KA SHUI INTERNATIONAL HOLDINGS LIMITED
嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 822)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors (the "Board") of Ka Shui International Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006. It is the first interim results announced by the Group since it was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2007	2006
		HK$'000	*HK$'000*
	Note	**(Unaudited)**	(Unaudited)
Turnover	*3*	**352,672**	286,388
Cost of sales		**(268,937)**	(206,458)
Gross profit		**83,735**	79,930
Other income	*4*	**3,797**	1,123
Selling and distribution expenses		**(4,170)**	(4,134)
General and administration expenses		**(30,300)**	(22,112)
Profit from operations	*5*	**53,062**	54,807
Finance costs	*6*	**(4,153)**	(4,111)
Share of loss of an associate		**(512)**	(600)
Profit before tax		**48,397**	50,096
Income tax expense	*7*	**(5,059)**	(4,528)
Profit for the period		**43,338**	45,568
Attributable to:			
Equity holders of the Company		**43,285**	44,545
Minority interests		**53**	1,023
		43,338	45,568
Dividends			
– Proposed interim	*8*	**10,560**	–
Earnings per share	*9*		
– Basic *(HK cents)*		**6.5**	6.7
– Diluted *(HK cents)*		**6.5**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2007** *HK$'000* **(Unaudited)**	As at 31 December 2006 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*10*	**172,062**	143,347
Prepaid land lease payments		**31,920**	10,544
Club membership		**718**	718
Investment in an associate		**2,004**	2,516
Investment in a jointly controlled entity		**8,120**	–
Available-for-sale financial assets		**8,303**	8,303
		223,127	165,428
Current assets			
Inventories		**99,136**	88,204
Trade receivables	*11*	**109,877**	112,461
Financial assets at fair value through profit or loss		**1,779**	1,150
Prepayments, deposits and other receivables		**25,766**	28,928
Due from an associate		**7,612**	7,490
Pledged bank deposits		**6,224**	6,148
Bank and cash balances		**255,031**	12,300
		505,425	256,681
Current liabilities			
Trade payables	*12*	**57,542**	54,838
Deposits received		**1,501**	3,769
Other payables and accruals		**26,686**	26,026
Due to related companies		**4**	269
Due to a director		**–**	837
Due to an associate		**3,157**	4,058
Short term borrowings		**86,935**	73,701
Current portion of long term borrowings		**5,495**	5,482
Current portion of obligations under finance leases		**8,484**	6,793
Current tax liabilities		**10,841**	7,789
		200,645	183,562
Net current assets		**304,780**	73,119
Total assets less current liabilities		**527,907**	238,547
Non-current liabilities			
Long term borrowings		**11,775**	14,524
Obligations under finance leases		**6,956**	4,525
Deferred tax liabilities		**1,128**	1,128
		19,859	20,177
NET ASSETS		**508,048**	218,370
Capital and reserves			
Share capital		**88,000**	30
Reserves		**420,048**	213,441
Equity attributable to equity holders of the Company		**508,048**	213,471
Minority interests		**–**	4,899
TOTAL EQUITY		**508,048**	218,370

Notes to Condensed Consolidated Financial Statements

1. Corporation information and group reorganisation

The Group is principally engaged in the manufacture of zinc, magnesium and aluminium alloy die casting components which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products and automotive parts industries.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005.

Pursuant to a group reorganisation (the "Group Reorganisation"), the Company became the holding company of the companies now comprising the Group on 31 May 2007. Further details of the Group Reorganisation are set out in the paragraph headed "Corporate reorganisation" in Appendix V to the prospectus dated 12 June 2007 (the "Prospectus"). The shares of the Company were listed on the Main Board of the Stock Exchange on 27 June 2007.

2. Basis of preparation and significant accounting policies

The condensed consolidated financial statements are prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The condensed consolidated financial statements are prepared as if the Group structure immediately after the Group Reorganisation had been in existence throughout the six months ended 30 June 2007 or since their respective dates of incorporation or establishment where this is a shorter period. The comparative figures are prepared on the same basis.

