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

WHITE FLOWER

PAK FAH YEOW INTERNATIONAL LIMITED

白花油國際有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code : 239)

ANNOUNCEMENT OF ANNUAL RESULTS 2009

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2009	2008
	Notes	***HK$'000***	*HK$'000*
			(Restated)
Turnover	2	**107,959**	113,802
Other revenue	3	**632**	647
Other net income		**464**	286
Changes in inventories of finished goods		**238**	(944)
Raw materials and consumables used		**(21,245)**	(22,624)
Staff costs		**(23,374)**	(21,215)
Depreciation expenses		**(3,571)**	(3,584)
Net exchange gain (loss)		**3,649**	(10,455)
Gain on disposal of held-to-maturity financial assets		**755**	–
Other operating expenses		**(25,064)**	(28,191)
Profit from operations before fair value changes of financial assets through profit or loss and properties		**40,443**	27,722
Net gain (loss) on financial assets at fair value through profit or loss		**2,491**	(7,992)
Revaluation surplus (deficit) in respect of investment properties		**26,716**	(32,128)
Profit (Loss) from operations		**69,650**	(12,398)
Finance costs	4	**(1,464)**	(6,694)

	Notes	Year ended 31 December 2009 HK$'000	2008 HK$'000 (Restated)
Profit (Loss) before taxation	4	**68,186**	(19,092)
Taxation	5	**(8,619)**	(2,247)
Profit (Loss) for the year, attributable to owners of the Company		**59,567**	(21,339)
Other comprehensive income (loss)			
Change in fair value of available-for-sale financial assets		**736**	(1,355)
Revaluation surplus (deficit) of leasehold land and buildings, net of tax effect of HK$5,801,000 (2008: HK$2,521,000)		**29,357**	(12,220)
Exchange difference arising from translation of financial statements of overseas subsidiaries		**9,123**	(31,230)
Exchange difference arising from translation of inter-company balances with overseas subsidiaries		**(4,398)**	16,172
Other comprehensive income (loss) for the year, net of tax, attributable to owners of the Company		**34,818**	(28,633)
Total comprehensive income (loss) for the year, attributable to owners of the Company		**94,385**	(49,972)
Earnings (Loss) per share	7		
Basic and diluted		**22.9 cents**	(8.2) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 December **2009** *HK$'000*	2008 *HK$'000* (Restated)	At 1 January 2008 *HK$'000* (Restated)
Non-current assets				
Investment properties		**168,577**	132,948	196,072
Property, plant and equipment		**135,839**	103,948	121,847
Held-to-maturity financial assets		**–**	33,578	–
Available-for-sale financial assets		**6,140**	5,691	6,111
		310,556	276,165	324,030
Current assets				
Inventories		**7,785**	9,573	13,720
Trade and other receivables	8	**42,587**	35,733	33,486
Financial assets at fair value through profit or loss		**31,320**	19,168	28,221
Pledged bank deposits		**6,969**	16,523	33,569
Cash and cash equivalents		**32,383**	31,761	17,815
		121,044	112,758	126,811
Current liabilities				
Short-term bank loans, secured		**54,897**	85,757	65,386
Current portion of long-term bank loan, secured		**1,790**	1,754	1,521
Current portion of deferred income		**29**	21	–
Trade and other payables	9	**12,915**	11,804	10,181
Tax payable		**3,103**	1,581	874
Dividends payable		**5,153**	4,199	6,766
		77,887	105,116	84,728
Net current assets		**43,157**	7,642	42,083
Total assets less current liabilities		**353,713**	283,807	366,113
Non-current liabilities				
Long-term bank loan, secured		**18,552**	20,342	22,246
Long-term portion of deferred income		**4,336**	3,108	–
Provision for long service payments		**2,150**	1,900	1,400
Provision for directors' retirement benefits		**9,212**	8,514	8,267
Deferred taxation		**20,443**	11,937	16,500
		54,693	45,801	48,413
NET ASSETS		**299,020**	238,006	317,700
Capital and reserves				
Share capital		**12,985**	12,985	13,000
Reserves		**286,035**	225,021	304,700
TOTAL EQUITY		**299,020**	238,006	317,700

Notes:

1. Adoption of new/revised HKFRS

The financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2008 financial statements except for the adoption/early adoption of the following new/revised Hong Kong Financial Reporting Standards ("HKFRS").

