LUEN THAI HOLDINGS LIMITED
聯泰控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 311)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2009	2008
	US$'000	*US$'000*
Revenue	**774,892**	832,002
Operating profit	**19,418**	23,112
Profit attributable to equity holders of the Company	**15,220**	11,829
Profit margin (ratio of profit attributable to equity holders of the Company to revenue)	**2.0%**	1.4%
Basic EPS *(US cents)*	**1.5**	1.2

The board of directors (the "Board") of Luen Thai Holdings Limited (the "Company") is pleased to announce the consolidated result of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the year ended 31 December 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009** **US$'000**	2008 US$'000
Revenue	3	**774,892**	832,002
Cost of sales		**(631,872)**	(677,713)
Gross profit		**143,020**	154,289
Other gains — net		**3,433**	2,713
Selling and distribution expenses		**(13,670)**	(23,306)
General and administrative expenses		**(113,365)**	(110,584)
Operating profit		**19,418**	23,112
Finance income	5	**4,982**	2,087
Finance costs	5	**(3,225)**	(4,609)
Finance income/(costs) — net		**1,757**	(2,522)
Share of losses of associated companies		**(15)**	(16)
Share of profits of jointly controlled entities		**371**	1,386
Profit before income tax		**21,531**	21,960
Income tax (expense)/credit	6	**(2,524)**	1,213
Profit for the year		**19,007**	23,173
Attributable to:			
Equity holders of the Company		**15,220**	11,829
Minority interest		**3,787**	11,344
		19,007	23,173
Earnings per share for profit attributable to the equity holders of the Company, expressed in US cents per share			
— Basic	7	**1.5**	1.2
— Diluted	7	**1.5**	1.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009	2008
	US$'000	*US$'000*
Profit for the year	**19,007**	23,173
Other comprehensive income:		
Currency translation differences	**(280)**	3,985
Total comprehensive income for the year	**18,727**	27,158
Total comprehensive income attributable to:		
Equity holders of the Company	**14,848**	15,814
Minority interest	**3,879**	11,344
	18,727	27,158

CONSOLIDATED BALANCE SHEET
As at 31 December 2009

	Note	2009 US$'000	2008 US$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**8,868**	10,644
Property, plant and equipment		**104,970**	117,679
Intangible assets		**67,002**	68,870
Interests in associated companies		**372**	377
Interests in jointly controlled entities		**9,813**	9,531
Deferred income tax assets		**991**	230
Other non-current assets		**4,346**	4,955
Total non-current assets		**196,362**	212,286
Current assets			
Inventories		**62,341**	76,208
Properties under development		**20,758**	—
Trade and bills receivables	9	**110,001**	108,351
Amounts due from related companies		**2,702**	4,143
Amounts due from associated companies and jointly controlled entities		**5,192**	1,584
Deposits, prepayments and other receivables		**18,423**	19,876
Prepaid tax		**370**	—
Pledged bank deposit		**1,564**	1,509
Cash and bank balances		**107,550**	117,839
Total current assets		**328,901**	329,510
Total assets		**525,263**	541,796
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**9,925**	9,925
Other reserves	11	**102,110**	101,340
Retained earnings			
— Proposed final dividend		**2,343**	1,439
— Others		**119,977**	108,858
		234,355	221,562
Minority interest		**21,821**	24,898
Total equity		**256,176**	246,460

	Note	2009 US$'000	2008 US$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings		**27,071**	33,259
Loan from a minority shareholder of a subsidiary		**3,097**	3,097
Retirement benefit obligations		**2,841**	2,431
Deferred income tax liabilities		**6,781**	5,075
Consideration payable and other long-term liabilities		**31,259**	33,959
Total non-current liabilities		**71,049**	77,821
Current liabilities			
Trade and bills payables	10	**50,242**	66,196
Other payables and accruals		**87,364**	81,039
Amounts due to related companies		**1,309**	817
Amounts due to associated companies and jointly controlled entities		**4,340**	3,953
Borrowings		**39,945**	50,281
Derivative financial instruments		**22**	2,199
Current income tax liabilities		**14,816**	13,030
Total current liabilities		**198,038**	217,515
Total liabilities		**269,087**	295,336
Total equity and liabilities		**525,263**	541,796
Net current assets		**130,863**	111,995
Total assets less current liabilities		**327,225**	324,281

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL INFORMATION

Luen Thai Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and also the real estate development. The Group has manufacturing plants in Mainland China and the Philippines.

