

## **Executive Summary**

***L&L International Holdings, Inc.***

***(symbol "LLFH")***



***January, 2009***

## OVERVIEW

L&L International Holdings, Inc. ("L&L") - trading symbol "LLFH" - is an American corporation, headquartered in Seattle, Washington, focused on the coal industry in China. With operations dating back to 1995, the Company is well established, capitalizing on its deep roots and relationships in Yunnan Province, a coal rich region in China. L&L currently operates two highly profitable coal mines (DaPuAn and SuTsong mines), a consolidation and wholesale subsidiary (Kunming Coal), and an industrial equipment company (LEK) which is being spin-off. The Company is poised to acquire 3 more coal mines, a processing and coking facility, and to grow wholesale sales significantly. The Company's most recent fiscal quarter, ending 10/31/2008, resulted in gross sales of approximately \$11 million and net profit of \$2.5 million, and the assets are approximately \$55 million, with net equity of \$20 million.

## L&L OPERATIONS

Founded in 1995 by businessman, CPA, and former Hong Kong securities tribunal judge Mr. Dickson Lee, L&L has transformed from a financial firm into a \$50 million of coal (energy) operation over the past 14 years. Mr. Lee was previously an executive of KPMG in New York City, and a Director of Verizon.

After a number of years helping energy, technology clients in Hong Kong and China, Mr. Lee - Fluent in Cantonese, Mandarin and English - leveraged his US accounting knowledge and familial ties to the coal region. Mr. Lee first took a controlling ownership interest in air compressor business Lui Er Kong (LEK) in 2004, growing LEK into an industry leader. In 2006, to enter into a lucrative coal mining business, L&L acquired controlling stakes in a large wholesale coal company in Kunming - Kunming Coal Inc. (KMC) in Yunnan province, to gain knowledge of mining business. In 2008, L&L acquired 2 large operating mines and one mine in the rd year of development in the Yunnan province (under the name of L&L Coal Inc.). L&L leveraging on its corporate, financial and operational expertise has growing the businesses to a \$50 million operations with estimated \$10 million net income. Today, L&L is in process to apply a NYSE-Euronext (the old AMEX) with a help from a major Wall Street firm, to grow into a multinational company. With its niche in the US accounting, legal, and business relationship built up over the past 14 years, the company is poised to grow into \$200 million sales in 2 years, leveraging on the fast economic growth in China.



L&L's family roots and business experience uniquely affords it opportunities to identify suitable acquisition targets, mines that can be acquired at low cost while leveraging Chinese government energy policy.

### **1. Coal Mining**

L&L focuses its mining operations in China's Yunnan Province, a resource-rich area with an abundance of mining potential. The company currently has in excess of five million tons of reserves, and manages or holds interests in four mining facilities in China.

L&L specializes in acquiring coal mines with existing operations and – through operational efficiencies and management and technological expertise – generating immediate improvement in productivity and performance. L&L Coal Inc. currently consists of two operational, profitable mines, DaPuAn Mine and SuTsong Mine, in Yunnan, China. These mines cover approximately 1.5 square kilometers, and have been operational since the late 1990s. Currently generating in excess of 250,000 tons per year, the mines supported by nearly 400 personnel, are in process to increase to 600,000 tons annual production.

The majority of DaPuAn mine produces coking coal, for steel production, while the SuTsong mine produces heating coal for power plants. At over 50% gross margins, the mines are highly profitable, and with positive cash flows. With funding for additional equipment, and improved roadways, the mines can be easily double its sales and profit.

### **2. Coal Wholesale and Distribution**

Kunming Coal (KMC) is a 10-year old coal consolidator and wholesaler, located in Kunming city in southwest China. KMC engages in the consolidation and sales of both heating and coking coal for industrial uses. L&L acquired 60% of KMC's operations for US\$ 1,578,173 in October of 2006, receiving an assignment of the remaining 40% in August of 2007. KMC has strategic relationship of five long-term coal supplying agreements, and long term sales agreements with numerous clients, including steel mill customers. This L&L wholesale subsidiary provides access to a critical coal network for L&L, and serves as a bridge to further acquire other profitable mines in China.

Currently, KMC sells nearly 40,000 tons of coal each month. KMC's revenue has nearly doubled in each year in each of the last three years since its acquisition by L&L. The company believes output and sales by KMC can be doubled with the proper infusion of capital and resources, leverage the 7% GDP growth of 2009 in China.

### **3. Expansion to Coking Facilities**

Given coking coal's high margins, L&L has actively sought an acquisition opportunity in coking. Through its relationships in Yunnan, the company recently identified a coking and coal washing facility near its mines and wholesale plant, and has reached an agreement in principle with the owners to take a controlling stake in the facilities when L&L is listed on NYSE. The coking facility can utilize raw coal from L&L-owned mines, provide L&L with a higher margin product to distribute via KMC, and otherwise help diversify the business and increase profits.

## STRATEGIC PLANS

Having reaching an annual revenue of nearly \$50 million, L&L seeks additional capital to fuel its further acquisitions and help drive revenue beyond \$200 million in 2 years.

