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 2009

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 2009, together with the comparative figures for the corresponding period in 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	For the six months ended 30 June 2009 HK$'000 (unaudited)	2008 HK$'000 (unaudited) (restated)
Turnover	3	**290,790**	342,742
Cost of sales		**(229,325)**	(299,545)
Gross profit		**61,465**	43,197
Other income	4	**2,578**	11,113
Selling and distributive expenses		**(3,450)**	(4,801)
General and administrative expenses		**(39,439)**	(37,960)
Profit from operations		**21,154**	11,549
Finance costs	5	**(853)**	(1,145)
Share of loss of a jointly controlled entity		**—**	(64)
Loss on disposal of a jointly controlled entity		**(298)**	—
Profit before tax		**20,003**	10,340
Income tax expense	6	**(4,501)**	(3,219)
Profit for the period attributable to owners of the Company	7	**15,502**	7,121
Earnings per share	9		
— Basic *(HK cents)*		**1.8**	0.8
— Diluted *(HK cents)*		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**15,502**	7,121
Other comprehensive income for the period, net of tax:		
Exchange differences on translating foreign operations	**(893)**	16,500
Total comprehensive income for the period attributable to owners of the Company	**14,609**	23,621

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2009** ***HK$'000*** **(unaudited)**	As at 31 December 2008 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**339,098**	323,326
Prepaid land lease payments		**34,639**	35,625
Club membership		**718**	718
Investment in a jointly controlled entity		**—**	7,470
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments		**28,994**	30,090
		403,449	397,229
Current assets			
Inventories		**116,240**	125,116
Trade receivables	*11*	**81,172**	97,445
Financial assets at fair value through profit or loss		**408**	—
Prepayments, deposits and other receivables		**14,074**	10,155
Current tax assets		**1,946**	1,118
Pledged bank deposits		**4,313**	4,282
Bank and cash balances		**68,953**	74,940
		287,106	313,056
Current liabilities			
Trade payables	*12*	**51,048**	53,306
Deposits received		**1,673**	2,578
Other payables and accruals		**26,896**	27,134
Due to a related company		**675**	792
Financial liabilities at fair value through profit or loss		**—**	3,047
Short term borrowings		**1,443**	25,439
Current portion of long term borrowings		**11,250**	9,263
Current portion of obligations under finance leases		**11,217**	13,207
Current tax liabilities		**3,531**	466
		107,733	135,232
Net current assets		**179,373**	177,824
Total assets less current liabilities		**582,822**	575,053
Non-current liabilities			
Long term borrowings		**16,771**	15,083
Obligations under finance leases		**13,503**	18,722
Deferred tax liabilities		**1,608**	1,608
		31,882	35,413
NET ASSETS		**550,940**	539,640
Capital and reserves			
Share capital		**88,000**	88,000
Reserves		**462,940**	451,640
TOTAL EQUITY		**550,940**	539,640

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporation information

The Group is principally engaged in the manufacture of zinc, magnesium and aluminum 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.

2. Basis of preparation and significant accounting policies

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 of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of the Certified Public Accountants (the "HKICPA").

These condensed financial statements should be read in conjunction with the 2008 annual financial statements. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008 except as stated below.

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 its accounting period beginning on 1 January 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS"), and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior periods except as stated below:

a. *Presentation of Financial Statements*

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the income statement and statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively in these condensed financial statements.

b. *Operating Segments*

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving as the starting point for the identification of such segments. HKFRS 8 has no impact on the reported results or financial position of the Group. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The segment accounting policies under HKFRS 8 are stated in note 3 to the condensed financial statements.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results and financial position.

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 of the Group's three reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

Segment profits or losses do not include interest income, finance costs, gain or loss from investments and derivative instruments, income tax expense, corporate income and corporate expenses. Segment assets do not include bank and cash balances, current tax assets, corporate assets, club membership and derivative instruments. Segment liabilities do not include derivative instruments, borrowings, obligations under finance leases, current tax liabilities, corporate liabilities, dividend payables and deferred tax liabilities.

The Group accounts for inter segment sales and transfers as if the sales or transfers were made to third parties, i.e. at current market price.

