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 2012

HIGHLIGHTS

- Turnover increased by 25.8% to HK$647,604,000 (2011 first half: HK$514,739,000)

- Gross profit grew by 51.0% to HK$140,050,000 (2011 first half: HK$92,769,000)

- Profit for the period attributable to owners of the Company increased by 113.0% to HK$41,618,000 (2011 first half: HK$19,542,000)

- Basic earnings per share rose by 113.6% to HK4.7 cents (2011 first half: HK2.2 cents)

- Proposed an interim dividend of HK1.6 cents per share (2011 first half: HK0.66 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 2012, together with the comparative figures for the corresponding period in 2011.

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	*3*	**647,604**	514,739
Cost of sales		**(507,554)**	(421,970)
Gross profit		**140,050**	92,769
Other income	*4*	**1,145**	1,233
Selling and distribution expenses		**(8,239)**	(7,496)
General and administrative expenses		**(76,552)**	(58,594)
Profit from operations		**56,404**	27,912
Finance costs	*5*	**(3,203)**	(1,691)
Profit before tax		**53,201**	26,221
Income tax expense	*6*	**(11,583)**	(6,679)
Profit for the period attributable to owners of the Company	*7*	**41,618**	19,542
Earnings per share	*9*		
– Basic *(HK cents)*		**4.7**	2.2
– Diluted *(HK cents)*		**4.7**	2.2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**41,618**	19,542
Other comprehensive income for the period, net of tax:		
Exchange differences on translating foreign operations	**(1,624)**	16,253
Total comprehensive income for the period attributable to owners of the Company	**39,994**	35,795

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2012 HK$'000 (unaudited)	As at 31 December 2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	10	**556,613**	547,081
Club membership		**718**	718
Available-for-sale financial assets		**–**	–
Deposits paid for acquisition of property, plant and equipment		**23,159**	5,800
		580,490	553,599
Current assets			
Inventories		**183,633**	197,282
Trade receivables	11	**295,983**	272,152
Prepayments, deposits and other receivables		**33,549**	27,204
Pledged bank deposits		**–**	12,285
Restricted bank balances		**2,454**	2,457
Bank and cash balances		**155,739**	164,691
		671,358	676,071
Current liabilities			
Trade payables	12	**174,985**	153,635
Deposits received		**10,387**	3,540
Other payables and accruals		**48,218**	50,170
Due to a related company		**957**	723
Financial liabilities at fair value through profit or loss		**1,076**	605
Bank borrowings		**248,811**	256,796
Current portion of obligations under finance leases		**4,468**	7,089
Current tax liabilities		**13,580**	8,085
		502,482	480,643
Net current assets		**168,876**	195,428
Total assets less current liabilities		**749,366**	749,027
Non-current liabilities			
Obligations under finance leases		**3,574**	5,305
Deferred tax liabilities		**19,248**	19,266
		22,822	24,571
NET ASSETS		**726,544**	724,456
Capital and reserves			
Share capital		**88,886**	88,811
Reserves		**637,658**	635,645
TOTAL EQUITY		**726,544**	724,456

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 and plastic injection products and 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 2011 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 2011.

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 2012. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, 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 four operating divisions – zinc, magnesium and aluminium alloy die casting and plastic injection products and components. These divisions are the basis of the Group's four 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 derivative instruments, income tax expense, corporate income and corporate expenses.

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

	Zinc alloy die casting *HK$'000* **(unaudited)**	**Magnesium alloy die casting** *HK$'000* **(unaudited)**	**Aluminium alloy die casting** *HK$'000* **(unaudited)**	**Plastic injection** *HK$'000* **(unaudited)**	**Total** *HK$'000* **(unaudited)**
For the six months ended 30 June 2012					
Revenue from external customers	**154,989**	**183,138**	**110,703**	**198,774**	**647,604**
Segment profit	**10,216**	**19,867**	**10,086**	**30,992**	**71,161**

	Zinc alloy die casting *HK$'000* (unaudited)	Magnesium alloy die casting *HK$'000* (unaudited)	Aluminium alloy die casting *HK$'000* (unaudited)	Plastic injection *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
For the six months ended 30 June 2011					
Revenue from external customers	162,356	108,362	127,813	116,208	514,739
Segment profit	12,274	9,880	11,407	3,475	37,036