2. BASIS OF PREPARATION

The consolidated financial statements of Luen Thai Holdings Limited have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) which are stated at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRSs as at 1 January 2009:

- HKAS 1 (revised) 'Presentation of financial statements' (effective 1 January 2009). The revised standard requires the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of comprehensive income and the statement of changes in equity. 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. 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 or on the Group's or Company's financial statements.

- HKAS 23 (Revised), 'Borrowing costs' (effective from 1 January 2009). In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after 1 January 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of HKAS 23 Borrowing costs (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on the Group's or Company's financial statements.

- HKFRS 2 (amendment) 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group has adopted HKFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

- HKFRS 7 'Financial Instruments — Disclosures (amendment)' (effective 1 January 2009). 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. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKFRS 8 'Operating segments' (effective 1 January 2009). HKFRS 8 replaces HKAS 14 'Segment reporting' and aligns segment reporting with the requirements of the US standard SFAS 131 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of the reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision maker.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- HKAS 27 (revised) 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

- HKFRS 3 (revised) 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- HK(IFRIC) 17 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the HKICPA's annual improvements project published in April/May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. HKFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and company will apply HK(IFRIC) 17 from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKAS 1 (amendment) 'Presentation of financial statements'. The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and company will apply HKAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- HKAS 38 (amendment) 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the HKICPA's annual improvements project published in April/May 2009 and the Group and company will apply HKAS 38 (amendment) from the date HKFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

- HKFRS 2 (amendments) 'group cash-settled share-based payment transactions' (effective from 1 January 2010). In addition to incorporating HK(IFRIC) — Int 8 'Scope of HKFRS 2', and HK(IFRIC) — Int 11 'HKFRS 2 — Group and treasury share transactions', the amendments expand on the guidance in HK(IFRIC) — Int 11 to address the classification of Group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

- HKFRS 5 (amendment) 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the HKICPA's annual improvements project published in April/May 2009. The amendment provides clarification that HKFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of HKAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of HKAS 1. The Group and company will apply HKFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

3. SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and also real estate development. Revenue consists of sales revenue from casual and fashion apparel, life-style apparel, sweaters, accessories, and income from the provision of freight forwarding and logistics services.

The executive directors have been identified as the chief operating decision maker. The executive directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of casual and fashion apparel, life-style apparel, sweaters, accessories, freight forwarding and logistics services and real estate.

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2009 is as follows:

	Casual and fashion apparel *US$'000*	Life-style apparel *US$'000*	Sweaters *US$'000*	Accessories *US$'000*	Freight forwarding/ logistics services *US$'000*	Real estate *US$'000*	Total Group *US$'000*
Total segment revenue	**350,696**	**197,730**	**128,888**	**108,606**	**13,621**	**—**	**799,541**
Inter-segment revenue	**(8,159)**	**(726)**	**(14,050)**	**(1,096)**	**(618)**	**—**	**(24,649)**
Revenue (From external customers)	**342,537**	**197,004**	**114,838**	**107,510**	**13,003**	**—**	**774,892**
Segment profit/(loss) for the year	**15,824**	**14,550**	**4,319**	**(7,394)**	**1,575**	**(2,134)**	**26,740**
Profit/(loss) for the year includes:							
Depreciation and amortization	**(11,721)**	**(2,520)**	**(927)**	**(3,947)**	**(873)**	**(236)**	**(20,224)**
Share of losses of associated companies	**—**	**—**	**—**	**—**	**(15)**	**—**	**(15)**
Share of profits/(losses) of jointly controlled entities	**506**	**—**	**(135)**	**—**	**—**	**—**	**371**
Income tax (expense)/ credit	**(1,072)**	**828**	**(1,012)**	**(1,752)**	**484**	**—**	**(2,524)**