Changes in accounting policy and disclosures

(a) New and revised standards that are or have become effective for the current year

HKAS 1 (Revised): *Presentation of Financial Statements*

HKAS 1 (Revised) requires transactions with owners to be presented separately from all other income and expenses in a revised statement of changes in equity. The revised Standard however allows non-owner changes in equity to be shown in a single statement (the statement of comprehensive income) or two statements (the income statement and the statement of other comprehensive income). The Group has elected to prepare one statement. In addition, the revised Standard requires that when comparative information is restated or reclassified, a statement of financial position as at the beginning of the comparative period, in addition to the statements of financial position as at the end of the current period and the comparative period, should be presented. Since the Group has restated comparative information as a result of the early adoption of the Amendments to HKAS 17 (see note 1(b)), a statement of financial position of the Group as at 1 January 2008 is presented in the consolidated financial statements.

HKFRS 8: *Operating Segments*

The Standard, replacing HKAS 14: Segment Reporting, requires segment information to be reported based on internal information used by the Group's chief operating decision maker to evaluate the performance of operating segments and allocate resources to those segments and replaces the requirement to determine primary and secondary reporting segments previously identified under HKAS 14. The Group has determined that the operating segments to be reported under HKFRS 8 would be the business segments previously identified under HKAS 14. The adoption of this standard did not have any effect on the financial position or performance of the Group.

Amendments to HKFRS 7 *Financial Instruments: Disclosures*

Amendments to HKFRS 7 require additional disclosures about fair value measurements and liquidity risk. The fair value measurement disclosures are presented in the financial statements, and the liquidity risk disclosures are not significantly impacted by the amendments. The Group has taken advantage of the transitional provisions set out in the amendments, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments are not provided in the financial statements.

Improvements to HKFRS (2008)

Improvements to HKFRS (2008) contain improvements to a number of Standards aiming to remove inconsistencies and clarify wording in the Standards. The adoption of those improvements had resulted in a number of changes in the details of the Group's accounting policies. Of those changes, only the Amendments to HKAS 38: Intangible Assets as described below are considered more significant to the Group:

Amendments to HKAS 38: *Intangible Assets*

Amendments to HKAS 38 require expenditure on advertising and promotional activities to be recognised as an expense once the entity has the right to access the goods or receive the service. The adoption of these amendments had no significant impact on the financial statements.

(b) *Early adoption of the applicable new/revised HKFRS*

The HKICPA has issued new/revised HKFRS that are available for early adoption for the current accounting period of the Group. Of these, the Amendments to HKAS 17: *Leases – Classification of leases of land and buildings* made under "Improvement to HKFRS (2009)" ("Amendments to HKAS 17") are applicable to the Group's financial statements and the Group has elected to early adopt the amendments in the current accounting period.

The Amendments to HKAS 17 remove the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entities should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. An entity shall reassess the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease. It shall recognise a lease newly classified as a finance lease retrospectively in accordance with HKAS 8: *Accounting Policies, Changes in Accounting Estimates and Errors* if the criteria of a finance lease is met.

On the early adoption of the Amendments to HKAS 17, the Group has made a reassessment of the existing land lease arrangement and concluded that such arrangement has substantially transferred all risks and rewards incidental to ownership of the leasehold land to the Group notwithstanding that at the end of the lease term, title will not be passed to the Group. As a result, prepaid lease payments for leasehold land of the Group have been reclassified to property, plant and equipment retrospectively. The leasehold land has been carried at fair value in accordance with the Group's accounting policies for leasehold land and buildings held for own use. Deferred tax provision has also been amended as a result of the movements of temporary differences arising from the changes in fair value of the leasehold land.