An analysis of the Group's turnover and results for the period by business segments is as follows:

	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)**
For the six months ended 30 June 2009				
Turnover				
Sales to external customers	**152,525**	**65,674**	**72,591**	**290,790**
Segment profit	**4,028**	**17,391**	**5,938**	**27,357**
As at 30 June 2009				
Segment assets	**198,466**	**161,756**	**120,492**	**480,714**

	Zinc alloy die casting components HK$'000 (unaudited)	Magnesium alloy die casting components HK$'000 (unaudited) (restated)	Aluminium alloy die casting components HK$'000 (unaudited)	Consolidated HK$'000 (unaudited) (restated)
For the six months ended 30 June 2008				
Turnover				
Sales to external customers	200,484	56,387	85,871	342,742
Segment profit	9,858	4,107	90	14,055
	HK$'000 (audited)	*HK$'000* (audited)	*HK$'000* (audited)	*HK$'000* (audited)
As at 31 December 2008				
Segment assets	213,629	155,075	120,440	489,144

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reconciliations of segment profit or loss		
Total profit or loss of reportable segments	**27,357**	14,055
Unallocated amounts		
Interest income	**117**	2,245
(Loss)/gain on financial assets at fair value through profit or loss	**(300)**	1,903
Finance costs	**(853)**	(1,145)
Income tax expense	**(4,501)**	(3,219)
Corporate income	**1,964**	18
Corporate expenses	**(8,282)**	(6,736)
Consolidated profit for the period	**15,502**	7,121

4. Other income

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Interest income	**117**	2,245
Net exchange gain	**—**	6,035
Rental income	**—**	35
Gain on financial assets at fair value through profit or loss	**—**	1,903
Sale of scrap materials	**506**	828
Gain on disposal of property, plant and equipment and prepaid land lease payments	**1,715**	—
Others	**240**	67
	2,578	11,113

5. Finance costs

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank overdrafts and loans	**495**	725
Finance lease charges	**358**	420
	853	1,145

6. Income tax expense

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax		
Provision for the period	**1,716**	3,110
Current tax — People's Republic of China ("PRC") enterprise income tax		
Provision for the period	**2,785**	109
	4,501	3,219

Hong Kong Profits Tax has been provided at the rate of 16.5% for the six months ended 30 June 2009 (for the six months ended 30 June 2008: 16.5%) on the estimated assessable profit for the relevant period. Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretation and practices in respect thereof.

7. Profit for the period attributable to owners of the Company

Profit for the period attributable to owners of the Company has been arrived at after charging/(crediting) the following:

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Allowance for inventories	**1,200**	—
Depreciation of property, plant and equipment	**17,641**	15,104
Gain on disposal of property, plant and equipment	**(1,362)**	(14)
Gain on disposal of prepaid land lease payments	**(353)**	—
Loss on disposal of a jointly controlled entity	**298**	—

8. Dividends

	For the six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Proposed interim dividend — HK2.1 cents (2008: nil) per ordinary share	**18,480**	—
Final dividend for the year ended 31 December 2008 approved and paid — HK0.6 cents (2007: HK0.9 cents) per ordinary share	**5,280**	7,920
	23,760	7,920

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company for the six months ended 30 June 2009 of approximately HK$15,502,000 (unaudited) (for the six months ended 30 June 2008: HK$7,121,000 (unaudited)) and the weighted average number of ordinary shares of 880,000,000 (for the six months ended 30 June 2008: 880,000,000).

Diluted earnings per share

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary share during the six months ended 30 June 2009 and 2008.

10. Property, plant and equipment

During the period, the Group had disposed of certain property, plant and equipment with a carrying amount of approximately HK$2,640,000 (unaudited) (for the six months ended 30 June 2008: HK$71,000 (unaudited)) for proceeds of HK$4,002,000 (unaudited) (for the six months ended 30 June 2008: HK$85,000 (unaudited)), resulting in a gain on disposal of approximately HK$1,362,000 (unaudited) (for the six months ended 30 June 2008: HK$14,000 (unaudited)).