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Financial Information as included in the "Accountants' Report" in Appendix I to the Prospectus.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2007. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting polices and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the condensed consolidated financial statements of the Group.

3. Turnover and segment information

Turnover represents the net amounts received and receivable for goods sold, net of returns and allowances to customers during the period.

For management purposes, the Group's operation is currently categorised into three operating divisions – zinc, magnesium and aluminium alloy die casting components. These divisions are the basis on which the Group reports its primary segment information. An analysis of the Group's turnover and results for the period by business segments is as follows:

	For the six months ended 30 June 2007			
	Zinc alloy die casting components *HK$'000* **(unaudited)**	**Magnesium alloy die casting components** *HK$'000* **(unaudited)**	**Aluminium alloy die casting components** *HK$'000* **(unaudited)**	**Consolidated** *HK$'000* **(unaudited)**
Turnover				
Sales to external customers	**272,695**	**50,813**	**29,164**	**352,672**
Segment results	**38,549**	**15,575**	**4,643**	**58,767**
Unallocated other income				**2,075**
Unallocated expenses				**(7,780)**
Profit from operations				**53,062**
Finance costs				**(4,153)**
Share of loss of an associate	**(512)**			**(512)**
Profit before tax				**48,397**
Income tax expense				**(5,059)**
Profit for the period				**43,338**

	For the six months ended 30 June 2006			
	Zinc alloy die casting components *HK$'000* (unaudited)	Magnesium alloy die casting components *HK$'000* (unaudited)	Aluminium alloy die casting components *HK$'000* (unaudited)	Consolidated *HK$'000* (unaudited)
Turnover				
Sales to external customers	243,819	29,455	13,114	286,388
Segment results	47,422	7,670	3,085	58,177
Unallocated other income				449
Unallocated expenses				(3,819)
Profit from operations				54,807
Finance costs				(4,111)
Share of loss of an associate	(600)			(600)
Profit before tax				50,096
Income tax expense				(4,528)
Profit for the period				45,568

4. Other income

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**620**	192
Rental income	**128**	112
Gain on financial assets at fair value through profit or loss	**1,342**	124
Sale of scrap materials	**1,257**	146
Product development fee income	**105**	302
Gain on disposal of listed securities	**114**	35
Management fee from an associate	**78**	78
Others	**153**	134
	3,797	1,123

5. Profit from operations

Profit from operations has been arrived at after charging/(crediting) the following:

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**10,247**	8,626
Gain on disposal of property, plant and equipment	**(56)**	–
Property, plant and equipment written off	**4**	–

6. Finance costs

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank overdraft and loans	**3,543**	3,494
Finance lease charges	**610**	617
	4,153	4,111

7. Income tax expense

	For the six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**3,994**	3,678
Current tax – People's Republic of China ("PRC") enterprise income tax		
Provision for the period	**1,065**	850
	5,059	4,528

Hong Kong Profits Tax has been provided at the rate of 17.5% for the six months ended 30 June 2007 on the estimated assessable profit for the relevant period. Taxation on overseas profit has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary in the PRC is exempted from PRC enterprise income tax for the two years from its first profit-making year and thereafter is entitled to a 50% relief from PRC enterprise income tax for the following three years. One of the Group's subsidiaries in the PRC, MG Technology (Shenzhen) Company Limited ("MG Technology") is in its fifth profit-making year for the financial year ended 31 December 2006 and was therefore entitled to a 50% relief from PRC enterprise income tax for the financial year ended 31 December 2006. The tax rate applicable to this subsidiary in the PRC, after the 50% relief, was 7.5%. In December 2006, MG Technology was recognised as a "New and High Technology Enterprise" by Shenzhen Municipal Technology and Information Bureau, and its 50% tax relief was extended for another three years commencing from January 2007 (but the tax rate after the extended tax relief should not be lower than 10%). Another PRC subsidiary of the Group, Ka Shui Technology (Huizhou) Company Limited, has no assessable profit since its establishment and hence no tax provision was made for the six months ended 30 June 2007.