As a result of the early adoption of Amendments to HKAS 17 by the Group which has resulted in the retrospective application of an accounting policy and restatement of certain items in the financial statements, in accordance with HKAS 1 (Revised): *Presentation of Financial Statements*, the Group has presented an additional statement of financial position and related notes as at 1 January 2008 that reflect the financial position of the Group at the beginning of the earliest comparative period being presented.

The following tables disclose the adjustments that have been made in accordance with the amendments to each of the line items in the statements of financial position as previously reported as at 1 January 2008 and 31 December 2008 and in the statement of comprehensive income as previously reported for the year ended 31 December 2008.

(i) Effect on statements of financial position as at 1 January 2008 and 31 December 2008:

	At 31 December 2008			At 1 January 2008		
	As previously reported	Effect of new policy	As restated	As previously reported	Effect of new policy	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets						
Property, plant and equipment	32,548	71,400	103,948	30,897	90,950	121,847
Prepaid lease payments for leasehold land	39,097	(39,097)	–	39,585	(39,585)	–
Other non-current assets	172,217	–	172,217	202,183	–	202,183
	243,862	32,303	276,165	272,665	51,365	324,030
Current assets	112,758	–	112,758	126,811	–	126,811
Current liabilities	105,116	–	105,116	84,728	–	84,728
Net current assets	7,642	–	7,642	42,083	–	42,083
Total assets less current liabilities	251,504	32,303	283,807	314,748	51,365	366,113
Non-current liabilities						
Deferred taxation	7,689	4,248	11,937	9,004	7,496	16,500
Other non-current liabilities	33,864	–	33,864	31,913	–	31,913
	41,553	4,248	45,801	40,917	7,496	48,413
NET ASSETS	209,951	28,055	238,006	273,831	43,869	317,700
Capital and reserves						
Share capital	12,985	–	12,985	13,000	–	13,000
Reserves	196,966	28,055	225,021	260,831	43,869	304,700
TOTAL EQUITY	209,951	28,055	238,006	273,831	43,869	317,700

(ii) Effect on statement of comprehensive income for the year ended 31 December 2008:

	As previously reported *HK$'000*	Effect of new policy *HK$'000*	As restated *HK$'000*
Profit from operations before fair value changes of financial assets through profit or loss and properties	27,722	–	27,722
Net loss on financial assets at fair value through profit or loss	(7,992)	–	(7,992)
Revaluation deficit in respect of investment properties	(32,128)	–	(32,128)
Reversal of revaluation deficit in respect of properties other than investment properties	3,789	(3,789)	–
Loss from operations	(8,609)	(3,789)	(12,398)
Finance costs	(6,694)	–	(6,694)
Loss before taxation	(15,303)	(3,789)	(19,092)
Taxation	(2,886)	639	(2,247)
Loss for the year, attributable to owners of the Company	(18,189)	(3,150)	(21,339)
Other comprehensive loss			
Change in fair value of available-for-sale financial assets	(1,355)	–	(1,355)
Revaluation surplus (deficit) of leasehold land and buildings, net of tax effect	444	(12,664)	(12,220)
Exchange difference arising from translation of financial statements of overseas subsidiaries	(31,230)	–	(31,230)
Exchange difference arising from translation of inter-company balances with overseas subsidiaries	16,172	–	16,172
Other comprehensive loss for the year, net of tax, attributable to owners of the Company	(15,969)	(12,664)	(28,633)
Total comprehensive loss for the year, attributable to owners of the Company	(34,158)	(15,814)	(49,972)
Loss per share			
Basic and diluted	(7.0) cents	(1.2) cents	(8.2) cents

(iii) Effect on statement of financial position as at 31 December 2009 and statement of comprehensive income for the year then ended:

The early adoption of the Amendments to HKAS 17 has resulted in an increase in property, plant and equipment of HK$76,017,000, representing the reallocation from prepaid lease payments for leasehold land of HK$39,097,000 and the revaluation surplus on the land element of the leasehold land and buildings of HK$36,920,000, together with related deferred tax impact. There was no impact on the net profit for the year.

