TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
TCL 多 媒 體 科 技 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)

RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2009

FINANCIAL HIGHLIGHTS
Results for the three months ended 31 March

	2009 **(HK$M)**	2008 (HK$M)	Change
Turnover	**5,014**	5,500	(8.8%)
Gross profit	**910**	1,015	(10.3%)
Operating profit	**86**	97	(11.3%)
Profit attributable to equity holders of the parent	**26**	168	(84.5%)
Effects of convertible bonds	**–**	116	N/A
Profit before the effects of convertible bonds attributable to equity holders of the parent	**26**	52	(50.0%)

Highlights

- Sales volume of LCD TV increased by 122.4% year-on-year to 1,199,000 sets, continued to outpace the global market growth rate of 43.6% (Source: GfK Jan – Feb 2009 statistics)

- The Group remained the overall market leader in the PRC's TV market, commanding a market share of 17.1% in the year of 2008 (Source: Displaysearch). Market share growth achieved in the fourth quarter of 2008 and sustained in the first quarter of 2009, LCD TV sales volume increased by 235.2% year-on-year

- LCD TV ranking moved up to No. 8 globally in terms of its market share in the year of 2008 (Source: combining data from Displaysearch on LCD TV sales volume and the Group's Strategic OEM shipment)

- Turnover reached HK$5,014 million, gross profit achieved HK$910 million and profit attributable to equity holders of the parent recorded HK$26 million

- The Group maintained healthy gearing ratio and strong operating cashflow; cash and bank balances as at 31 March 2009 was HK$2,065 million

The board of directors (the "Board") of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2009 with comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended 31 March	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
TURNOVER	2	**5,014,310**	5,500,346
Cost of sales		**(4,103,978)**	(4,484,895)
Gross profit		**910,332**	1,015,451
Other revenue and gains		**37,599**	50,113
Selling and distribution costs		**(599,868)**	(744,140)
Administrative expenses		**(190,228)**	(172,656)
Research and development costs		**(53,042)**	(51,512)
Other operating expenses		**(18,304)**	(213)
		86,489	97,043
Finance costs (excluding finance costs on convertible bonds)		**(25,722)**	(27,933)
Share of profits and losses of:			
Jointly-controlled entities		**(3,105)**	(5,530)
Associates		**1,087**	82
		58,749	63,662
Fair value gain on the derivative component of convertible bonds		**–**	155,336
Finance costs on convertible bonds		**–**	(39,174)
PROFIT BEFORE TAX		**58,749**	179,824
Tax	3	**(33,966)**	(9,567)
PROFIT FOR THE PERIOD		**24,783**	170,257
Attributable to:			
Equity holders of the parent		**25,690**	167,600
Minority interests		**(907)**	2,657
		24,783	170,257
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	5		
Basic		**HK2.51 cents**	HK28.72 cents
Diluted		**N/A**	HK7.43 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2009** *HK$'000*	31 December 2008 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,374,809**	1,390,786
Prepaid land lease payments		**74,167**	49,977
Deposit paid for the acquisition of prepaid land lease payments		**–**	3,407
Goodwill		**119,638**	119,638
Other intangible assets		**15,504**	16,988
Interests in jointly-controlled entities		**112,656**	116,048
Interests in associates		**86,775**	85,834
Available-for-sale investments		**1,008**	1,008
Prepaid royalty		**72,591**	82,328
Deferred tax assets		**16,987**	17,213
Total non-current assets		**1,874,135**	1,883,227
CURRENT ASSETS			
Inventories		**2,503,979**	3,061,568
Trade receivables		**1,831,514**	2,111,306
Factored trade receivables	6	**660,816**	1,835,241
Bills receivable		**491,795**	674,688
Other receivables		**634,193**	675,113
Tax recoverable		**15,729**	12,529
Cash and bank balances		**2,064,842**	2,157,768
		8,202,868	10,528,213
Non-current assets classified as held for sale	7	**201,309**	205,528
Total current assets		**8,404,177**	10,733,741
CURRENT LIABILITIES			
Trade payables		**3,287,363**	4,384,363
Bills payable		**571,293**	820,067
Tax payable		**131,880**	161,124
Other payables and accruals		**1,280,039**	1,399,208
Provisions		**96,736**	128,019
Bank advances as consideration for factored trade receivables	6	**593,622**	1,665,749
Interest-bearing bank and other borrowings		**746,743**	488,180
Due to TCL Corporation	8	**9,479**	4,694
Due to T.C.L. Industries	8	**117,525**	117,525
Total current liabilities		**6,834,680**	9,168,929
NET CURRENT ASSETS		**1,569,497**	1,564,812
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,443,632**	3,448,039