8. Dividends

The Board has resolved to declare an interim dividend of HK1.2 cents per share for the six months ended 30 June 2007 (for the six months ended 30 June 2006: HK$ nil) to the shareholders whose names appear on the register of members of the Company on 5 October 2007. This proposed dividend is not reflected as dividend payable in these condensed consolidated financial statements but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

On 1 February 2007, the directors of one of the subsidiaries, Ka Shui Manufactory Co., Limited ("Ka Shui HK"), proposed a final dividend of HK$30,000 each per ordinary share for the year ended 31 December 2006 totalling HK$3,000,000 to its then shareholders; on 1 February 2007, the directors of another subsidiary, Ka Fung Metal Manufactory Company Limited ("Ka Fung Metal"), proposed a final dividend of HK$3,000 each per ordinary share for the year ended 31 December 2006 totalling HK$30,000,000 to its then shareholders. On 2 February 2007, the then shareholders of Ka Shui HK and Ka Fung Metal approved the above proposed final dividends respectively. These proposed final dividends were fully settled in May 2007. The rates of dividends and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the purpose of this report.

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2007 of approximately HK$43,285,000 (unaudited) (for the six months ended 30 June 2006: HK$44,545,000 (unaudited)) and the weighted average number of ordinary shares of 667,292,818 (for the six months ended 30 June 2006: 660,000,000, as adjusted to reflect the capitalisation of share premium and the effect of the Group Reorganisation as more fully described in the section headed "Written resolutions of all the Shareholders passed on 2 June 2007" in Appendix V to the Prospectus) in issue during the period.

Diluted earnings per share

The calculation of diluted earnings per share attributable to equity holders of the Company is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2007 of approximately HK$43,285,000 (unaudited) and the weighted average number of ordinary shares of 668,544,423, being the weighted average number of ordinary shares of 667,292,818 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 1,251,605 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the balance sheet date. No diluted earnings per share for the six months ended 30 June 2006 are presented as the Company did not have any dilutive potential ordinary shares in existence during the period.

10. Property, plant and equipment

During the period, the Group disposed of certain property, plant and equipment with a carrying amount of approximately HK$47,000 (for the six months ended 30 June 2006: HK$ nil) for proceeds of HK$103,000 (for the six months ended 30 June 2006: HK$ nil), resulting in a gain on disposal of HK$56,000 (for the six months ended 30 June 2006: HK$ nil) and had property, plant and equipment written off of approximately HK$4,000 (for the six months ended 30 June 2006: HK$ nil).

In addition, the Group spent approximately HK$2,273,000 (for the six months ended 30 June 2006: HK$ nil) on the construction of its new factory premises at Daya Bay, Huizhou of the PRC and approximately HK$33,928,000 (for the six months ended 30 June 2006: HK$11,096,000) on acquisition of new plant and machineries in order to enhance its production capabilities.

11. Trade receivables

The Group has a policy of allowing a credit period ranged from 15 to 75 days to its customers. The ageing analysis of trade receivables is stated as follows:

	As at 30 June 2007 *HK$'000* **(unaudited)**	As at 31 December 2006 *HK$'000* (audited)
Current to 30 days	**75,404**	58,531
31 to 60 days	**13,214**	36,103
61 to 90 days	**12,803**	12,096
91 to 180 days	**6,039**	4,611
Over 181 days	**2,417**	1,120
	109,877	112,461

12. **Trade payables**

The ageing analysis of trade payables is stated as follows:

	As at 30 June 2007 *HK$'000* **(unaudited)**	As at 31 December 2006 *HK$'000* (audited)
Current to 30 days	**30,467**	25,486
31 to 60 days	**18,936**	20,104
61 to 90 days	**6,190**	7,043
91 to 180 days	**535**	1,454
Over 181 days	**1,414**	751
	57,542	54,838

MANAGEMENT DISCUSSION AND ANALYSIS

(a) Financial Review

Benefiting from the increasing global demand for metal die casting products, the Group recorded a turnover of HK$352,672,000 for the six months ended 30 June 2007, representing an increase of 23.1% as compared with the same period last year. Gross profit for the period was HK$83,735,000, an approximate 4.8% increase against the corresponding period last year. During the period under review, the price of zinc alloy continued to rise which resulted in a slow down of the Group's zinc alloy die casting business. Moreover, the high zinc alloy price elevated the Group's manufacturing cost albeit the increase in the zinc alloy cost had been passed on to the customers. Given that, the Group recorded an overall gross profit margin of 23.7% for the period.