2. Operating segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors that are used to make strategic decisions. The Group's operating businesses are structured and managed separately according to the nature of their operations. The Group is currently organised into three operating businesses as follows:

a) Manufacturing and sale of Hoe Hin Brand of products – sales of Hoe Hin Brand of products

b) Property investment – rental income from the Group's investment properties located in Hong Kong, Singapore and United Kingdom

c) Treasury investment – interest income from the Group's bank deposits and debt securities

Each of the Group's operating businesses represents a strategic business unit subject to risks and returns that are different from those of the other operating business.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, and the basis of preparing such information is consistent with that of the financial statements.

Business segments

	Year ended 31 December 2009			
	Manufacturing and sales of Hoe Hin Brand of products	Property investment – rental income	Treasury investment – interest income	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue				
External sales	**97,240**	**8,736**	**1,983**	**107,959**
Segment results	**37,646**	**34,614**	**9,057**	**81,317**
Unallocated corporate expenses				**(11,667)**
Profit from operations				**69,650**
Finance costs				**(1,464)**
Profit before taxation				**68,186**
Taxation				**(8,619)**
Profit for the year				**59,567**
Assets				
Segment assets	**197,919**	**169,206**	**64,063**	**431,188**
Unallocated corporate assets				**412**
Consolidated total assets				**431,600**
Liabilities				
Segment liabilities	**12,666**	**43,311**	**37,829**	**93,806**
Unallocated corporate liabilities				**38,774**
Consolidated total liabilities				**132,580**
Other information				
Additions to non-current assets *(note)*	**304**	**–**	**–**	**304**
Depreciation expenses	**3,571**	**–**	**–**	**3,571**
Revaluation surplus in respect of investment properties	**–**	**26,716**	**–**	**26,716**
Revaluation surplus of leasehold land and buildings	**35,158**	**–**	**–**	**35,158**

	Year ended 31 December 2008			
	Manufacturing and sales of Hoe Hin Brand of products	Property investment – rental income	Treasury investment – interest income	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)	*(Restated)*		*(Restated)*
Revenue from external customers	99,301	10,249	4,252	113,802
Segment results	33,614	(22,679)	(13,131)	(2,196)
Unallocated corporate expenses				(10,202)
Loss from operations				(12,398)
Finance costs				(6,694)
Loss before taxation				(19,092)
Taxation				(2,247)
Loss for the year				(21,339)
Assets				
Segment assets	162,272	134,294	91,975	388,541
Unallocated corporate assets				382
Consolidated total assets				388,923
Liabilities				
Segment liabilities	12,280	71,652	40,645	124,577
Unallocated corporate liabilities				26,340
Consolidated total liabilities				150,917
Other information				
Additions to non-current assets *(note)*	426	–	–	426
Depreciation expenses	3,584	–	–	3,584
Revaluation deficit in respect of investment properties	–	(32,128)	–	(32,128)
Revaluation deficit of leasehold land and buildings	(14,741)	–	–	(14,741)

Geographical information

The Group's operations are located in The Hong Kong Special Administrative Region ("Hong Kong") of the People's Republic of China (the "PRC"), other regions in the PRC, Southeast Asia, North America, United Kingdom and Europe (excluding United Kingdom). The Group's manufacturing operating business is located in Hong Kong. Property investment and treasury investment operating businesses are in various locations.

The following table provides an analysis of the Group's revenue and results from operations by geographical location:

	Revenue from external customers		Results from operations	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(Restated)
Hong Kong	**52,683**	54,049	**38,786**	10,453
Other regions in the PRC	**28,432**	31,806	**6,774**	6,502
Southeast Asia	**11,948**	11,704	**6,528**	(5,136)
North America	**6,423**	5,262	**2,978**	1,832
United Kingdom	**6,415**	7,886	**18,099**	(17,619)
Europe (excluding United Kingdom)	**1,223**	2,396	**6,690**	(608)
Other regions	**835**	699	**421**	1,440
Unallocated corporate expenses	**–**	–	**(10,626)**	(9,262)
	107,959	113,802	**69,650**	(12,398)

The following is an analysis of non-current assets by geographical locations:

	Non-current assets *(note)*	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**204,539**	156,448
Other regions in the PRC	**–**	–
Southeast Asia	**5,105**	4,838
North America	**–**	–
United Kingdom	**94,772**	75,610
Europe (excluding United Kingdom)	**–**	–
Other regions	**–**	–
	304,416	236,896

Note: Non-current assets exclude financial instruments, deferred tax assets and post-employment benefit assets.