	Notes	**31 March 2009** *HK$'000*	31 December 2008 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,443,632**	3,448,039
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**10,024**	11,572
Pensions and other post-employment benefits		**22,599**	23,361
Total non-current liabilities		**32,623**	34,933
Net assets		**3,411,009**	3,413,106
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**1,021,827**	1,021,827
Reserves		**2,265,636**	2,266,595
		3,287,463	3,288,422
Minority interests		**123,546**	124,684
Total equity		**3,411,009**	3,413,106

Notes:

1. **BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and the basis of preparation adopted in the preparation of these financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008.

2. SEGMENT INFORMATION

The following table presents revenue and profit/(loss) information for the Group's business segments for the three months ended 31 March 2009 and 2008.

	Segment Revenue		Segments Results	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Television	**4,405,103**	4,799,824	**94,417**	102,375
Home Networking	**564,467**	526,241	**15,948**	12,698
Others	**44,740**	174,281	**(6,919)**	(1,655)
	5,014,310	5,500,346	**103,446**	113,418
Bank interest income			**3,584**	2,530
Corporate expenses			**(20,541)**	(18,905)
Finance costs (excluding finance costs on convertible bonds)			**(25,722)**	(27,933)
Share of profits and losses of:				
Jointly- controlled entities			**(3,105)**	(5,530)
Associates			**1,087**	82
			58,749	63,662
Fair value gain on the derivative component of convertible bonds			**–**	155,336
Finance costs on convertible bonds			**–**	(39,174)
Profit before tax			**58,749**	179,824
Tax			**(33,966)**	(9,567)
Profit for the period			**24,783**	170,257

3. **TAX**

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof:

	Three months ended 31 March	
	2009	2008
	HK$'000	*HK$'000*
Current – Hong Kong	**419**	1,878
Current – Elsewhere	**34,928**	8,648
Deferred	**(1,381)**	(959)
Total tax charge for the period	**33,966**	9,567

4. **DIVIDENDS**

The directors do not recommend the payment of any dividend in respect of the period.

5. **EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculations of basic and diluted earnings per share amounts are based on:

	Three months ended 31 March	
	2009	2008
	HK$'000	*HK$'000*
Profit		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**25,690**	167,600
Add: Finance costs on convertible bonds		39,174
Less: Fair value gain on the derivative component of convertible bonds		(155,336)
Profit for the purpose of diluted earnings per share calculation		51,438

	Number of shares Three months ended 31 March 2009	2008 (Restated)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation*	**1,021,826,634**	583,644,278
Effect of dilution- weighted average number of ordinary shares:		
Deemed conversion of all convertible bonds		109,049,446
Weighted average number of ordinary shares used in diluted earnings per share calculation		692,693,724

* The weighted average numbers of ordinary shares in 2009 and 2008 for the purposes of calculating the basic and diluted earnings per share have been retrospectively adjusted for the ten-to-one share consolidation which took place on 23 January 2009.

A diluted earnings per share amount for the period ended 31 March 2009 has not been disclosed, as the share options outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

For the period ended 31 March 2008, the share options outstanding had an anti-dilutive effect on the basic earnings per share and therefore, were ignored in the calculation of diluted earnings per share.

