lower tonnage sold was mainly the result of an overall recessionary market and tightened credit control by the Group in the financial crisis. Yet, the Group managed to increase gross profit for the full year by HK$117 million to approximately HK$217 million (2008: HK$100 million) with the sale of 136,000 metric tonnes of zinc and aluminium alloy (2008: 162,000 tonnes). Net profit attributable to equity holders of the Company increased to approximately HK$107 million from approximately HK$60,000 for 2008. This performance was principally attributable to effective inventory management, which enabled the Group to benefit more from inventory holding on rising metal prices, and ongoing improvements to cost control. During 2009, the Group reduced the administrative expenses by 5.9% and distribution and selling expenses by 35% which far outweigh the 17% drop in total tonnage sold. In addition, relatively low interest rates during 2009 resulted in significantly lower finance costs and interest income during 2009.

Narrowing metal price differences between the London Metal Exchange and Shanghai Metal Market, plus impressive growth in the PRC's consumption during the global recession, such as in the country's automotive industry, has confirmed that the Group is excellently positioned to extend sales coverage and benefit from the PRC's huge potential in terms of future opportunities.

Further, the strengths and experience developed by the Group's management during the year as a response to the worst economic conditions in the history of the Company will be retained by LEE KEE as tried-and-tested measures for similar scenarios in future.

BUSINESS REVIEW

As a leading metal supply chain management company, LEE KEE established with its professional and experienced management team an unique IVAS (integrated value added services) model to provide a one-stop-shop facility that addresses various stages of metal processing, global sourcing, shipping and transportation, inventory management, customer services, market intelligence, testing and certification. This enables each customer to enjoy a tailor-made service and ensure product quality.

The Group sources and distributes diecasting zinc alloy and SHG zinc, which represented 67% of the Group's revenue (2008: 66%), along with diecasting aluminium alloy and ingot, which represented 12% of the Group's revenue (2008: 9%), nickel and nickel-related products and electroplating chemicals (including precious metal chemicals such as rhodium), which represented 17% of the Group's revenue (2008: 21%) and stainless steel, which represented 4% of the Group's revenue (2008: 4%). In view of an emphasis on product quality and requirement demand for a wider range of product specifications, the Group began sourcing from new suppliers in the PRC and overseas. These new business partners were keen to co-operate because they were impressed by the Group's long established history, well-experienced in the market (particularly in terms of distribution network and quality customers) and sound financial credentials. Thanks to a combination of effective and efficient transportation arrangements and inventory facilities as well as large customer base, the Group is able to provide stock to customers on a just-in-time basis, which boosts flexibility at a lower cost in a fast-changing market. As an important move of the Group's direction, LEE KEE put more resources to focus quality and creditable customers to enhance the relationship and diversify its supplier network covering most of suitably-accredited, world-class suppliers in order to uphold the Group's stature and reputation in the market.

As an additional service to customers with a sharp focus on product quality, LEE KEE established a metal testing laboratory operated by its wholly-owned subsidiary, Promet Metals Testing Laboratory Limited ("Promet"), which has been officially accredited by The Hong Kong Laboratory Accreditation Scheme ("HOKLAS") and its accreditation criteria are in accordance with ISO/IEC 17025:2005 "General requirements for the competence of testing and calibration laboratories". Promet is the first laboratory in Hong Kong to receive Metals and Metallic Alloys-category accreditation from HOKLAS. The scheme has greatly upgraded the standard of testing and management of Promet. The endorsed reports issued by Promet have mutual recognition agreements with overseas accreditation bodies. With Promet's dedicated and professional team, in cope with the Hong Kong government policy on enhancing the Testing and Certification industry and the diversification of our Group, such laboratory service is expected to become another growth area. Though Promet did not contribute significant revenue to the Group in 2009, the time and cost for sub-contracting testing have been saved and it enhances the Group's market-leading position and sharpens the Group's competitive edge.

A strategic approach and well-established distribution network enabled LEE KEE to perform well and recording significant increases in both gross profit and net profit for the full year. Far from standing still, however, LEE KEE pursues a philosophy of continuously improving IVAS with new elements and services, by differentiating the Group from competitors and maintaining market leadership. In fact, LEE KEE's zinc alloy sales volume in 2009 represented approximately 73% of the PRC's total zinc alloy import volume for the year.

Boasting a strong and diverse network of suppliers and quality customers, LEE KEE serves around 1,400 customers in the Greater China Region, as well as in Vietnam, Indonesia, Thailand, Singapore and Malaysia, the majority being foreign-invested entities in the Pearl River Delta region. Growth in the domestic market has been focused on the manufacture of commercial products such as bathroom fittings, household hardware, toys, home appliances, fashion accessories and automobile parts.

Strategically-positioned sales and distribution centres in Guangzhou, Wuxi and Shenzhen enabled LEE KEE to capitalise on domestic growth, with these centres contributing revenue of approximately HK$168 million, an increase of 8% when compared with the same period last year. During the year under review, the Group started preliminary work on the establishment of an office in Chongqing.

In 2009, the Group continued to strengthen both upstream and downstream supply-chain activities. Genesis Alloys (Ningbo) Limited ("Genesis Ningbo"), the Group's 50%-owned zinc alloy production joint venture, produced approximately 11,520 tonnes of zinc alloy and contributed revenue of approximately HK$96 million to the Group.

The Group's 60%-owned subsidiary, Foshan Nanhai Almax Non-Ferrous Metals Company Limited ("Almax"), which owns and operates an aluminium alloy processing plant in Nanhai, benefited from general recognition of the recycling business and growth in the automotive and electrical appliance industry and produced about 9,480 tons of aluminium alloy with scrap aluminium sourced from both PRC and overseas suppliers. This contributed approximately HK$136 million in revenue to the Group during 2009. For better utilisation of the Group's resources, the original plan of establishment of an aluminium alloy processing facility in Zhaoqing has been withheld and the Group has been studying alternatives.