3. Other revenue

	2009	2008
	HK$'000	*HK$'000*
Listed investments:		
Dividend income from financial assets at fair value through profit or loss	**517**	634
Others	**115**	13
	632	647

4. Profit (Loss) before taxation

This is stated after charging (crediting):

	2009	2008
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans, overdrafts and other borrowings wholly repayable within five years	**1,038**	6,127
Interest on bank loan wholly repayable more than five years	**426**	567
	1,464	6,694
(b) Other items		
Auditor's remuneration	**460**	500
Cost of inventories	**32,980**	35,119
Contributions to defined contribution plan	**487**	518
Operating lease charges on advertising spaces	**158**	196
Gross rental income from investment properties less outgoings of HK$278,000 (2008: HK$581,000)	**(8,458)**	(9,668)
Royalty charges	**242**	233

5. Taxation

Hong Kong Profits Tax has been provided at the rate of 16.5% (2008: 16.5%) of the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions.

The charge comprises:	**2009** ***HK$'000***	2008 *HK$'000* *(Restated)*
Current tax		
Hong Kong Profits Tax	**4,939**	4,040
Overseas tax	**975**	249
	5,914	4,289
Deferred tax		
Current year	**2,705**	(1,100)
Attributable to a change in tax rate	**–**	(942)
	2,705	(2,042)
	8,619	2,247

6. Dividends

	2009 ***HK$'000***	2008 *HK$'000*
Interim dividends of HK6.65 cents per share (2008: HK5.80 cents)	**17,270**	15,076
Final dividend of HK6.20 cents per share (2008: HK6.20 cents)	**16,101**	16,101
Special final dividend of HK2.50 cents per share (2008: Nil)	**6,493**	–
	39,864	31,177

The final dividend and special final dividend for 2009 proposed after the end of the reporting period are subject to shareholders' approval at the forthcoming annual general meeting. These have not been recognised as a liability at the end of the reporting period.

7. Earnings (Loss) per share

The calculation of the basic earnings (loss) per share is based on the profit attributable to owners of the Company for the year of HK$59,567,000 (2008 (restated): loss of HK$21,339,000) and the weighted average number of shares of 259,700,000 (2008: 259,929,000) ordinary shares in issue during the year.

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31 December 2008 and 2009.

8. Trade and other receivables

	2009	2008
	HK$'000	*HK$'000*
Trade receivables *(note 8(a))*	**19,206**	17,485
Bills receivable	**18,700**	14,140
Other receivables		
Deposits, prepayments and other debtors	**4,681**	4,108
	42,587	35,733

8(a) The Group allows credit period ranging from 30 days to 240 days to its customers. The ageing analysis of trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**11,656**	9,937
31 – 60 days	**6,601**	2,702
61 – 90 days	**949**	4,845
More than 90 days	**–**	1
	19,206	17,485

As at 31 December 2009, there was no balance that was past due but not impaired.

As at 31 December 2008, the Group's trade receivable balance included debtors with a carrying amount of HK$172,000 which were past due but for which the Group did not consider as impaired. The Group did not hold any collateral over these balances and the average age of these receivables was 40 days.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no history of default.