6. FACTORED TRADE RECEIVABLES AND BANK ADVANCES AS CONSIDERATION FOR FACTORED TRADE RECEIVABLES

At 31 March 2009, the Group's trade receivables of HK$660,816,000 (31 December 2008: HK$1,835,241,000) (the "Factored Receivables") were factored to certain banks under certain receivables purchase agreements. The Group continued to recognise the Factored Receivables in the consolidated statement of financial position because, in the opinion of the directors, the Group has retained substantially all the risks and rewards of ownership of the Factored Receivables, either the risks in respect of default payments or the time value of money, as at the period end date.

Accordingly, the advances from the relevant banks of HK$593,622,000 (31 December 2008: HK$1,665,749,000) received by the Group as consideration for the Factored Receivables were recognised as liabilities in the consolidated statement of financial position.

The entire balance of the Factored Receivables is aged within 90 days. None of the Factored Receivables is either past due or impaired and the Factored Receivables are related to customers with no recent history of default.

7. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 7 January 2009, the Group entered into a framework agreement (the “Disposal Agreement”) with Tianjin Vantone New-Innovation Industrial Resource Investment Co. Ltd. (“Tianjin Vantone”), an associate of TCL Corporation, to dispose of its entire interests in TCL Digital Science and Technology (Wuxi) Company Limited (“TCL Wuxi”), a 70%-owned subsidiary of the Group, for an aggregate consideration of RMB159,000,000 (equivalent to HK$180,211,000).

As at 31 March 2009, TCL Wuxi owned a parcel of land with several buildings in Wuxi of the PRC with an aggregate carrying value of HK$201,309,000 (31 December 2008: HK$205,528,000) (the “Property”). The Disposal Agreement is expected to be completed in mid-2009 upon the completion of certain regulatory approval procedures.

As the Group has committed to the disposal plan before 31 March 2009, the Property was classified as non-current assets held for sale and included as current assets on the consolidated statement of financial position as at 31 March 2009.

8. DUE TO TCL CORPORATION/T.C.L. INDUSTRIES

T.C.L. Industries Holdings (H.K.) Limited (“T.C.L. Industries”) is the direct controlling shareholder of the Company and TCL Corporation is the holding company of T.C.L. Industries.

BUSINESS REVIEW

Turnover for the three months ended 31 March 2009 reached HK$5,014 million, representing a decrease of 8.8% comparing to the same period last year. TV turnover increased by 5.2% in the PRC market, whereas it declined by 28.1% for Overseas and Strategic OEM markets. The Group's operating profit in the first quarter of 2009 decreased by 11.3% to HK$86 million as compared to HK$97 million in the first quarter of 2008. Profit before the effects of convertible bonds attributable to equity holders of the parent was HK$26 million in the first quarter of 2009, decreased from HK$52 million in the same period in 2008.

During the period under review, the consumer electronics industry came under severe strain, as raw materials prices increased gradually whilst product prices continued to decline amid intensifying competition and shrinking of consumer sentiment under the financial turmoil. However, the tough operating environment has led to a further consolidation of the industry which was in favor of top tier international brands.

In response to the challenging market conditions, the Group continued to improve its product offer, took aggressive steps to reduce production costs, introduced more stringent risk management measures, improved its supply networks and inventory control effectively, resulting in higher production capacity. The Group also implemented preventive measures against potential defaults of distributors by closely monitoring their financial status. Through prudent risk management, margin management, capital control and rapid expansion of the LCD TV business, the Group has successfully shifted its core business from CRT TV to LCD TV so as to meet the market transition and strengthen its earnings structure. To operate effectively in the shrinking CRT TV market, the management consolidated the CRT TV resources into one business unit managed by a more sophisticated and efficient team.

TV Sales

For the three months ended 31 March 2009, the Group sold approximately 1,199,000 sets of LCD TVs, representing a 122.4% increase year-on-year. Sales volume of LCD TV accounted for approximately 49.5% of the Group's total TV sales volume. Apart from the gradual shrinking of CRT TV sales volume due to rapid transformation of TV market, sales of LCD TV volume are also more than that of plasma TV when it comes to display of high definition 720p/1080p signals. With a wide array of products and strong global market presence, the Group outperformed the market in TV business.