The segment information provided to the Board of Directors for the reportable segments for the year ended 31 December 2008 is as follows:

	Casual and fashion apparel *US$'000*	Life-style apparel *US$'000*	Sweaters *US$'000*	Accessories *US$'000*	Freight forwarding/ logistics services *US$'000*	Total Group *US$'000*
Total segment revenue	405,461	238,099	127,926	62,798	17,105	851,389
Inter-segment revenue	(2,567)	(363)	(15,207)	—	(1,250)	(19,387)
Revenue (From external customers)	402,894	237,736	112,719	62,798	15,855	832,002
Segment (loss)/profit for the year	(389)	26,170	4,923	1,022	466	32,192
(Loss)/profit for the year includes:						
Depreciation and amortization	(11,792)	(2,280)	(1,087)	(1,770)	(1,055)	(17,984)
Share of losses of associated companies	—	—	—	—	(16)	(16)
Share of profits/(losses) of jointly controlled entities	1,574	—	(188)	—	—	1,386
Income tax (expense)/credit	(780)	3,492	(1,129)	(253)	(117)	1,213

Revenues between segments are carried out in accordance with the terms mutually agreed between the respective parties. The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the consolidated income statement. The management assesses the performance of the operating segments based on a measure of profit before corporate expenses, impairment losses of property, plant and equipment and change in estimates of financial liabilities and the amortized interest costs of the financial liabilities for the year.

A reconciliation of total segment profit to the profit for the year is provided as follows:

	2009 ***US$'000***	2008 *US$'000*
Segment profit for the year	**26,740**	32,192
Corporate expenses	**(7,575)**	(7,692)
Write-off/provision for impairment of property, plant and equipment	**(3,646)**	(719)
Change in estimates of financial liabilities — net	**4,042**	(567)
Interest expense on financial liabilities carried at amortized cost	**(1,179)**	(1,344)
Excess of the Group's interest in the fair values of identifiable net assets acquired over the cost of the acquisition	**625**	1,303
Profit for the year	**19,007**	23,173

Reportable segment's assets and liabilities are reconciled to total assets and liabilities as at 31 December 2009 and 31 December 2008 as follows:

	Casual and fashion apparel *US$'000*	**Life-style apparel** *US$'000*	**Sweaters** *US$'000*	**Accessories** *US$'000*	**Freight forwarding/ logistics services** *US$'000*	**Real estate** *US$'000*	**Total Group** *US$'000*
As at 31 December 2009							
Segment Assets	231,614	81,058	54,390	86,252	29,370	31,033	513,717
Other segment assets							
Interests in associated companies	8	—	—	—	364	—	372
Interests in jointly controlled entities	9,813	—	—	—	—	—	9,813
	241,435	81,058	54,390	86,252	29,734	31,033	523,902
Unallocated:							
Deferred income tax assets							991
Prepaid tax							370
Total assets							525,263
As at 31 December 2008							
Segment Assets	265,932	87,168	51,238	99,177	28,143	—	531,658
Other segment assets							
Interests in associated companies	8	—	—	—	369	—	377
Interests in jointly controlled entities	9,396	—	135	—	—	—	9,531
	275,336	87,168	51,373	99,177	28,512	—	541,566
Unallocated:							
Deferred income tax assets							230
Total assets							541,796

	Casual and fashion apparel	Life-style apparel	Sweaters	Accessories	Freight forwarding/ logistics services	Real estate	Total Group
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2009							
Segment Liabilities	92,649	18,280	19,206	47,851	7,303	31	185,320
Unallocated:							
Deferred income tax liabilities							6,781
Current income tax liabilities							14,816
Corporate bank loan							29,250
Consideration payable and financial liabilities							32,920
Total liabilities							269,087
As at 31 December 2008							
Segment Liabilities	95,067	24,753	20,527	55,912	7,819	—	204,078
Unallocated:							
Deferred income tax liabilities							5,075
Current income tax liabilities							13,030
Corporate bank loan							33,750
Consideration payable and other long-term liabilities							39,403
Total liabilities							295,336

Total assets and liabilities are allocated based on the operations of the segments.