Benefiting from co-location with the Tai Po Technology and Logistic Center and with operations extended to the PRC, Lee Yip Metal Products Company Limited ("Lee Yip"), a 70%-owned stainless steel processing and distribution operation, reduced operational costs and was able to implement more market-responsive logistical arrangements during 2009. Lee Yip sold 4,660 tonnes of stainless steel and contributed revenue of approximately HK$94 million to the Group.

PROSPECTS

Facing the changing external environment, LEE KEE is confident that the Group is well positioned to benefit from growth in the domestic market and a new trend of industry development in product quality and environmental concerns. Thanks to a wealth of well experience in metal industry, professional business team, a robust financial framework and a sound operational structure, the Group will continue to build on its many strengths with a determination to succeed.

LEE KEE's Tai Po Technology and Logistic Center has enhanced and expanded its customer service offerings, while reducing costs during challenging times. Sales and distribution centres in Shenzhen, Wuxi and Guangzhou are expanding LEE KEE's sales footprint in an area of domestic market growth, especially in the Yangtze River Delta region. Along the country's development trend, the Group will expand its business to central and western area of the PRC so as to supply high quality metals and provide quality services to metal manufacturing industry there.

Regardless of market conditions, LEE KEE will continue to develop core strengths and maintain a commitment to quality and continuous improvement, in line with the Group's ISO 9001:2000 certification. In addition, the Group will continue to explore business opportunities presented by integration with Lee Yip and will optimise Almax's role in order to capitalise on opportunities in the automotive industry.

Looking ahead, LEE KEE plans to excel in the marketplace through well and professional experience, unrivalled customer service, a prudent approach to up and downstream developments and by performing with renewed vigour as the global economy recovers.

DIVIDENDS

On 26th August 2009, the Directors declared an interim dividend of HK1 cent per share (2008: HK1 cent per share), amounting to a total dividend of HK$8,287,500 (2008: HK$8,287,500) which was paid on 30th September 2009.

In order to let shareholders share the Group's overall performance in an effective and direct way, the Directors, after consideration of the investment, operating environment and the Group's financial position from the view of cash on hand and funding requirements, have recommended dividends of HK10.5 cents (including a final dividend of HK2.5 cents (2008: HK7 cents) and a special dividend of HK8 cents (2008: Nil)) per share for the year to shareholders whose names appeared on the register of members of the Company on 20th May 2010. Subject to the shareholders' approval, the dividends of HK10.5 cents per share will be paid on or around 1st June 2010. Total dividends for 2009 will be HK11.5 cents per share (2008: HK8 cents per share) amounting to approximately HK$95,306,000 (2008: HK$66,300,000).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17th May 2010 to Thursday, 20th May 2010, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the final and special dividends, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 14th May 2010.

LIQUIDITY, FINANCIAL RESOURCES AND COMMODITY PRICE RISK

The Group primarily financed its operation through internal resources, borrowings from banks and capital contributions from our shareholders. As at 31st December 2009, the Group had unrestricted cash and bank balances of approximately HK$715 million (2008: HK$864 million) and bank borrowings of approximately HK$280 million (2008: HK$74 million). The borrowings, which are short term in nature, were substantially made in Renminbi and United States dollars with interest chargeable at market rates and the gearing ratio (total borrowings to total equity) as at 31st December 2009 was 22.4% (2008: 6.2%). The Group has a current ratio of 364.4% (2008: 803.5%).

The Company had issued guarantees to the extent of approximately HK$1,977 million to banks to secure general banking facilities of approximately HK$1,448 million to certain subsidiaries and a jointly controlled entity, of which approximately HK$280 million had been utilised as of 31st December 2009. The Group's 60%-owned subsidiary, Almax, pledged its owned plant with land to a bank to secure general banking facilities of approximately HK$5.7 million to it.

The Group constantly evaluates and monitors its risk exposure to the metals prices with reference to the market conditions. In order to control the exposure efficiently and to capitalise on direction of price trends, the Group's management will employ appropriate operating strategies and set inventory levels accordingly.

The Group's foreign exchange exposure mainly resulted from the translation between Hong Kong dollars and United States dollars. The Group did not engage in any instrument to hedge against the foreign exchange risk.

EMPLOYEES

As at 31st December 2009, the Group had approximately 250 employees (2008: 240 employees) and the Group's 50%-owned joint venture, Genesis Ningbo, had approximately 50 employees (2008: 50 employees). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus and the Group's contribution to mandatory provident funds (or state-managed retirement benefits scheme). Other benefits include share options granted or to be granted under the share option schemes and training schemes. During 2009, staff cost (including directors' emoluments) was approximately HK$50 million (2008: HK$50 million).

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor its subsidiaries has purchased or sold any of the Company's shares during 2009.

CORPORATE GOVERNANCE

To the knowledge of the Directors, they consider that the Company has applied the principles of the Code of Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange and to certain extent, of the recommended best practices thereof, and are not aware of any non-compliance with the code provisions of the CG Code during 2009.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial statements have been reviewed by the Company's Audit Committee. The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2009 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

As at the date of this announcement, the Directors of the Company are Mr. CHAN Pak Chung, Ms. CHAN Yuen Shan, Clara, Ms. MA Siu Tao, Mr. William Tasman WISE, Mr. CHUNG Wai Kwok, Jimmy*, Mr. LEUNG Kwok Keung* and Mr. HU Wai Kwok*.

By Order of the Board
CHAN Pak Chung
Chairman

Hong Kong, 22nd March 2010

* *Independent non-executive Directors*