

Sent by Email
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22 March 2010

Mr Edward Lehman
10-2 Liangmaqiou Diplomatic Compound
22 Dongfang East Road
Chaoyang District
Beijing 100600
People's Republic of China

Dear Mr Lehman

Re: Mr Russell Brown FCMA

I write following the Investigation Committee meeting of 18 March 2010 at which the complaint summarised below was considered.

That Russell Brown FCMA, a director of LehmanBrown Limited ("the Company"), has

- 1. failed to act in accordance with the Articles of Association of the Company (the "articles") and with Sections 78 and 110 of Table A of the Hong Kong Companies Ordinance (the "Ordinance") (which is attracted by article 1) by unilaterally determining his own salary as a director and the general manager of the Company;**
- 2. without the consultation with fellow directors required by virtue of the collective nature of powers in article 15, and contrary to Section 86(1) of the Ordinance, appointed his wife, Ms Zhou Han, to employment by the Company as Human Resources Director and determined her salary and bonuses;**
- 3. failed to provide fellow directors of the Company with information necessary for them to approve the 2007 audited accounts before submission to the regulatory authorities in breach of section 124 of Table A of the Ordinance;**
- 4. breached his fiduciary duties as a director of the Company by**
 - failing to observe the internal procedures of the company,**
 - appropriating funds of the Company for the purpose of improperly increasing his salary, paying himself expenses without board authority, and paying his wife (as an employee of the Company) above a reasonable market rate,**
 - failing to act in the best interests of the Company in the proper management of conflicts of interest;**
- 5. procured to withhold dividends to shareholders of the Company,**

contrary to sections 100.4, 100.40, 130.1, 150.1, 200.4, 200.5 and 210.1 of Code of Ethics of the Institute which, inter alia, require a member of the Institute to act with integrity, objectivity and professionalism.

The Investigation Committee found no *prima facie* case to answer in relation to Section 78 referred to in number 1 above as Section 78 of Table A was excluded by the memorandum and articles of the Company. The Committee found a *prima facie* case to answer in relation to the rest of the complaint and decided that it be referred to the Disciplinary Committee.

Hearings of the Disciplinary Committee are in public and it is possible that you will be asked to give evidence to the Committee. If this is the case, you will be contacted again. In any event you will be informed in due course of the date of the hearing at which the case will be considered.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Danny Thomas', is written over the typed name.

Danny Thomas
Conduct Manager