Underlining its leadership in the PRC market, the Group's LCD TV sales maintained its strong growth momentum with 761,000 sets sold in its domestic market, representing an increase of 235.2% year-on-year. LCD TV sales in Overseas and Strategic OEM markets also recorded solid growth with approximately 438,000 sets sold, 40.4% up as compared to the same period last year.

During the period under review, the Group strengthened its lineup of products while continuing the development of innovative products like 3D LCD TVs and Internet TVs. The revolutionary 3D LCD TVs were installed at Shenzhen Bao'an International Airport and will be installed at Guangzhou Baiyun Airport. Another major achievement for the period under review was the launch of the "HD Mediaplayer TVs" and Internet TVs in the PRC market. This integration of Internet and TV brought a more comprehensive entertainment experience to domestic consumers.

Sales volume by region is indicated below:

	1Q2009 ***('000 sets)***	1Q2008 *('000 sets)*	Change
LCD TVs	**1,199**	539	+122.4%
– PRC	**761**	227	+235.2%
– Overseas & Strategic OEM	**438**	312	+40.4%
CRT TVs	**1,222**	2,998	(59.2%)
– PRC	**830**	1,672	(50.4%)
– Overseas & Strategic OEM	**392**	1,326	(70.4%)
Total TV shipments	**2,421**	3,537	(31.6%)
AV products	**3,381**	3,329	+1.6%

The PRC Market

The Group maintained its leadership in its domestic market, commanding a market share of 17.1% in the year of 2008 according to Displaysearch. LCD TV sales maintained its strong growth momentum with 761,000 sets sold, representing an increase of 235.2% year-on-year. During the period under review, TV turnover amounted to HK$3,019 million, continued to be the largest contributor to the Group's sales and accounted for 60.2% of total turnover. However, the gross profit margin of the Group in the PRC market was slightly reduced by 2.1% to 23.6%.

During the period under review, the Group initiated a nationwide sales and marketing campaign to promote All-in-one digital TVs. The campaign received warm response from the market and boosted the Group's sales, market share and enhanced brand recognition. Another major product line launched in the PRC during the period under review was the HD Mediaplayer TVs, integrated with multimedia player function that is compatible with most of the popular video and audio formats available in the current market. In addition, the Group also launched MiTV and new product P10 series to further strengthen its product offer.

A total of 46 TV products of the Group were approved as the subsidized items during the two phases of bidding under the "Household Appliance Subsidy Scheme". The subsidy scheme drew sizeable sales momentum in the third and fourth tier cities in the PRC and the management expected that sales will continue to grow in the next few quarters.

European Markets

During the first quarter of 2009, the Group continued to grow in the Western Europe, mainly in France, due to its capability on delivering cutting edge technology products such as launching the All-in-one digital TVs according to market demand. However, overall turnover was affected negatively by drop in demand from Eastern European markets. The Group's new MPEG4 models were well responded by market and it also introduced new 55" model. During the period under review, the Group also exposed to significant foreign exchange fluctuations in Eastern Europe due to the global financial turmoil. However, normal hedging measures were taken to trim the exchange loss over the region. TCL brand was introduced with positive results in a few markets and the Group continued implementing its growth plan with focus on controllable risks. In order to maintain its market share over the region, the Group optimized the quality control and enhanced collaboration with key suppliers.

North American Markets

During the period under review, the financial tsunami and the accelerating market transition from CRT TV to LCD TV significantly impacted overall TV sales volume of the Group in the North American Markets, where 51.7% of turnover in the first quarter of 2008 was related to CRT TV while 16.8% of turnover in the first quarter of 2009 was related to CRT TV. Moreover, the constrained supply in 32"/42" LCD panels also caused the decline in turnover in the first quarter of 2009. In order to address home appliances retail consolidation trend in North America, enhance operation cost structure, and improve overall efficiency, the Group restructured the operation in the first quarter of 2009, with 40% reduction in headcount and 31% savings in related fixed costs. It also improved supply chain efficiency by moving 32" size LCD TV production line from Mexico to Huizhou in the PRC where 4.3% of landed cost was saved. In addition, the Group closely monitored the financial status of distributors in order to reduce the credit risks amid the global financial tsunami.