In addition, the Group incurred approximately HK$12,798,000 (unaudited) (for the six months ended 30 June 2008: HK$38,236,000 (unaudited)) on the construction of its new factory premises at Daya Bay, Huizhou of the PRC and approximately HK$23,095,000 (unaudited) (for the six months ended 30 June 2008: HK$10,266,000 (unaudited)) 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 30 to 90 days to its customers. The ageing analysis of trade receivables is stated as follows:

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000* (audited)
0 to 30 days	**56,287**	52,245
31 to 60 days	**7,102**	21,572
61 to 90 days	**11,093**	13,983
91 to 180 days	**6,674**	9,084
Over 180 days	**16**	561
	81,172	97,445

12. Trade payables

The ageing analysis of trade payables is stated as follows:

	As at 30 June 2009 *HK$'000* **(unaudited)**	As at 31 December 2008 *HK$'000* (audited)
0 to 30 days	**31,877**	26,826
31 to 60 days	**8,337**	16,343
61 to 90 days	**6,912**	7,180
91 to 180 days	**2,106**	1,306
Over 180 days	**1,816**	1,651
	51,048	53,306

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation. The change included reclassification of net exchange gain previously classified under general and administrative expenses to other income. The new classification of the accounting item was considered to provide a more appropriate presentation of the results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Financial Review

For the six months ended 30 June 2009, the Group's turnover recorded a decrease of 15.2% to approximately HK$290,790,000 (2008 first half: HK$342,742,000) as compared with the corresponding period last year mainly due to the downturn in global economy caused by the financial tsunami. Nevertheless, the Group managed to achieve a 42.3% growth in gross profit to approximately HK$61,465,000 (2008 first half: HK$43,197,000) with gross profit margin rose by 8.5% to 21.1% during the period under review (2008 first half: 12.6%). This encouraging improvement in gross profit margin was mainly attributable to the Group's continuous efforts in enhancing its manufacturing efficiency and exercising stringent cost control measures as well as terminating the production of items with low profit margins. In addition, the Group's restless efforts in improving the operating efficiency of Wing Yu (Far East) Industries Company Limited ("Wing Yu"), a wholly-owned subsidiary engaged in surface finishing treatment, has become fruitful. Wing Yu was loss making before becoming a wholly-owned subsidiary of the Group in the beginning of 2008. It remained loss making in the first half of 2008 but started to break even in the second half of 2008. During the period under review, it has successfully become a profit contributor to the Group. This acquisition demonstrates that the Group has the insight to seize the right acquisition opportunity through vertical integration of production processes in order to increase its profitability.

In May 2009, the Group disposed its 40% equity interest in Ka Shui Yinguang Technology (Wenxi) Limited ("Ka Shui Yinguang"), a sino-foreign equity joint venture enterprise at a consideration of RMB5,500,000. This disposal incurred a loss of approximately HK$298,000.

In addition, the Group disposed its office premises located in Tsuen Wan in April 2009 recording a net gain of approximately HK$1,715,000. Meanwhile, the Group rented another office premises in Kowloon Bay as its head office in Hong Kong. In June 2009, the Group acquired an office premises in Kowloon Bay at a consideration of HK$18,998,000. The newly acquired property is still under construction and it is expected that completion will take place by the end of 2009. The Group intends to use this newly acquired property as the Group's head office or lease out for investment purposes.

General and administrative expenses had increased by approximately HK$1,479,000 or 3.9% as compared with the same period last year. This increase was mainly due to the payment of land use tax for our new plant at Daya Bay, Huizhou, the PRC. Without having to take this into account, the general and administrative expenses actually decreased by HK$1,483,000 as compared with the corresponding period last year.

Resulting from the significant improvement in gross profit margin causing an upward rise in gross profit, the profit attributable to owners of the Company for the period increased substantially by 117.7% to approximately HK$15,502,000 when compared with the same period last year (2008 first half: HK$7,121,000). Meanwhile, the net profit margin for the period under review also increased to 5.3% from 2.1% in the same period last year.

(B) Business Review

Zinc alloy die casting business

Although sales from the zinc alloy die casting business decreased by approximately 23.9% to HK$152,525,000 (2008 first half: HK$200,484,000) as compared with the same period last year, this business segment remained as the Group's largest business segment representing 52.4% (2008 first half: 58.4%) of the Group's turnover during the period under review. This decrease in turnover was mainly attributable to the decline in market demand due to adverse economic environment and customers were prudent in placing order for products in order to minimize their inventory level.