Having brought increased mining efficiency and scale, and accompanying profits, to a substantial consolidation and wholesaling facility and two operational mines, the company has laid the foundation for a significant expansion. L&L seeks to raise capital for the following purposes:

- ❖ **Increase mining output.** As referenced previously, the DaPuAn and SuTsong mines are operating at something less than 50% of capacity. Additional capital will allow Company to increase the output of these facilities.
- ❖ **Increase wholesale sales.** Company believes KMC can double its sales with reasonable efforts to expand its infrastructure. Increases in the mining output of DaPuAn and SuTsong mines will also help support KMC's growth.
- ❖ **Bring exploratory mines in operation.** Tian-Ri and the Laos Mines can not only significantly increase L&L existing sales, but also establish sales to Japan steel industry. The former should be operational in the middle of 2009.
- ❖ **Acquire coking facilities.** Acquiring the ability to add value to the existing coal assets it owns is a natural and necessary extension of L&L's business. Capital will assist with the completion of an acquisition of the SSH Coking company.

## FINANCIALS

### Overview

The Company has experienced rapid growth since moving into the coal industry, growing revenues from a half million dollars in 2004 to \$32 million in fiscal year 2008.

	Quarter ended 10/31/2008 Reviewed	Quarter ended 7/31/2008 Reviewed	Year ended 4/30/2008 Audited	Year ended 4/30/2007 Audited
<b>Sales</b>	\$11.3 million	\$ 12.4 million	\$32 million	\$19 million
<b>Profits</b>	\$2.5 million	\$ 2.8 million	\$1.5 million	\$1.3 million
<b>Assets</b>	\$55.6 million	\$50.4 million	\$30 million	\$28 million
<b>Equity</b>	\$20.8 million	\$16.3 million	\$13 million	\$10 million
<b>Cash Balance</b>	\$4.8 million	\$1.9 million	\$1.3 million	\$0.9 million

To increase transparency, the Company has been a US SEC public reporting company for more than 7 years, since 2001. The Company's financial statements have been audited independently by US CPAs for the past 7 years and have been filed with the SEC as public records. For more detailed information on L&L's financials, please view L&L's most recent [quarterly report](#), prior [annual report](#), or other publicly available filings.

As of 10/31/2008, the total outstanding shares are approx. 22 million. L&L shares are tightly held by the founder, Dickson Lee, CPA (approx. 7.7m or approx. 35% of total outstanding shares), and some long term shareholders. Estimated EPS is around \$0.45. As of January 20, 2009, L&L's stock trading closed at \$2.45, on the way up.

**See L&L's management below – 4 pages.**

## LEADERSHIP

A key component of L&L's model has been to recruit and retain the highest quality professionals for the Advisory Board, the Board of Directors and the Management Staff. The Advisory Board consists of highly educated industry experts and contacts. The Board of Directors includes reputable financial, legal, industry and international leaders both in the US and in China. The Management Team is comprised of professionals with many years of field experience in mining, as well as business and management experience in operating companies within China. They are professionals in coal operations, engineering, finance and legal fields.

### *Management*



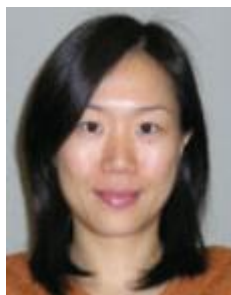
**Dickson V. Lee, CEO, L&L International.** Mr. Lee serves as CEO of L&L International, Chairman of the KMC energy subsidiary, and CEO of the LSP power subsidiary. Mr. Lee, a US CPA since 1983, was an executive with KPMG in New York, and was previously Director of Finance for NYNEX's (now Verizon) Asia Pacific operations in the early 1990's. Mr. Lee served as a judicial member of the Hong Kong SEC Insider Dealing Tribunal for six years. Mr. Lee earned an MBA from Dalhousie University, and is fluent in both Mandarin and Cantonese.



**Tony H Y Li, CEO, KMC Energy Operations.** Mr. Li was the founder and has been CEO of KMC coal operations at Kunming, China since 1997. He is a trained geologist, specializing in burning and coking coals and coal mining. Mr. Li received MS and BS degrees in Geology from Kunming University of Science & Technology.



**Francis Zhang, Operations Executive.** Mr. Zhang has over 20 years experience in engineering and administration. He received his Masters Degree in engineering in China, studied at the California Institute of Technology, and the University of California at Berkley for advanced engineering from 1994 to 1998. Fluent in Cantonese and English, Mr. Zhang is also a professor at Yunnan University of Science & Technology.



**Nicol Leung, CPA, CFO-Acting.** Ms. Leung coordinates all accounting for L&L. Fluent in three languages, Ms. Leung was previously an executive of Hang Seng Bank in Hong Kong, and a senior auditing leader for an established New York accounting firm. Ms. Leung received a Business Communications degree from Woolongan University of Australia.