Emerging Markets

Against the backdrop of financial crisis and worsening economic conditions, consumers were more cautious on spending. In response, the Group strategically realigned its products mix and promoted sales of mid-end and high-end products like CRT Slim. The Group also made good preparations for the rapid growth of LCD TV business in the markets such as Thailand, the Middle East and North Africa due to the transition from CRT TV to LCD TV. Total sales volume of LCD TV grew markedly by 73.7% from the corresponding period last year. Successful implementation of stringent cost control achieved good results during the period under review. As the Group continued to optimize its structure of business, it achieved higher operational efficiency. With these strategic arrangements, operating loss was reduced by 38.3% as compared to last quarter. Among all sorts of risks over the region, the currencies fluctuation continued to be the most significant one to TV manufacturers. However, the Group is confident that its exposure to the foreign exchange risk has been minimized with appropriate measures taken to hedge against the fluctuation of those currencies.

Strategic OEM

During the period under review, the Group's Strategic OEM operation completed the first shipment to a leading international customer. In response to the supply shortage of panels, the Group enhanced cost efficiency and sustained margin through launching new products, logistics savings and cooperation with Strategic OEM customers. In addition, the Group also proactively explored the Strategic OEM market to secure more international accounts during the period under review.

AV Products

Following the successful debut of its blue laser disc players, sales volume of the Group's AV products reached 3,381,000 sets during the period under review, increasing by 1.6% year-on-year, and segment turnover increased to HK$564 million. Although customers were placing smaller orders under the current economic condition, the Group was able to achieve steady growth through broadened customer base and wide range of products offering. To further enhance its competitiveness, the Group planned to develop a new IT system to optimize its supply chain management while it shortened raw material order cycle.

R&D

To facilitate consumer needs, technology and environmental friendliness, the Group engaged in a broad range of R&D activities. During the first quarter of 2009, the Group launched 14 new products with major product enhancements including Lamplight module and AL interface board, the most advanced video compression technology and migration of E9/M9 chassis. The technological enhancements formed an integral part of the Group's core competitiveness.

During the period under review, the Group also introduced the co-design concept, under which a high level of cooperation with key components suppliers was established during the research and development stage. This could generate synergies, enhance the Group's R&D efficiency and shorten product development cycles.

OUTLOOK

The improvement on product offer and cost control allows the Group to be cautiously optimistic about 2009 if the global economy recovers. Besides, the business risk management and enterprise optimization will continue to strengthen the Group's competitiveness under the unstable conditions. New products, such as HD Mediaplayer TV, MiTV, Integrated Digital TV and blue laser disc player will further stimulate the

Group's sales and enhance brand position. In addition, the CBHD, which is another core technological achievement possessed by the Group, will be announced in the second quarter of 2009.

Under these business conditions, 2009 will be a crucial year for the Group to move back to a growth track. During the second half of 2008, the Group initiated the second stage of vertical integration of production in Huizhou, the PRC, with its LCD TV production plant, adjacent to TCL Corporation's LCD TV module plant, commencing trial production. It is scheduled to commence full operation in September this year. When it is operating at full capacity, this plant is expected to produce 3 million LCD TV sets and 2 million semi-finished LCD TV kits. This production plant will further strengthen the Group's product competitiveness through upstream integration, improved cost efficiency, increased production capacity and maintained stable supply of raw materials of LCD TV to lay a solid foundation for the sustainable growth of the Group's LCD TV business in the future. Furthermore, the transactions of sale and lease back certain of the property at Wuxi, the PRC were approved by the independent shareholders at the extraordinary general meeting of the Company held during the quarter.

In April 2009, the PRC government raised the price cap for televisions eligible for government subsidies under the "Household Appliance Subsidy Scheme" from RMB2,000 to RMB3,500 while the third round selection for the Household Appliances Subsidy Scheme has just begun. The policy change will allow farmers to buy more types of televisions, including LCD TV. Along with the forthcoming implementation of digital broadcasting in the PRC, this price cap adjustment will further enlarge the PRC TV consumer market. Leveraging its strong brand power, extensive experience and leadership in its home market, the Group is well positioned to seize the business opportunities from these positive developments.