9. Trade and other payables

	2009	2008
	HK$'000	*HK$'000*
Trade payables *(note 9(a))*	**2,083**	1,988
Other payables		
Accrued charges and other creditors	**10,832**	9,816
	12,915	11,804

9(a) All trade payables are expected to be settled within one year. The ageing analysis of trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
Within 30 days	**504**	1,646
31 – 60 days	**1,192**	342
61 – 90 days	**194**	–
More than 90 days	**193**	–
	2,083	1,988

10. Pledge of assets

Certain of the Group's leasehold land and buildings, investment properties, bank deposits and financial assets at fair value through profit or loss were pledged to secure banking facilities, including bank loans, granted to the Group to the extent of HK$94,651,000 (2008: HK$135,086,000), of which HK$75,239,000 (2008: HK$107,853,000) was utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	The Group	
	2009	2008
	HK$'000	*HK$'000*
		(Restated)
Leasehold land and buildings	**68,000**	48,000
Investment properties	**94,772**	75,610
Financial assets at fair value through profit or loss	**23,409**	12,067
Bank deposits	**6,513**	16,199
	192,694	151,876

In addition, certain bank deposits and financial assets at fair value through profit or loss of HK$456,000 (2008: HK$324,000) and HK$3,479,000 (2008: HK$2,610,000) respectively were pledged to secure standby banking facilities granted to the Group to the extent of HK$15,600,000 (2008: HK$15,600,000).

CHAIRMAN'S STATEMENT

Overview

The Group's total turnover for the year ended 31 December 2009 was HK$108.0 million, representing a decrease of 5.1% over the previous year. Profit from operations before fair value changes of financial assets through profit or loss and properties was HK$40.4 million, an increase of 45.9%. Such increase reflected improved foreign currencies translation in which certain of our bank deposits were denominated and controlled budget for operating and production costs. Profit attributable to shareholders was HK$59.6 million, an increase of 379.1% largely attributable to the increase in fair value changes of our investment properties and securities investments.

The Board proposes a final dividend of HK6.2 cents per share (2008: HK6.2 cents per share) and a special final dividend of HK2.5 cents per share (2008: Nil) subject to approval by shareholders at the forthcoming annual general meeting of the Company. These together with the interim dividends of HK6.65 cents per share (2008: HK5.8 cents per share) already declared, will make a total dividends of HK15.35 cents per share for 2009 (2008: HK12.0 cents per share).

The global economy was affected by the economic crisis in the first quarter of the year. Following different policy measures taken by governments worldwide, the global financial markets had generally become stable in the second quarter of the year. This further improved market sentiment in the second half of the year, leading to overall improvement of the financial and property markets. From this background, our revenue from sales of Hoe Hin brand of products for this year was moderately less than previous year, attributable to less contribution from Hong Kong and Mainland markets. During the year, while we maintained market penetration strategies on our existing products, with more marketing effort on Hoe Hin Strain Relief and Fúzǎi 239 series (floral-scented White Flower Embrocation) which we saw increased consumer recognition, we started distributing Hoe Hin Strain Relief in Singapore this year as new market for this product. We also commenced a new sole distributorship in Canada this year, targeting to penetrate our products into mainstream market in a few years with an aim to extend our market presence there. Product licenses for White Flower Embrocation in Indonesia were still on its way, and upon approval obtained from local authority we expect to resume sales there in fall 2010. We had also submitted application of product licenses in Myanmar, a potential new market to start business.

Global financial and property markets experienced overall improvement in the second half of the year, which favourably affected the fair values of our properties and securities investments. Building on our current strategies to hold investment properties for long term, we maintained steady rental income, while we experienced an overall decline due to decrease in average exchange rate in translating foreign rental income.

Outlook

Massive fiscal stimulus programmes and relaxed monetary policies adopted by different governments helped stabilise financial markets and improved market sentiment. The global economic outlook will remain uncertain and we will adhere to prudent management of our treasury investments and liquidity.