	2009	2008
	US$'000	*US$'000*
Analysis of revenue by category		
Sales of garment, textile products and accessories	**755,495**	809,718
Freight forwarding and logistics service fee	**13,003**	15,855
Management fee income	**413**	343
Rental income	**100**	148
Commission income	**4,653**	4,855
Sales of quota	**—**	157
Others	**1,228**	926
Total revenue	**774,892**	832,002

The Group's revenue is mainly derived from customers located in the United States of America (the "United States"), Europe, Japan and the People's Republic of China (the "PRC"), while the Group's business activities are conducted predominantly in Hong Kong, the PRC, Commonwealth of Northern Mariana Islands, the Philippines and the United States.

	2009	2008
	US$'000	*US$'000*
Analysis of revenue by geographical location		
The United States	**390,965**	367,450
Europe	**236,258**	301,369
Japan	**61,907**	49,793
The PRC	**29,654**	42,997
Others	**56,108**	70,393
	774,892	832,002

Revenue is allocated based on the place/countries in which customers are located.

Revenue of approximately US$162,600,000 (2008: US$205,400,000) and US$147,500,000 (2008: US$188,500,000) are derived from two single external customers. These revenues are attributable to the life-style and casual and fashion apparels, respectively.

	2009	2008
	US$'000	*US$'000*
Analysis of non-current assets by geographical location		
The PRC	**97,434**	110,464
Hong Kong	**2,243**	3,766
The Philippines	**8,506**	10,590
Others	**10,992**	8,688
	119,175	133,508
Intangible assets	**67,002**	68,870
Associated companies	**372**	377
Jointly controlled entities	**9,813**	9,531
	196,362	212,286

Non-current assets are based on where the assets are located.

4. EXPENSES BY NATURE

	2009	2008
	US$'000	*US$'000*
Amortization of leasehold land and land use rights	**229**	163
Amortization of intangible assets	**2,291**	2,152
Depreciation of property, plant and equipment	**17,704**	15,669
Write-off of/provision for impairment of property, plant and equipment	**3,646**	719
Provision for impairment of trade receivables	**902**	525
Provision for inventory obsolescence	**916**	345
Employee benefit expense	**126,691**	123,149

5. FINANCE INCOME AND COSTS

	2009	2008
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**2,046**	2,698
Change in estimates of financial liabilities — net	**—**	567
Interest expense on financial liabilities carried at amortized costs	**1,179**	1,344
Finance costs	**3,225**	4,609
Interest income	**(940)**	(2,087)
Change in estimates of finance liabilities — net	**(4,042)**	—
Finance income	**(4,982)**	(2,087)
Net finance (income)/costs	**(1,757)**	2,522

6. INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2009	2008
	US$'000	*US$'000*
Current income tax	**6,059**	6,323
Over-provision in prior years	**(1,930)**	(7,224)
Deferred income tax	**(1,605)**	(312)
	2,524	(1,213)

Note:

(i) In prior years, a Hong Kong subsidiary has received notices of additional assessments/assessments from the Hong Kong Inland Revenue Department (the "IRD") for the years of assessment 2000/01 to 2007/08 demanding for tax totalling US$3,843,000 in respect of certain income, which the directors has regarded as not subject to Hong Kong Profits Tax. The directors have thoroughly revisited the situations and have concluded that the subsidiary company has grounds to defend that the relevant profits are not subject to Hong Kong Profits Tax. In these circumstances, the directors have filed objections to these additional assessments/assessments and consider that sufficient tax provision has been made in the financial statements. The subsidiary company has paid the amount of US$3,453,000 in the form of Tax Reserve Certificates. The Tax Reserve Certificates amount paid was included in prepayments in the consolidated balance sheet as at 31 December 2009.

(ii) Two other subsidiaries were under tax audit conducted by the IRD. As at 31 December 2009, the IRD has issued additional assessments/assessments to these entities from years of assessments 2000/01 to 2008/09, demanding tax totalling US$8,584,000. Some of these assessments are protective assessments issued before the expiry of the statutory time-barred period pending the result of the tax audit. These subsidiaries have lodged objections to these assessments. The directors consider that sufficient tax provision has been made in the financial statements in this regard.