Impacted by the global economic crisis, demand for LCD TV in overseas markets decreased noticeably. The Group expects business in the overseas markets will remain very challenging this year as customers are more cautious on placing orders. The Group will continue to adjust its business model to adapt to the market trend and will exercise strict measures on cost control. With strong operating cash flow, consolidated resources and integrated procurement and production strategy, the Group is well placed to withstand the possible adverse impacts from the downturn of overseas markets. It is expected that transition of analog broadcasting to digital signals in the U.S. will commence in June 2009. Furthermore, the PRC government implemented tax rebate and foreign exchange policy reforms effective from 1 April 2009, which will partly alleviate the adverse impacts caused by the declining demand in overseas markets. With the determination and all sorts of recently launched economy stimulus plan by the PRC government, the performance of the Group in the PRC market will continue to be robust as predicted.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

On 7 January 2009, the Group entered into the Disposal Agreement with Tianjin Vantone to dispose of its entire interests in TCL Wuxi, a 70%-owned subsidiary of the Group which owned the Property in Wuxi of the PRC. For details, please refer to note 7 to the financial statements contained in this announcement.

Liquidity and Financial Resources

The Group's principal financial instruments comprise bank loans, bank advances as consideration for factored trade receivables, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and bank balances as at 31 March 2009 amounted to HK$2,065 million, of which 0.3% was maintained in Hong Kong dollars, 26.9% in US Dollars, 65.9% in Renminbi, 2.5% in Euro and 4.4% held in other currencies for the overseas operations.

There was no material change in available credit facilities when compared with the year ended 31 December 2008 and there was no asset held under finance lease at 31 March 2009.

At 31 March 2009, the Group's gearing ratio was 0% since the Group's net borrowing was nil (as the cash and bank balances of HK$2,065 million was higher than the total interest-bearing borrowings of HK$1,375 million).

Pledge of Assets

At 31 March 2009, none of the Group's assets were pledged to secure general banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

There was no significant change in capital commitments and contingent liabilities of the Group compared to the position outlined in the annual report of 2008.

Foreign Exchange Exposure

Due to its international presence and operations, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor the Company's total foreign currency exposure, to net off affiliate positions and to consolidate hedging transactions with banks. The Group emphasizes the importance of trading, investing and borrowing in functional currency to achieve natural hedging. In line with the aim of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

The Group had a total of 27,413 dynamic and talented employees. They were all dedicated to advancing the quality and reliability of the Group's operations. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and company performance. In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option schemes. Options for subscribing a total of 41,185,804 shares remained outstanding at 31 March 2009.

PURCHASES, SALE OR REDEMPTION OF SHARES

There was no purchases, sale or redemption of shares for the period ended 31 March 2009.

SHARE CONSOLIDATION

On 23 January 2009, the share consolidation on the basis that every ten issued and unissued shares of HK$0.10 each consolidated into one consolidated share of HK$1.00 ("Consolidated Shares") of the Company became effective. As a result, the authorised ordinary share capital of the Company became HK$2,200,000,000 divided into 2,200,000,000 consolidated shares, of which 1,021,826,634 consolidated shares were in issue.

The board lot size for trading in the ordinary shares of the Company has become 2,000 Consolidated Shares after the share consolidation becoming effective.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, throughout the period ended 31 March 2009, complied with the code provisions of the "Code of Corporate Governance Practices" as set out in Appendix 14 to the Rules Governing the Listing of Securities of the Stock Exchange ("Listing Rules").

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's consolidated financial statements for the three months ended 31 March 2009, including the accounting principles adopted by the Group, with the Company's management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions as set out in Appendix 10 of the Listing Rules.

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 24 April 2009

As at the date of this announcement, the Board comprises Li Dongsheng, Leong Yue Wing, Yu Guanghui, Shi Wanwen, Huang Xubin and Wang Kangping as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Robert Maarten Westerhof and Wu Shihong as independent non-executive directors.