We adhere to our current strategies to penetrate markets and develop new markets for our existing products. For market penetration, we are considering to expand our distribution network in the United States, and believe that such expanded distribution would drive the channel growth. We also focus more on other regions in Mainland China beyond Guangdong province through participation in different exhibitions with direct consumer promotions and sampling in major cities. For market development, we have plans to launch Hoe Hin Strain Relief in Thailand, tentatively scheduled in fall 2010.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my sincere thanks to our dedicated staff for their hard work and to the investors and business partners for their continuous support. I would also like to extend my sincere gratitude to the late Mr. Robert Kwan Chiu Yin, who was a non-executive director of the Company and passed away in October 2009, for his invaluable contributions to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Results Overview

For the year ended 31 December 2009, the Group's turnover decreased by 5.1% to HK$107,959,000 (2008: HK$113,802,000) as a result of decreased contributions from sales of Hoe Hin brand of products, rental income and income derived from treasury investment.

Revaluation surplus of the Group's investment properties was HK$26,716,000 (2008: deficit of HK$32,128,000), including a surplus of HK$10,249,000 (2008: deficit of HK$23,897,000) which related to the Group's investment properties in the United Kingdom.

Despite contributions from all business segments decreased, the improvement in financial markets helped favourable market sentiment, which had positive effect on mark-to-market fair value movement of our listed investments.

Profit attributable to owners for the year ended 31 December 2009 was approximately HK$59,567,000 (2008: loss of HK$21,339,000 (as restated)).

The revaluation of other properties, which has been accounted for as other comprehensive income, due to early adoption of the Amendments to Hong Kong Accounting Standard 17 for current year has resulted in a net revaluation gain in this year of HK$29,357,000 (2008: loss of HK$12,220,000 (as restated)).

Total comprehensive income attributable to owners for the year ended 31 December 2009 was approximately HK$94,385,000 (2008: loss of HK$49,972,000 (as restated)).

Manufacturing and sales of Hoe Hin Brand of products

Revenue from sales of Hoe Hin brand of products decreased by 2.1% to HK$97,240,000 (2008: HK$99,301,000).

Hong Kong remained the major market of our Hoe Hin brand of products which accounts for about 53.8% (2008: 53.8%) of the segment revenue. Mainland China accounts for about 28.0% (2008: 30.8%). Both contributions from Hong Kong and Mainland China had been less than last year. Contribution from Philippines and the United States had been improved, while sales in other regions had no significant changes.

Segment profit increased by 12.0% to HK$37,646,000 (2008: HK$33,614,000 (as restated)), mainly due to decreased operating and production costs, especially advertising and promotion expenses.

Property investment

Revenue for this segment decreased by 14.8% to HK$8,736,000 (2008: HK$10,249,000). This change mainly represents decreased average exchange rate in translating foreign rental income.

Net revaluation surplus in respect of the Group's investment properties of HK$26,716,000 (2008: deficit of HK$32,128,000) was recognised for the year as a result of recovering worldwide property markets. As a result, the segment result increased by 252.6% to a profit of HK$34,614,000 (2008: loss of HK$22,679,000 (as restated)).

The Group owns several investment properties in United Kingdom, Singapore and Hong Kong. These properties are intended to be held for long term and the rental income derived therein continues to provide a steady stream of revenue for the Group.

Treasury investment

Revenue derived from this segment decreased by 53.4% to HK$1,983,000 (2008: HK$4,252,000), primarily due to less interest income earned from debt securities, as well as decreased average exchange rate in translating foreign interest income. However, the improving financial markets led to a better performance in this segment. The segment result increased to a profit of HK$9,057,000 (2008: loss of HK$13,131,000), mainly attributable to favourable movement in fair value changes on listed investments and favourable changes in exchange rates of bank deposits denominated in foreign currencies, partly offset by the decrease in interest income as aforesaid.

Finance costs

The decrease of HK$5,230,000 (78.1%) to HK$1,464,000 was mainly due to repayment of bank loan during the year, and lower market interest rates and average exchange rates in translating foreign interest payments comparing to last year.

Taxation

There was an increase in taxation from HK$2,247,000 (as restated) to HK$8,619,000 for the year, principally due to an increase in taxable operating profits of subsidiaries in Hong Kong, and an increase in deferred tax provision arising from revaluation of investment properties in Hong Kong.