Magnesium alloy die casting business

Contributed by the growth of sales in magnesium alloy notebook computer components, the turnover of magnesium alloy die casting business during the period under review was HK$65,674,000 (2008 first half: HK$56,387,000), representing a growth of approximately 16.5%. The contribution to the Group's turnover from this segment also increased from approximately 16.5% in last year to 22.6%. Being a strong market player in the supply of magnesium alloy notebook computer components, the Group benefited from industry consolidation and was able to gain market share from its existing customers. As the market trend for replacement of desktop computers by notebook computers persists, the Group would strive to expand its customer base and focus on the design and development of new production technologies for the production of magnesium alloy notebook computer components so as to gain larger market share.

Aluminium alloy die casting business

The impact of the financial tsunami on the global economy has led to a slowdown in the market demand for aluminium alloy products. As a result, during the period under review, the turnover from aluminium alloy die casting business dropped by 15.5% to HK$72,591,000 (2008 first half: HK$85,871,000) and this business segment contributed approximately 25.0% (2008 first half: 25.1%) to the Group's turnover.

Disposal of Ka Shui Yinguang

In order to open up the magnesium alloy die casting market in the central and western region in the PRC and facilitate the research and development of new metal alloys, the Group and Shanxi Wenxi Yinguang Meiye Group Limited Company ("Shanxi Yinguang"), a smelter for magnesium and magnesium alloys in the PRC, established Ka Shui Yinguang, a sino-foreign equity joint venture enterprise in Shanxi, the PRC, for the production of magnesium alloy die castings and related products in February 2007. The Group owned 40% equity interest in this joint venture. However, the operation and business strategy of this joint venture had been changed and deviated from our initial plan and hence, the Group had finally decided to dispose its 40% equity interest back to Shanxi Yinguang at a consideration of RMB5,500,000 in May 2009. This disposal incurred a loss of approximately HK$298,000.

(C) Prospects

The management believes that the global economy has bottomed out although recovery is expected to be gradual. Governments worldwide have implemented various economic stimulus programmes and some markets have already showed signs of stabilization and improvement in certain economic data. The Group will continue to keep focusing on its core competence and consolidating its leading market position.

In order to enhance the Group's profitability, the Group will continue to focus on improving its manufacturing efficiency such as consolidating its production facilities, increasing production automation and reducing raw material wastage. The Group will also exercise stringent cost control measures in order to lower its overall operating costs. In addition, with an aim to reduce labour costs, the Group will put every effort on production automation as a long-term strategy. During the period under review, certain automatic polishing machines have already been in place to reduce the number of frontline staff, leading to a corresponding reduction in labour costs, increase in production efficiency and improvement in quality of products.

The first phase of the industrial complex in Daya Bay, Huizhou, Guangdong Province, the PRC comprising gross floor area of approximately 43,000 sq.m. was completed in April 2009 and the operation of this new production facility had officially been commenced in June 2009 to manufacture mainly zinc alloy and aluminium alloy die casting components as well as parts with plastic contents. As a result, the production capacity of the Group has further been enlarged in order to cater for the business needs of our major customers and strengthen its market position.

With a view to become a vertically integrated one-stop service provider, the Group has expanded into plastics injection moulding business as part of its finished products are made of both metal alloy and plastics components. This helps customers to reduce their costs in logistic and quality control as it is no longer necessary for them to outsource the production of metal and plastic components to different suppliers. In view of this, it is a trend for our customers to place more orders with comprehensive production services providers which are able to cover both metal and plastic components. The plastic division not only broadens the Group's product mix, but also enables the Group to capture more business opportunities and enhance its competitive strength.

Despite the economic downturn, consumers still continue to substitute desktop computers by notebook computers. Hence, the demand for notebook computers has been rather resilient. Furthermore, the popularity of netbook computers has remained a buoyant sub-market trend as many reputable notebook brands have pushed into that arena. It is expected that more notebook computers with slim design and lighter weight as well as netbook computer models will be rolled out in the market in the forthcoming future. Riding on this market trend, the Group will emphasize its research and development on the application of magnesium alloy for notebook and netbook computers as well as various surface finishing technologies in order to gain further market share and enlarge its customer base.

