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 2010

HIGHLIGHTS

- Turnover increased by 24.4% to HK$361,624,000 (2009 first half: HK$290,790,000)
- Gross profit increased by 7.4% to HK$66,029,000 (2009 first half: HK$61,465,000)
- Profit attributable to owners of the Company decreased by 7.0% to HK$14,415,000 (2009 first half: HK$15,502,000)
- Basic earnings per share dropped by 11.1% to HK1.6 cents (2009 first half: HK1.8 cents)
- Proposed an interim dividend of HK1.3 cents per share (2009 first half: HK2.1 cents per share)

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 2010, together with the comparative figures for the corresponding period in 2009.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2010	2009
		HK$'000	*HK$'000*
	Note	**(unaudited)**	(unaudited)
Turnover	*3*	**361,624**	290,790
Cost of sales		**(295,595)**	(229,325)
Gross profit		**66,029**	61,465
Other income	*4*	**798**	2,578
Selling and distribution expenses		**(5,181)**	(3,450)
General and administrative expenses		**(41,309)**	(39,439)
Profit from operations		**20,337**	21,154
Finance costs	*5*	**(1,049)**	(853)
Loss on disposal of a jointly controlled entity		**–**	(298)
Profit before tax		**19,288**	20,003
Income tax expense	*6*	**(4,873)**	(4,501)
Profit for the period attributable to owners of the Company	*7*	**14,415**	15,502
Earnings per share	*9*		
– Basic *(HK cents)*		**1.6**	1.8
– Diluted *(HK cents)*		**1.6**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Profit for the period	**14,415**	15,502
Other comprehensive income for the period, net of tax:		
Exchange differences on translating foreign operations	**3,705**	29
Less: Reclassification adjustments for exchange differences reclassified to profit or loss on disposal of a jointly controlled entity	**–**	922
	3,705	(893)
Total comprehensive income for the period attributable to owners of the Company	**18,120**	14,609

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2010 *HK$'000* (unaudited)	As at 31 December 2009 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**349,152**	355,626
Prepaid land lease payments		**48,223**	48,435
Club membership		**718**	718
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments		**19,100**	18,484
		417,193	423,263
Current assets			
Inventories		**125,911**	130,533
Trade receivables	*11*	**112,837**	111,755
Prepayments, deposits and other receivables		**18,478**	15,662
Current tax assets		**2,879**	1,600
Pledged bank deposits		**2,231**	2,230
Bank and cash balances		**93,609**	78,171
		355,945	339,951
Current liabilities			
Trade payables	*12*	**57,319**	59,260
Deposits received		**1,842**	1,012
Other payables and accruals		**36,039**	36,880
Due to a related company		**50**	2,422
Financial liabilities at fair value through profit or loss		**1,200**	–
Short term borrowings		**37,000**	40,046
Current portion of long term borrowings		**13,600**	11,300
Current portion of obligations under finance leases		**12,383**	12,275
Current tax liabilities		**1,632**	6,932
		161,065	170,127
Net current assets		**194,880**	169,824
Total assets less current liabilities		**612,073**	593,087
Non-current liabilities			
Long term borrowings		**39,304**	23,879
Obligations under finance leases		**5,722**	11,916
Deferred tax liabilities		**1,608**	1,608
		46,634	37,403
NET ASSETS		**565,439**	555,684
Capital and reserves			
Share capital		**88,128**	88,000
Reserves		**477,311**	467,684
TOTAL EQUITY		**565,439**	555,684

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 financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of the Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed financial statements should be read in conjunction with the 2009 annual financial statements. The accounting policies and methods of computation 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 2009.

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 year beginning on 1 January 2010. 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.

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 of operations 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 cost, gain or loss from derivative instruments, income tax expense, corporate income and corporate expenses. Segment assets do not include 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.