	For the six months ended 30 June	
	2012 *HK$'000* **(unaudited)**	2011 *HK$'000* (unaudited)
Reconciliation of reportable segment profit or loss		
Total profit or loss of reportable segments	**71,161**	37,036
Unallocated amounts:		
Interest income	**461**	176
Loss on financial liabilities at fair value through profit or loss	**(169)**	(1,754)
Finance costs	**(3,203)**	(1,691)
Corporate income	**67**	–
Corporate expenses	**(15,116)**	(7,546)
Consolidated profit for the period	**53,201**	26,221

4. OTHER INCOME

	For the six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**461**	176
Gain on disposal of property, plant and equipment	**30**	83
Others	**654**	974
	1,145	1,233

5. FINANCE COSTS

	For the six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	**3,080**	1,555
Finance lease charges	**123**	136
	3,203	1,691

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**4,685**	950
Current tax – Mainland China enterprise income tax		
Provision for the period	**6,898**	5,729
	11,583	6,679

Hong Kong Profits Tax has been provided at a rate of 16.5% for the six months ended 30 June 2012 (for the six months ended 30 June 2011: 16.5%) on the estimated assessable profits for the relevant period. Tax charge on profits assessable elsewhere has 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	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**30,138**	28,109
Gain on disposal of property, plant and equipment	**(30)**	(83)
Loss on financial liabilities at fair value through profit or loss	**169**	1,754

8. DIVIDENDS

	For the six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Proposed interim dividend – HK1.6 cents (2011: HK0.66 cents) per ordinary share	**14,557**	5,861
Dividends paid during the period		
Final dividend for the year ended 31 December 2011 – HK4.3 cents (2010: HK3.2 cents) per ordinary share	**38,220**	28,393

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	
	2012	2011
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	**41,618**	19,542
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	**888,406,290**	884,991,720
Effect of dilutive potential ordinary shares arising from share options	**1,546,969**	5,199,271
Weighted average number of ordinary shares used in diluted earnings per share calculation	**889,953,259**	890,190,991

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group had disposed of and written off certain property, plant and equipment with a carrying amount of approximately HK$539,000 (unaudited) (for the year ended 31 December 2011: HK$470,000 (audited)) for proceeds of approximately HK$569,000 (unaudited) (for the year ended 31 December 2011: HK$399,000 (audited)), resulting in a gain on disposal of approximately HK$30,000 (unaudited) (for the year ended 31 December 2011: loss of HK$71,000 (audited)).

In addition, the Group had acquired property, plant and equipment of approximately HK$40,796,000 (unaudited) (for the year ended 31 December 2011: HK$64,619,000 (audited)).

11. TRADE RECEIVABLES

The Group normally allows credit terms to customers ranging from 30 to 90 days (31 December 2011: 30 to 90 days) after end of the month in which the invoices have been issued. The ageing analysis of trade receivables as at 30 June 2012, based on the invoice date, and net of allowance, was as follows:

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
0 to 30 days	**184,776**	133,472
31 to 60 days	**57,684**	66,535
61 to 90 days	**24,067**	42,282
91 to 180 days	**28,173**	29,209
Over 180 days	**1,283**	654
	295,983	272,152

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2011 : 30 to 90 days) from its suppliers. The ageing analysis of trade payables as at 30 June 2012, based on the date of receipt of goods, was as follows:

	As at 30 June 2012 *HK$'000* **(unaudited)**	As at 31 December 2011 *HK$'000* (audited)
0 to 30 days	**135,354**	60,348
31 to 60 days	**16,723**	78,525
61 to 90 days	**10,502**	10,484
91 to 180 days	**10,028**	3,636
Over 180 days	**2,378**	642
	174,985	153,635

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Overview

The first half of 2012 has started well with the good momentum carried over from the second half of 2011. Driven by the robust growth in sales of magnesium alloy's notebook computer components as well as plastic protective cases for the smartphone market, the Group's turnover for the six months ended 30 June 2012 has increased by 25.8% to HK$647,604,000 (2011 first half: HK$514,739,000).

The gross profit margin for the period under review has also recorded a satisfactory boost from 2011 first half's 18.0% to 21.6% mainly benefitting from the enjoyment of economies of scale in production caused by the increase in turnover coupled with a favourable change in product mix. In addition, the Group will continue to adopt stringent measures to control costs and improve its production efficiency with an aim to further enhance its profit margin.