To cater for the Group's future business expansion, there was an increase in the number of management and supporting personnel as well as related staff costs during the period under review for the initial preparation of the construction and operation of the new manufacturing facility at Daya Bay. Moreover, listing expenses and costs of share options granted to employees had to be accounted for during the period under review which also led to a surge in the general and administrative expenses over the corresponding period last year. Because of this, the profit attributable to equity holders of the Company decreased moderately by 2.8% to HK$43,285,000 when compared with the same period last year while the net profit margin was 12.3%. Without having to take into account the one-off listing expenses and amortization of pre-IPO share options amounting to HK$2,768,000, the profit attributable to equity holders of the Company would be HK$46,053,000, being an increase of HK$1,508,000 or 3.4% over the same period last year.

(b) Business Review

Zinc alloy die casting business

Zinc alloy die casting operation continued to be the major profit contributor of the Group, accounting for 77% of the Group's turnover. During the period under review, the turnover of zinc alloy die casting components recorded a moderate increase of 11.8% as compared with the same period last year. This was mainly due to the persistent high price of zinc alloy in the first half of year 2007 resulting in a more conservative approach being adopted by customers in placing orders. As such, the Group has, by leveraging on its strength of producing the three major non-ferrous die casting components (zinc, magnesium and aluminum alloys), actively proposed to its customers on using magnesium alloy or aluminum alloy as a substitution for zinc alloy. Having passed the testings required by customers, some die casting products which are used to be made from zinc alloy will use magnesium or aluminum alloy instead in the second half of the year.

Magnesium alloy die casting business

During the period under review, the turnover of magnesium alloy die casting components increased strongly by 72.5% as compared with the corresponding period last year, the proportion of which as represented in the Group's turnover also increased from approximately 10% in last year to 15%. With the rapid development of 3C (communication, computer and consumer electronics) products industry, the demand for magnesium alloy die casting components is continuously growing. In order to expand its production capacity for magnesium alloy die casting, the Group had placed orders to purchase 4 magnesium alloy die casting machines during the period under review.

Aluminum alloy die casting business

Driven by the increasing demand from customers for aluminum alloy die casting products, the Group's aluminum alloy die casting business recorded the fastest growth during the period under review, with turnover increased substantially by 122.4% as compared with the same period last year. The proportion of which as represented in the Group's turnover also increased from approximately 5% in last year to 8%. During the first half of year 2007, the Group had placed orders to purchase 8 aluminum alloy die casting machines in order to keep abreast with the rapid development of its aluminum alloy die casting business.

(c) Prospects

Industry outlook

With the rapid global development of the household products industry, 3C products industry and the automobile industry, the die casting industry has grown rapidly in recent years. In addition, there is still a persistent growing trend of the global manufacturing base of these products being shifted to the PRC and hence, it is expected that the annual growth in the PRC's die casting industry will continue to be remarkable.

The Group anticipates that the demand for its die casting products will continue to grow, in particular for magnesium alloy die casting products. Because of its mechanical properties, appearance and metallic texture, the application of magnesium alloy on 3C products has been continuously expanding. In recent years, Europe is leading the way for wide application of magnesium alloy on automotive parts. In order to satisfy the growing demand from customers, the Group will allocate more resources on the business development, enhancement of production capacity as well as research on the die casting technology of magnesium alloy. Magnesium alloy is also amongst the major R&D projects as designated under both the "Tenth Five Year Plan" and the "Eleventh Five Year Plan" by the State Ministry of Science and Technology. As such, the Group is very optimistic on the business prospect of magnesium alloy die casting.