7. EARNINGS PER SHARE

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

	2009	2008
	US$'000	*US$'000*
Profit attributable to equity holders of the Company	**15,220**	11,829
Number of ordinary shares in issue *(thousands)*	**992,500**	992,500
Basic earnings per share *(US cents per share)*	**1.5**	1.2

There was no dilutive effect on earnings per share for both the years ended 31 December 2008 and 2009 since all outstanding share options were anti-dilutive.

8. DIVIDENDS

	2009	2008
	US$'000	*US$'000*
Interim dividend paid of US0.224 cent or equivalent to HK1.736 cents (2008: US0.213 cent) per ordinary share	**2,223**	2,114
Proposed final dividend of US0.236 cent or equivalent to HK1.831 cents (2008: US0.145 cent) per ordinary share	**2,343**	1,439
	4,566	3,553

The directors have recommended the payment of a final dividend of US cent of 0.236 per share, totalling US$2,343,000. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this dividend payable.

9. TRADE AND BILLS RECEIVABLES

	2009	2008
	US$'000	*US$'000*
Trade and bills receivables	**111,322**	109,831
Less: provision for impairment of receivables	**(1,321)**	(1,480)
Trade and bills receivables — net	**110,001**	108,351

The carrying amount of trade and bills receivables approximates its fair value.

The Group normally grants credit terms to its customers ranging from 30 to 90 days. The ageing analysis by due date of trade debtors net of provision for impairment is as follows:

	2009	2008
	US$'000	*US$'000*
Current	**75,905**	82,771
1 to 30 days	**23,876**	17,770
31 to 60 days	**4,218**	3,038
61 to 90 days	**2,234**	1,501
Over 91 days	**3,768**	3,271
Amounts past due but not impaired	**34,096**	25,580
	110,001	108,351

10. TRADE AND BILLS PAYABLES

At 31 December 2009, the ageing analysis of trade and bills payables are as follows:

	2009	2008
	US$'000	*US$'000*
0 to 30 days	**41,564**	33,411
31 to 60 days	**2,010**	19,398
61 to 90 days	**1,548**	7,069
Over 91 days	**5,120**	6,318
	50,242	66,196

11. OTHER RESERVES

	Share premium	**Capital reserve**	**Other capital reserves**	**Share based payment**	**Exchange reserve**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2008	116,998	11,722	(24,450)	1,102	2,680	108,052
Acquisition of subsidiary	—	—	(11,122)	—	—	(11,122)
Share based payment	—	—	—	425	—	425
Exchange differences arising on translation of foreign subsidiaries	—	—	—	—	3,985	3,985
As at 31 December 2008	116,998	11,722	(35,572)	1,527	6,665	101,340
At 1 January 2009	**116,998**	**11,722**	**(35,572)**	**1,527**	**6,665**	**101,340**
Derecognition of financial liabilities upon acquisition of minority interest	**—**	**—**	**939**	**—**	**—**	**939**
Share based payment	**—**	**—**	**—**	**203**	**—**	**203**
Exchange differences arising on translation of foreign subsidiaries	**—**	**—**	**—**	**—**	**(372)**	**(372)**
As at 31 December 2009	**116,998**	**11,722**	**(34,633)**	**1,730**	**6,293**	**102,110**

MANAGEMENT DISCUSSION & ANALYSIS

Result Review

For the year ended 31 December 2009, the Group's revenue decreased by 6.9% to approximately US$774,892,000 when compared to 2008. As mentioned in our interim report for 2009, such decrease in revenue is mainly due to the global financial crisis and the Group's effort in eliminating non-profitable accounts. The global financial crisis is still having an adverse impact on the consumer demand as reflected by the reduced inventory level and the cautious buying behavior of buyers.

The Group has reacted quickly to reduce our operating expenses and adjust our production capacities to the extent possible in response to the sharp contraction in consumer demand. As a result, despite the decrease in revenue, the Company has not only sustained its profitability but also has increased its profit attributable to the equity holders of the Company for the year ended 31 December 2009.