Facing the challenging operating environment, the Group will continue to pursue a prudent yet proactive approach towards business expansion and seek for merger and acquisition opportunities to enhance its competiveness and sustain long-term business growth.

During the period under review, the Group's previous plan to establish a joint venture to develop rare earth magnesium alloy had been temporarily put on hold as it is expected that the demand for raw materials would decrease drastically following the outbreak of the financial tsunami. However, the Group has not discontinued the research and development of rare earth magnesium alloy. Preliminary results have showed that rare earth magnesium alloy can enhance metal flow, thus raising yield rate and in turn lower our production costs.

Amid the adverse economic environment, the Group's encouraging business performance in the first half of 2009 reveals our renewed focus on enhanced profitability, superior cost reduction capability, operational efficiency improvements and rising vertical integration efforts have proven to be successful to deliver profits and maximize returns for its shareholders. As the global credit market conditions becoming stabilized and the market sentiment has been gradually improved, the Group is therefore optimistic to achieve outstanding performance in the second half of 2009 as well.

In view of the Group's strong financial position (net cash position and solid capital structure) and also after due consideration of (a) the Group's forthcoming net cashflows from operating activities; (b) capital expenditure for the addition of new machineries and surface finishing treatment production line in respect of our new plant at Daya Bay; (c) replacement of existing old machineries; (d) funding requirements for the construction of the second phase of industrial complex in Daya Bay and; (e) possible merger or acquisition opportunities, the Group is in the opinion that it has more than sufficient financial resources to approve the payment of an interim dividend of HK2.1 cents per share totaling HK$18,480,000 to reward our shareholders for their continuous support and provide opportunities for shareholders to re-invest in the market. The dividend represents a payout ratio of 119.2% and reflects the Group's long-term confidence in its business. Under prudent financial management principle, the Group is aimed at maintaining a high dividend payout ratio in the coming future in order to share the fruitful results of the Group with its shareholders.

(D) Liquidity and Financial Resources

As at 30 June 2009, the Group had bank and cash balances of approximately HK$68,953,000 (31 December 2008: HK$74,940,000), most of which were either denominated in US dollars, Renminbi or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 30 June 2009 were approximately HK$54,184,000 (31 December 2008: HK$81,714,000), comprising bank loans and overdrafts of approximately HK$1,443,000 (31 December 2008: HK$25,439,000) repayable within one year or on demand, term loans of HK$28,021,000 (31 December 2008: HK$24,346,000) with maturity of not more than four years and obligations under finance leases of approximately HK$24,720,000 (31 December 2008: HK$31,929,000). The majority of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 30 June 2009, the Group had net cash of approximately HK$19,082,000, representing total pledged bank deposits and bank and cash balances less total interest-bearing bank and other borrowings (31 December 2008: net gearing ratio of 0.5%).

As at 30 June 2009, the net current assets of the Group were approximately HK$179,373,000 (31 December 2008: HK$177,824,000), which consisted of current assets of approximately HK$287,106,000 (31 December 2008: HK$313,056,000) and current liabilities of HK$107,733,000 (31 December 2008: HK$135,232,000), representing a current ratio of approximately 2.7 (31 December 2008: 2.3).

(E) Exposure to Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Hong Kong dollars and Renminbi. During the period under review, the exchange rates between US dollars, Hong Kong dollars and Renminbi were fairly stable. The Group will closely evaluate the Group's foreign currency exposure on a continuing basis and take further actions to minimize its exposure whenever necessary.

(F) Contingent Liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

(G) Charge on Assets

As at 30 June 2009, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; and (b) lessors' title to the leased assets under finance leases.

(H) Human Resources

As at 30 June 2009, the Group had approximately 2,600 full-time employees (31 December 2008: 2,200). 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.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK2.1 cents per share for the six months ended 30 June 2009 payable on or about Wednesday, 14 October 2009, to the shareholders whose names appear on the register of members of the Company on Thursday, 8 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 5 October 2009 to Thursday, 8 October 2009, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 October 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2009, 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 Listing Rules during the period under review.

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 during the period under review.

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 2009.

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, 17 September 2009

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lee Yuen Fat, Dr. Keung Wing Ching, Mr. Wong Wing Chuen and Mr. Chan Tat Cheong, Alan, 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.