In order to have a diversified product range and to expand its market coverage, the Group has commenced the production of aluminum alloy die casting components since 2004. In view of the business development trend, aluminum alloy die casting business will be another focal development of the Group in the forthcoming years. In terms of tonnage, a large proportion of the global non-ferrous metal die casting output is aluminum alloy as it has been extensively used in the manufacture of automobiles. Resulting from the buoyant economic growth in the PRC as well as the rapid development of the automobile industry, the Group expects that there is a huge potential for the development of its aluminum alloy die casting business.

New production facilities at Daya Bay

With a view to further expand its production capacity so as to meet the demand from customers, the Group acquired two parcels of land in Daya Bay, Huizhou, the PRC at the end of year 2006 for the construction of new production facilities. At present, the Group is actively preparing for the construction of the first phase of this industrial complex. The new facilities will focus on the application of new alloys, the production of automotive components, 3C products and precision moulds. The design of the industrial complex is in such a way to consolidate the manufacturing supply chain within the region through strategic alliance and industrial clustering; and also by integrating the various technical know-how and professional engineering services of the Group so as to support the development of automotive components and 3C products. The construction of the first phase of the industrial complex comprising gross floor area of approximately 43,000 sq.m. was commenced in April 2007 and is scheduled to be completed by end of year 2007. It is expected that the operation of the new production facilities can be gradually commenced in March 2008.

Acquisition or establishment of joint venture enterprises

The Group will continue to identify new business partners, either through acquisition or formation of joint ventures with up stream or down stream enterprises, to enhance its competitive strength. In February 2007, the Group and Shanxi Wenxi Yinguang Meiye Group Limited Company, a smelter for magnesium and magnesium alloys in the PRC, established Ka Shui Yinguang Technology (Wenxi) Limited as a sino-foreign equity joint venture enterprise for the production of magnesium alloy die castings and related products. The joint venture was owned as to 40% by the Group and has commenced production since August 2007.

Research and development

The Group is of the view that continued improvement in technologies and investment in research and development are essential to the success of its business. Currently, the Group is focusing its research and development projects on four specific areas as follows:

1. Design and development of new products: the Group has commenced research and development on a number of Original Design Manufacturing (ODM) products since the first half of year 2007, with an aim to transform the Group from being a traditional Original Equipment Manufacturing (OEM) manufacturer to a ODM manufacturer, which provides a one-stop product design and manufacturing service;

2. Research and development on the applications of alloys: the Group will focus on the research and application of new magnesium alloys, for instance, alloys for automotive functional parts;

3. Metal forming and surface treatment technologies: the Group will persistently develop corresponding metal working technologies to meet new requirements for new products. This will enable the Group to develop for itself the most advanced manufacturing technologies within its integrated manufacturing workflow covering working of raw materials, die casting and surface finishing. The Group will further enhance its collaboration with universities, non-governmental organizations and research institutes in both Hong Kong and the PRC to jointly search for advanced technologies; and

4. Production optimization and automation: the Group aims to fully automate its production processes along the various stages of the supply chain so as to enhance its production efficiency, quality consistency and cost effectiveness.

Corporate strategy

In view of the intense global competition, the Group expects that the business environment in the second half of the year will be challenging. However, through stringent cost control, enhanced production capacity and improved operation efficiency, the Group is fully confident in maintaining its competitiveness. It is expected that the price of magnesium alloy and aluminum alloy will remain stable in the second half of the year so that the business derived from these two types of metal alloy can be maintained at a high growth rate whilst the zinc alloy business will grow steadily. Leveraging on the Group's capabilities in the die casting of zinc, magnesium and aluminum alloys, its customers, taking into account the characteristics of their product, can choose to use those alloys at a competitive price and thus enhance their competitiveness. In addition, since the gross profit margins generated from the magnesium and aluminum alloy die casting components are higher than that from the zinc alloy, the Group's future strategy is to gradually increase the business proportion of these two segments which will enhance the overall gross profit margin for the Group. In the medium term, the Group has set a target for zinc alloy and the total of magnesium and aluminum alloys business to be accounted for 50% of its turnover respectively.

(d) Liquidity and Financial Resources

As at 30 June 2007, the Group had bank and cash balances of HK$255,031,000 (31 December 2006: HK$12,300,000), most of which were either denominated in US dollars or Hong Kong dollars. In June 2007, the Group received net proceeds of approximately HK$274,400,000 from its initial public offering.