Luen Thai's overall gross profit for 2009 was approximately US$143,020,000, representing a decrease of 7.3% over 2008. The overall gross profit margin in 2009 was approximately 18.5% which is comparable to that of 2008. The Group's selling and distribution expenses decreased to approximately US$13,670,000 as a result of our success in certain cost cutting initiatives. The increase in the general and administrative expenses was due mainly to the inclusion of our Accessories Division with full year effect in 2009. The profit attributable to the equity holders of the Company, however, increased to US$15,220,000 as compared to US$11,829,000 in 2008. These results not only shows that the Group's application of the "lean reengineering" strategy has borne fruit in its core business unit but it has also continued to be successful in its stringent cost control and downsizing through elimination of non-profitable accounts and non-performing facilities.

Segmental Review

Garment and accessories are currently the Group's major source of revenue. These include the Group's OEM apparel and bags manufacturing, garment sourcing and trading and bags business, which accounted for approximately 98.3% of the Group's total revenue in 2009.

The segment profit of the Group's freight forwarding and logistics services was approximately US$1,575,000 in 2009 as compared to US$466,000 in 2008.

The real estate segment has just started its operation and has not recorded any revenue in 2009.

Geographically, the US market was still the Group's key export market in 2009, accounting for approximately 50.5% of the Group's total revenue in 2009 and representing an increase of 6.3 percentage points when compared to that of 2008. Such increase is mainly due to the inclusion of sales recorded by Accessories Division with full year effect in 2009.

Europe continued to be the second largest export market of the Group in 2009. Europe accounted for approximately 30.5% of the Group's total revenue in 2009 representing approximately 5.7 percentage points decrease over that recorded for 2008. The Group's performance in Europe remains stable and the slight decrease is partly due to the weak market sentiment together with the fluctuation of Euro exchange rate.

Asia is the only growing market in 2009 against the backdrop of the global financial crisis and accounted for approximately 11.8% of the Group's total revenue in 2009.

The Group shall continue to further diversify its customer and production bases/outsourcing platforms through organic growth and value-enhancing acquisitions.

Acquisitions and Joint Ventures

It is the Group's strategy to strengthen its supply chain capabilities by way of selective value-enhancing acquisitions and joint ventures. In addition, the Group shall continue its merger and acquisition strategies to strengthen the operational efficiency of our existing business units and further diversify its geographical risks.

In September 2009, the Group received a notice from Novelwill International Limited ("Novelwill") for the exercise of its put option in full to sell all of its equity interest in our subsidiary Partner Joy Group Limited ("Partner Joy"), representing 5% of the total issued share capital of Partner Joy, to Fortune Investment Overseas Limited ("Fortune Investment"), a wholly owned subsidiary of the Company. After Fortune Investment's acquisition of the 5% interest from Novelwill, Partner Joy became a 95% subsidiary of the Group. Details of the transaction were described in the Company's announcement dated 5 October 2009.

Future Plans and Prospect

With the current shortage in labour supply, it has been widely envisaged that the minimum wage level in the China's labour market will be increased in the second quarter of 2010. Also, in view of the strong economic fundamentals, it is likely that the Chinese Yuan will continue to appreciate in 2010. These factors will definitely increase the Group's cost of operation in China. The Group shall continue to identify opportunities to develop manufacturing and sourcing bases in overseas and inner provinces of China to maintain the Group's competitive cost structure.

As disclosed in the Company's announcement dated 14 August 2009, the Company, through one of its subsidiaries, entered into a construction contract with an independent contractor for the development of a residential project in Qingyuan, Guangdong, the PRC. According to the public information, the Chinese government has been planning to build a Guangzhou-Qingyuan Light Rail ("Light Rail") system which will connect Qingyuan with the Guangzhou Baiyun International Airport and the Guangzhou Metro, and part of this Light Rail system is expected to be adjacent to our residential project site in Qingyuan. We are also aware that there is a proposed Light Rail station right next to our residential project site. With the development of the proposed Light Rail station, the management currently halted the construction pace and is considering the re-positioning and re-scheduling of the whole construction plan in line with the anticipated pace of town planning and the construction of the Light Rail system. We believe that the plan of a Guangzhou-Qingyuan Light Rail system coupled with the expected proximity of its station with our residential project site would enhance the value of our residential project, and we are confident that the PRC real estate market is in the course of stabilisation.