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 2010				
Turnover				
Sales to external customers	**208,077**	**70,684**	**82,863**	**361,624**
Segment profit	**12,243**	**5,152**	**9,575**	**26,970**
As at 30 June 2010				
Segment assets	**238,664**	**186,814**	**130,766**	**556,244**

	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
	HK$'000 (audited)	*HK$'000* (audited)	*HK$'000* (audited)	*HK$'000* (audited)
As at 31 December 2009				
Segment assets	250,282	179,601	130,132	560,015

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reconciliations of segment profit or loss		
Total profit or loss of reportable segments	**26,970**	27,357
Unallocated amounts		
Interest income	**282**	117
Loss on financial liabilities at fair value through profit or loss	**(1,200)**	(300)
Finance costs	**(1,049)**	(853)
Income tax expense	**(4,873)**	(4,501)
Corporate income	**118**	1,964
Corporate expenses	**(5,833)**	(8,282)
Consolidated profit for the period	**14,415**	15,502

4. Other income

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**282**	117
Sale of scrap materials	**–**	506
Gain on disposal of property, plant and equipment and prepaid land lease payments	**83**	1,715
Others	**433**	240
	798	2,578

5. Finance costs

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank overdrafts and loans	**818**	495
Finance lease charges	**231**	358
	1,049	853

6. Income tax expense

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**2,059**	1,716
Current tax – People's Republic of China ("PRC") enterprise income tax		
Provision for the period	**2,814**	2,785
	4,873	4,501

Hong Kong Profits Tax has been provided at the rate of 16.5% for the six months ended 30 June 2010 (for the six months ended 30 June 2009: 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

The Group's profit for the period is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Allowance for inventories	**676**	1,200
Depreciation of property, plant and equipment	**24,420**	17,641
Gain on disposal of property, plant and equipment	**(83)**	(1,362)
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	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Proposed interim dividend – HK1.3 cents		
(2009: HK2.1 cents) per ordinary share	**11,457**	18,480
Final dividend for the year ended 31 December 2009		
approved and paid – HK1.1 cents		
(2008: HK0.6 cents) per ordinary share	**9,694**	5,280
	21,151	23,760

9. Earnings per share

The calculation of basic and diluted earnings per share is based on the following:

	For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**14,415**	15,502
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**880,458,359**	880,000,000
Effect of dilutive potential ordinary shares arising from share options	**1,560,187**	–
Weighted average number of ordinary shares used in diluted earnings per shares calculation	**882,018,546**	880,000,000

10. Property, plant and equipment

During the six months ended 30 June 2010, the Group had disposed of certain property, plant and equipment with a carrying amount of approximately HK$700,000 (unaudited) (for the six months ended 30 June 2009: HK$2,640,000 (unaudited)) for proceeds of HK$783,000 (unaudited) (for the six months ended 30 June 2009: HK$4,002,000 (unaudited)), resulting in a gain on disposal of approximately HK$83,000 (unaudited) (for the six months ended 30 June 2009: approximately HK$1,362,000 (unaudited)).

In addition, the Group incurred approximately HK$1,298,000 (unaudited) (for the six months ended 30 June 2009: HK$12,798,000 (unaudited)) on the construction of its new factory premises at Daya Bay, Huizhou of the PRC and approximately HK$14,069,000 (unaudited) (for the six months ended 30 June 2009: HK$23,095,000 (unaudited)) on acquisition of new plant and machineries in order to enhance its production capabilities.

11. Trade receivables

The Group normally allows credit terms to customers ranging from 30 to 90 days. The ageing analysis of trade receivables as at the balance sheet date, based on the date of recognition of the goods sold, is as follows:

	As at 30 June 2010 *HK$'000* **(unaudited)**	As at 31 December 2009 *HK$'000* (audited)
0 to 30 days	**59,866**	69,725
31 to 60 days	**26,192**	24,522
61 to 90 days	**20,025**	13,454
91 to 180 days	**6,346**	3,376
Over 180 days	**408**	678
	112,837	111,755

12. Trade payables

The Group normally obtains credit terms raging from 30 to 60 days from its suppliers. The ageing analysis of trade payables as at the balance sheet date, based on the date of receipt of goods purchased, is as follows:

	As at 30 June 2010 *HK$'000* **(unaudited)**	As at 31 December 2009 *HK$'000* (audited)
0 to 30 days	38,348	32,061
31 to 60 days	2,166	19,569
61 to 90 days	3,052	2,037
91 to 180 days	13,480	2,994
Over 180 days	273	2,599
	57,319	59,260

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Overview

The worldwide economy has maintained a steady recovery during the first half of 2010 and the market demand for our products has also continued to expand. As reflected by the improvement in its turnover, the Group has successfully managed a growth in its business during the six months ended 30 June 2010. The management expects that the global business performance will continue to grow steadily during the rest of the year 2010.

Despite an increase in turnover during the six months ended 30 June 2010, there was a decline in the Group's gross profit margin mainly resulted from the increase in raw material prices and labour costs. To mitigate these impacts, the Group has started to revise its product prices so as to improve its overall gross profit margin during the second half of the year.

The Group believes that its overall business in the second half of year 2010 will continue the growth momentum of the first half of the year and the Group expects to achieve better results in the second half when compared with the first half of the year. In view of its healthy financial position and business development strategies, the Group will continue to pursue a persistent high dividend payout policy in the coming future in order to provide better returns for our shareholders.

(B) Financial Review

For the six months ended 30 June 2010, the Group's turnover amounted to approximately HK$361,624,000(2009 first half: HK$290,790,000), an increase of approximately 24.4% as compared with the corresponding period last year. The growth in turnover was primarily due to the gradual recovery of the worldwide economy.

During the period, gross profit grew by 7.4% to approximately HK$66,029,000 (2009 first half: HK$61,465,000). However, the gross profit margin for 2010 first half declined from 21.1% in 2009 first half to 18.3% mainly resulted from the surge in raw material prices coupled with labour costs. Profit attributable to owners of the Company accordingly dropped 7.0% to approximately HK$14,415,000(2009 first half: HK$15,502,000) as compared with the same period last year.

(C) Business Review

Zinc alloy die casting business

Remaining the key constituent of the Group's operation, zinc alloy die casting business accounted for approximately 57.5% (2009 first half: 52.4%) of the overall turnover. For the six months ended 30 June 2010, turnover of this business segment achieved a remarkable growth of 36.4% to approximately HK$208,077,000 (2009 first half: HK$152,525,000). This significant increase was mainly due to the increase in sales of plastic components which were attached to the zinc alloy die casting components.

Magnesium alloy die casting business

Following the growing demand for magnesium alloy die casting components in the notebook computer market, the turnover of this business segment recorded a growth of 7.6% to approximately HK$70,684,000 (2009 first half:HK$65,674,000), representing approximately 19.5% (2009 first half: 22.6%) of the Group's turnover during the period under review.

Aluminium alloy die casting business

During the period under review, the turnover of aluminium alloy die casting business was approximately HK$82,863,000 (2009 first half: HK$72,591,000), representing a growth of 14.2% as compared with the same period last year. This business segment accounted for approximately 23.0% (2009 first half: 25.0%) of the Group's turnover. As a result of the economic rebound, the growing momentum of this business segment was encouraging.

(D) Prospects

The global economy has showed positive sign of revival in 2010 first half and the overall business environment is also improving. The management believes that the economic environment will continue to recover steadily in the second half of the year 2010.

Rising of labour costs caused by the increase in minimum wages of workers in the PRC bring more challenges to the manufacturers located in the PRC. In order to counteract the persistent increase in labour costs, the Group will continue to seek productivity gains through increasing automation and streamlining manufacturing processes in order to save the number of frontline staff. In addition, the Group will execute stringent and effective cost control measures to improve the overall operating efficiency. Besides that, the Group is in the process of adjusting its product selling prices in order to pass on the increase of raw materials prices and labour costs to its customers with an aim to improve its gross profit margin.