Financial Resources and Treasury Policies

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders funds) as at 31 December 2009 was 25.2% (2008: 45.3% (as restated)). Total bank borrowings of the Group amounted to HK$75,239,000 (2008: HK$107,853,000), mainly denominated in Pound Sterling, Japanese Yen and Hong Kong Dollars with floating interest rates.

Current ratio (current assets divided by current liabilities) was 1.6 as at 31 December 2009 (2008: 1.1). The Group holds sufficient cash, marketable securities on hand and available banking facilities to meet its short-term liabilities, commitments and working capital demand.

Exchange Rate Exposures

Most of the Group's business transactions were conducted in Hong Kong dollars and United States dollars. Certain rental income is derived in United Kingdom and denominated in Pound Sterling. As at 31 December 2009, the Group's debt borrowings were mainly denominated in Pound Sterling, Japanese Yen and Hong Kong Dollars. The Group also had equity and debt securities denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States dollars whose exchange rate remained relatively stable during the year and Japanese Yen whose the underlying assets are used for pledge of debt borrowings as described in the following paragraph, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 31 December 2009 were approximately HK$34.8 million (2008: HK$74.6 million) in total, or about 8.1% (2008: 19.2% (as restated)) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK$57.4 million (2008: HK$8.4 million) relating to properties investments in the United Kingdom.

Debt borrowings were either denominated in Hong Kong dollars or the currencies of the underlying pledged assets. Net foreign exchange exposure, being foreign debt borrowings denominated in Japanese Yen in excess of their underlying assets, was approximately HK$11.9 million (2008: HK$12.7 million).

Pledge of Assets

As at 31 December 2009, certain of the Group's leasehold land and buildings, investment properties, bank deposits and securities with carrying value of approximately HK$192.7 million (2008: HK$151.9 million (as restated)) were pledged to secure banking facilities granted to the Group to the extent of approximately HK$94.7 million (2008: HK$135.1 million), of which approximately HK$75.2 million (2008: HK$107.9 million) were utilised as at 31 December 2009.

In addition, certain bank deposits and financial assets at fair value through profit or loss with total carrying amount of HK$3.9 million (2008: HK$2.9 million) were pledged to secure standby banking facilities granted to the Group to the extent of HK$15.6 million (2008: HK$15.6 million).

Employees and Remuneration Policies

As at 31 December 2009, the Group had a total of 99 (2008: 101) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees. The Company also has a share option scheme for the benefit of its directors and eligible employees of the Group. No option has been granted under the scheme since its adoption.

OTHER SUPPLEMENTARY INFORMATION

Audit Committee Review

The Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial results for the year ended 31 December 2009.

Scope of work of Mazars CPA Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited 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 Mazars CPA Limited on the preliminary announcement.

Final Dividend and Special Final Dividend

The Board has proposed a final dividend of HK6.2 cents (2008: HK6.2 cents) per share and a special final dividend of HK2.5 cents (2008: Nil) per share for the year ended 31 December 2009 (subject to approval by the shareholders at the forthcoming annual general meeting) payable to shareholders on the register of members of the Company on 21 June 2010. Dividend warrants will be dispatched to the shareholders of the Company on or about 2 August 2010.

Closing of register of members

The register of members will be closed from Tuesday, 15 June 2010 to Monday, 21 June 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 14 June 2010.

Purchase, sale or redemption of the Company's listed shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Code on Corporate Governance Practices

The Company adopted all the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with code provisions as set out in the Code during the year ended 31 December 2009 except for the following deviations:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean has been assuming the roles of both the Chairman and the acting Chief Executive Officer since 21 April 2008. Although these two roles are performed by the same individual, certain responsibilities have been shared with executive director to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2009.

Board of Directors

As at the date of this announcement, (i) the executive directors of the Company are Messrs. Gan Wee Sean and Gan Fock Wai, Stephen; and (ii) the independent non-executive directors of the Company are Mr. Leung Man Chiu, Lawrence, Ms. Wong Ying Kay, Ada and Mr. Ip Tin Chee, Arnold.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 22 April 2010

* *For identification purpose only*