Looking ahead, the management believes that the market will be stabilised at a lower operating level. The Group will strive to gain a bigger market share with our lean cost structure and extensive supply chain services. With our commitment to apply lean reengineering to our Accessories Division, we believe that it will be turned around in the foreseeable future.

Contingent Liabilities and Off-Balance Sheet Obligations

The Group is involved in various labor lawsuits and claims arising from the normal course of business. The Directors believe that the Group has substantial legal and factual bases for their position and are of the opinion that losses arising from these lawsuits, if any, will not have a material adverse impact on the results of the operations or the financial position of the Group. Accordingly, no provision for such liabilities has been made in the financial statements.

Human Resources, Social Responsibilities and Corporate Citizenship

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs.

Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in the fashion industry.

With over 20,000 employees around the world, Luen Thai continuously strives to foster open communication with employees through various channels.

Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes; and a strong corporate culture where employees' contributions are recognized and rewarded. In addition, Luen Thai aims to become a healthy employer, taking an active role in wellness advocacy.

Financial Results and Liquidity

As at 31 December 2009, the total amount of cash and bank balances of the Group was approximately US$107,550,000, representing a decrease of approximately US$10,289,000 as compared to that as at 31 December 2008. The Group's total bank borrowings as at 31 December 2009 were approximately US$67,016,000, representing a decrease of approximately US$16,524,000 as compared to the Group's total bank borrowings of approximately US$83,540,000 as at 31 December 2008.

As at 31 December 2009, the maturity profile of the Group's bank borrowings spread over five years with approximately US$39,945,000 repayable within one year or on demand, approximately US$6,821,000 in the second year, approximately US$13,500,000 in the third to fifth year, and approximately US$6,750,000 in more than five years.

Gearing ratio of the Company is defined as the net debt (represented by bank borrowings net of cash and bank balances) divided by the capital and reserves attributable to the equity holders of the Company. As at 31 December 2009, the Group is in a net cash position. Hence, no gearing ratio is presented.

Foreign Exchange Risk Management

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Hong Kong dollar, Chinese Yuan, Philippine Peso and Euro. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. The Group is committed to improving its corporate governance policies in compliance with the regulatory requirements and in accordance with international best practices. As at the date of this report, the Company has formed the Audit Committee, Remuneration Committee and Bank Facility Committee all at the Board of Directors (the "Board") level, to provide assistance, advice and recommendations on relevant matters that aim to ensure protection of the Group and the Company's shareholders' interests as a whole.

The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has been in compliance with the code provisions set out in the Code on Corporate Governance Practices contain in Appendix 14 of the Listing Rules throughout the year ended 31 December 2009.

Full details on the subject of corporate governance are set out in the Company's 2009 annual report.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference that set out the authorities and duties of the Committee adopted by the Board.

The Audit Committee's review covers the accounting principles and practices adopted by the Group, audit plans and findings of the internal and external auditors, and financial matters including the review of consolidated financial statements of the Group for the year ended 31 December 2009.

FINAL DIVIDEND

An interim dividend of US0.224 cent per share was paid to the shareholders during the year and the Directors recommend the payment of a final dividend of US0.236 cent per share to the shareholders on the register of members on 31 May 2010 totaling to approximately US$2,343,000.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 27 May 2010 to 31 May 2010, both days inclusive, during which period no transfer of shares will be effected. All transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on 26 May 2010 in order to qualify for the final dividend mentioned above.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information required to be disclosed pursuant to paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange (http://www.hkex.com.hk) in due course.

By order of the Board
Tan Henry
Executive Director and Chief Executive Officer

Hong Kong, 16 April 2010

As at the date of this announcement, the Board of Directors comprises Mr. Tan Siu Lin, Mr. Tan Henry, Mr. Tan Cho Lung, Raymond, Mr. Tan Sunny and Ms. Mok Siu Wan, Anne as executive Directors; Mr. Tan Willie and Mr. Lu Chin Chu as non-executive Directors; Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as independent non-executive Directors.