Total interest-bearing borrowings of the Group as at 30 June 2007 were HK$119,645,000 (31 December 2006: HK$105,025,000), comprising bank loans and overdrafts of HK$86,935,000 (31 December 2006: HK$73,701,000) repayable within one year or on demand, term loans of HK$17,270,000 (31 December 2006: HK$20,006,000) with maturity of not more than four years and obligations under finance leases of HK$15,440,000 (31 December 2006: HK$11,318,000). The majority of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

The Group's gearing ratio as at 30 June 2007 was 23.5% (31 December 2006: 48.1%), which is calculated by dividing total interest-bearing borrowings over total equity. The improvement in gearing ratio was mainly resulted from the net proceeds received from the initial public offering during the period under review.

As at 30 June 2007, the net current assets of the Group were HK$304,780,000 (31 December 2006: HK$73,119,000), which consisted of current assets of HK$505,425,000 (31 December 2006: HK$256,681,000) and current liabilities of HK$200,645,000 (31 December 2006: HK$183,562,000), representing a current ratio of approximately 2.5 (31 December 2006: 1.4).

(e) Exposure to Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. To mitigate the risks due to fluctuation in foreign currency exchange rates, the Group had used forward foreign exchange contracts to manage its foreign currency exposure during the period under review.

(f) Contingent Liabilities

As at 30 June 2007, the Group had no material contingent liabilities.

(g) Charge on Assets

As at 30 June 2007, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; (c) a property situated in Hong Kong owned by the Group; and (d) properties situated in the PRC owned by the Group.

(h) Human Resources

As at 30 June 2007, the Group had approximately 2,450 full-time employees (31 December 2006: 2,133). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary, including medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organizes different kinds of recreational activities, including New Year gathering, various sport competitions and interest groups. The aim is to promote interaction among staff, establish harmonious team spirit and promote healthy lifestyle.

(i) Use of Proceeds

The Group was listed on the Main Board of the Stock Exchange on 27 June 2007. The net proceeds amounted to approximately HK$274,400,000 will be applied accordingly as set out in the Prospectus.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK1.2 cents per share for the six months ended 30 June 2007 payable on or about Monday, 15 October 2007, to the shareholders whose names appear on the register of members of the Company on Friday, 5 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 October 2007 to Friday, 5 October 2007, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 September 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were listed on the Stock Exchange on 27 June 2007 (the "Listing Date"). Since the Listing Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period from the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control system of the Group and provide advice and comments to the Board. The Audit Committee comprises three independent non-executive Directors, namely Mr. Yeow Hoe Ann, John, Mr. Sun Kai Lit, Cliff BBS, JP and Ir Dr. Lo Wai Kwok MH, JP and is chaired by Mr. Yeow Hoe Ann, John, a qualified accountant with extensive experience in financial reporting and controls.

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 for the purpose of making recommendations to the Board on the appointment of Directors and the management of the Board succession. The members of the Nomination Committee are Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann, John and Dr. Keung Wing Ching. Mr. Sun Kai Lit, Cliff BBS, JP is the Chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee include reviewing and determining the terms of remuneration packages, the award of bonuses and other compensation payable to Directors and senior management. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann, John and Vice Chairman of the Company, Dr. Keung Wing Ching. The Chairman of Remuneration Committee is Mr. Sun Kai Lit, Cliff BBS, JP, an independent non-executive director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they have fully complied with the required standard set out in the Model Code since the Listing Date.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2007.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere appreciation to our customers, suppliers and shareholders for their continuing support, and our management and staff for their dedication and contribution to the Group throughout the period.

By order of the Board
LEE YUEN FAT
Chairman

Hong Kong, 12 September 2007

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Lee Yuen Fat, Dr. Keung Wing Ching, Mr. Wong Wing Chuen, Mr. Chan Tat Cheong, Alan, and Mr. Zhao Jian, and three independent non-executive Directors, namely Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP and Mr. Yeow Hoe Ann John.