The new production facility in Daya Bay, Huizhou, the PRC currently manufactures mainly aluminium alloy and zinc alloy die casting components as well as plastic components. In the meantime, this new production site is also emphasized on the research and development of new product and production technology. The Group is confident that this new plant can facilitate the Group to further penetrate into the plastic injection components market and develop high value-added products with better profit margins.

With a view that more business opportunities can be captured by means of providing one-stop solution of metal alloy with plastic components to customers, the Group has expanded into plastics injection moulding business and this business has been able to achieve a satisfactory growth during the period under review. This has proven our strategy to become a vertically integrated one-stop service provider is successful to provide new momentum to the Group's business. In view of this, the Group believes that this new plastic injection moulding business is in a strong position to deliver continuing business growth and become another major revenue stream to the Group in the forthcoming future.

Notebook computer shipments have recorded a substantial growth in the first half of 2010 mainly resulted from the buoyant market trend of desktop computers being replaced by notebook computers and increasing popularity of low-cost notebook computers. Following our technological edge in magnesium alloy die casting and surface finishing, the Group is well-positioned to secure more orders for notebook computer components.

Worldwide governments are putting more and more focus on energy saving, emission reduction and environmental protection issues. In view of this trend, the Group is in the process of research and development of using magnesium alloy for light emitting plasma ("LEP") lighting products. LEP lighting is a new lighting technology which has a longer life span and saves more energy than conventional lighting devices and is environmental friendly. Our management believes that this lighting product business can provide ample business opportunities for the Group in the coming future.

In order to reinforce its core values, the Group is currently undertaking an "intellectual capital business model" enhancement program with an aim to further improve its competitiveness. This new business model will focus on the Group's value capitalization covering human capital, corporate structural capital and relational capital. Through all of these endeavours, the Group is confident that this new business model will realize a long-term business growth and create better returns for its shareholders.

(E) Liquidity and Financial Resources

As at 30 June 2010, the Group had bank and cash balances of approximately HK$93,609,000 (31 December 2009: HK$78,171,000), 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 2010 were approximately HK$108,009,000(31 December 2009: HK$99,416,000), comprising bank loans and overdrafts of approximately HK$37,000,000 (31 December 2009: HK$40,046,000) repayable within one year or on demand, term loans of HK$52,904,000 (31 December 2009: HK$35,179,000) with maturity of not more than four years and obligations under finance leases of approximately HK$18,105,000 (31 December 2009: HK$24,191,000). 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 2010, the gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases divided by total equity) of the Group was approximately 19.1% (31 December 2009: 17.9%).

As at 30 June 2010, the net current assets of the Group were approximately HK$194,880,000 (31 December 2009: HK$169,824,000), which consisted of current assets of approximately HK$355,945,000 (31 December 2009: HK$339,951,000) and current liabilities of HK$161,065,000 (31 December 2009: HK$170,127,000), representing a current ratio of approximately 2.2 (31 December 2009: 2.0).

(F) 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.

(G) Contingent Liabilities

As at 30 June 2010, the Group had no material contingent liabilities.

(H) Charge on Assets

As at 30 June 2010, 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; and (c) a property situated in Hong Kong owned by the Group.

(I) Human Resources

As at 30 June 2010, the Group had approximately 4,100 full-time employees (31 December 2009: 3,400). 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 package, including retirement scheme, 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 HK1.3 cents per share for six months ended 30 June 2010 payable on or about Monday, 4 October 2010, to the shareholders whose names appear on the register of members of the Company on Friday, 24 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 September 2010 to Friday, 24 September 2010, 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 Monday, 20 September 2010.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2010, 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 four independent non-executive directors, namely Mr. Yeow Hoe Ann, John, Mr. Sun Kai Lit, Cliff BBS, JP and Ir Dr. Lo Wai Kwok BBS, MH, JP and Mr. Andrew Look 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 BBS, MH, JP, Mr. Yeow Hoe Ann, John, Mr. Andrew Look 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 consists of Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann, John, Mr. Andrew Look and 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 2010.

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, 27 August 2010

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 four independent non-executive directors, namely Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann John and Mr. Andrew Look.