## ***Board of Directors***



**Ms. Shirley Kiang, Independent Director** Ms. Kiang spent over two decades as a senior executive for various high-tech firms in Silicon Valley and Asia, providing guidance in corporate governance and financial analysis. Ms. Kiang is a US citizen, speaks three languages, and has close contacts in China and Taiwan. Ms. Kiang holds a degree in psychology and an MBA from the University of Massachusetts. She has been a board member since 1998, and is Chairperson of the Audit Committee.



**Mr. Joseph J. Borich, Independent Director** Mr. Borich is Executive Director of the Washington State China Relations Council, which represents over 160 American corporations - including Boeing, Microsoft, and other Fortune 500 companies – with interests or holdings in China. Mr. Borich was the American Consul General to Shanghai in the 1990s, and has held a number of positions within the US State Department. He serves as Chairperson of L&L's Nomination Committee.



**Mr. Ian Robinson CPA, Independent Director** Mr. Robinson is a former partner at Ernst & Young, and was a member of the Insider Dealing Tribunal of Hong Kong. He is a Board Member and on the Audit Committee of the Hong Kong Housing Society, a large non-profit organization, and is a Fellow of the CPA Society of Australia and Hong Kong. Mr. Robinson has over thirty years' experience advising and working with publicly traded companies. He travels frequently between the US and Hong Kong. Mr. Robinson is a member of L&L's Audit Committee.



**Robert Lee, Independent Director** Robert fluent in Mandarin and English, involves in L&L corporate strategic planning and due diligence. Mr. Lee, a leader, has a strong operational and engineering background. He provides stewardship and vision to the management team. Robert studied engineering and mathematics at Michigan State University, is a US citizen. He is a member of L&L Audit Committee since April 2008. Robert is Michigan state government, resides in Lansing, Michigan.

## *Advisory Board*



**Patrick McManus, Esq., CPA, Advisor.** Mr. McManus, an attorney and CPA, has over 20 years experience working with publicly traded companies. He is currently a Board Member and Chairman of the Audit Committee of Harbin Electric, Inc., a NASDAQ company. McManus is an expert on US -Sino business, and helped forge the relationship between the US Conference of Mayors and Chinese Association of Mayors during his time as Mayor of the city of Lynn, Massachusetts. He received his law degree from Boston College, BA from Bowdoin College in Government and an MBA from Suffolk University. Mr. McManus resides in Lynn, Massachusetts and travels frequently to China.



**Dave Wilner, Esq., Advisor.** Mr. Wilner is an accomplished lawyer and business executive, having served in legal or operational capacities for a number of public and private corporations. He was previously a partner at Cozen and O'Connor, a 500 attorney international law firm, and represented clients such as AIG/Citigroup and Lockheed Martin. Mr. Wilner serves on the Advisory Boards of several growing companies, providing both legal and operational guidance. He received his JD, with Honors, and BA, cum laude, from the University of Washington.



**Sun Lo-Yu, Advisor.** Mr. Sun is a member of National Advisory Council of the United States Small Business Administration (SBA), and Chairman and CEO of China Harbor of Seattle. Mr. Sun is an energetic business leader and a successful investor in restaurants and real estate in the US. He is also a founding member of the Mill Creek Country Club.



**Willie Aikens, Business Advisor.** Mr. Aikens is a former Boeing executive with expertise in international sales. Formerly a Captain in the US Army, Aikens was a Board Member of President Clinton's Commission on Chinese Relations in 2000. Mr. Aikens is a mentor and frequent consultant for Seattle University's Business School. He holds a business degree from the University of Washington and received his MBA from Seattle University.



**Dr. Arthur Chen Ph.D, Technical Advisor.** Dr. Arthur Chen received his engineering degrees from MIT (Ph.D, M.S. and B.S.) and is a visiting lecturer at the school. Previously a Senior Executive at General Electric's Corporate R&D Center, Dr. Chen was also a Board Member appointed by the Washington State Governor for the Washington State Technology Center, as well as Commissioner of the New York State Business Development Commission.



**Omar Lee, Advisor.** An active member of the banking community, Mr. Lee currently sits on the board of Regal Financial Bank and advises several others. Also an accomplished real estate developer, Lee is the owner of the Great Wall Shopping Mall in Seattle. He speaks three languages and travels frequently to China. Omar received his BA from the University of Southern California and his MBA from the University of California at Los Angeles.



**Dr. Bud Saxberg, Ph.D., Business Advisor.** A professor at the University of Washington, Dr. Saxberg is an expert in business leadership development. Dr. Saxberg was a senior consultant to Boeing and Rolls Royce over a 15-year period, and frequently consultants with corporate executives regarding local and international business developments. Dr. Saxburg studied at Cornell University and earned his PhD in management from the University of Illinois at Champaign.



**Hon. Justice (ret) Steve Ko, Legal Advisor-China.** Judge Ko, a retired Justice of the High Court of Ho Nan Province of China, has 30 years of international judicial and regulatory experience. Judge Ko, an expert in Chinese laws and the Chinese judicial systems, provides legal expertise on various transactions related to the company's business.