The Group has always been committed to generating attractive returns for its shareholders and maintaining a stable dividend policy. Hence, the board of directors has resolved the payment of an interim dividend of HK1.6 cents (2011 first half: HK0.66 cents) per share and the dividend payout rate is approximately 35.0% (2011 first half: 30.0%).

Looking ahead, it is anticipated that the global economy will remain volatile in the second half of year 2012 due to the persistent European sovereign debt crisis and slow pace of economy recovery in the United States. Despite the turbulent economic environment, the emerging consumer electronic products such as smartphones and notebook computers will continue to be the growth drivers for the Group in the foreseeable future. Riding on this trend, the Group will focus on exploring new markets and new customers to capture every business opportunity and is confident of the overall development of its business in the second half of the year.

(B) Financial Review

For the six months ended 30 June 2012, the Group's turnover continued to increase steadily by 25.8% to HK$647,604,000 (2011 first half: HK$514,739,000) mainly due to the strong growth in magnesium alloy die casting and plastic injection moulding businesses respectively.

Gross profit had achieved a remarkable gain of 51.0% to approximately HK$140,050,000 (2011 first half: HK$92,769,000) while gross profit margin had also improved to 21.6% (2011 first half: 18.0%). Such improvement had led to a significant surge in profit attributable to owners of the Company by 113.0% to HK$41,618,000 (2011 first half: HK$19,542,000) as compared with that of the same period last year.

(C) Business Review

Zinc alloy die casting business

For the six months ended 30 June 2012, zinc alloy die casting business remained more or less stable with turnover decreased slightly by 4.5% to HK$154,989,000 (2011 first half: HK$162,356,000), representing 23.9% (2011 first half: 31.5%) of the Group's turnover. As the global economy was unstable during the period under review, the demand for household products had shown a decline accordingly. In response to this, the Group will focus its effort on the research and development in the application of thin wall zinc alloy for the smartphone market so as to enlarge the zinc alloy's product market.

Magnesium alloy die casting business

Magnesium alloy die casting business had been benefitted substantially from the gain of a larger market share in the notebook computer industry during the period under review. The turnover of this business segment had recorded a substantial growth of 69.0% to HK$183,138,000 as compared with that of the corresponding period last year (2011 first half: HK$108,362,000). The contribution of this business segment to turnover also increased from 2011 first half's 21.1% to 28.3%. In view of the growing trend of using magnesium alloy for notebook computer casings due to its unique ultra-thinness superiority, the Group will capitalize on its competitive advantages in the industry to expand its production capacity in order to further increase its market share.

Aluminium alloy die casting business

The turnover of this business segment had decreased by 13.4% to HK$110,703,000 (2011 first half: HK$127,813,000) as compared with the corresponding period last year. The contribution of this business segment to turnover also dropped from 2011 first half's 24.8% to 17.1%. The turbulent global economy has led to a sluggish demand for household products, which had a negative impact on this business segment.

Plastic injection moulding business

During the period under review, plastic injection moulding business had recorded a robust growth of 71.1% to HK$198,774,000 (2011 first half: HK$116,208,000), accounting for 30.7% (2011 first half: 22.6%) of the Group's turnover. The Group will exert more efforts to enhance its production efficiency and increase its production capacity with a view to capture the opportunities arising from the booming development of the smartphone markets in order to enlarge its turnover for this business segment.

(D) Prospects

For the second half of year 2012, it is expected that the European debt crisis still lingers on and there are no ultimate solutions in sight. The economy in the United States is still recovering in lukewarm pace. Despite these challenges, the Group is optimistic that its turnover and gross profit margin will maintain a healthy growth due to the continuing strong growth in its magnesium alloy die casting and plastic injection moulding businesses.

Magnesium alloy die casting business continues to be one of the Group's key development focuses as the global demand for notebook computers is rising. In particular, notebook computers with ultra slim and light weight design have become the market trend and these are also the major characteristics of the ultrabook which has been newly launched in the market. Given the Group's expertise in the production of magnesium alloy's notebook computer casings, it has the ability to gain a larger market share from the prevailing magnesium alloy's notebook computers market. Other than already serving one of the world's largest makers of personal computers, the Group has also recently passed the pre-production audit of another worldwide notebook computer brand which has a very high ranking in volume output, in respect of the production of magnesium alloy's notebook computer casings and it is expected that mass production will commence by the third quarter of year 2013. With its research and development capability, the Group will further consolidate its leading position in the industry through a closer cooperation with the top notebook computer manufacturers so as to enhance its earnings.

In view of the strong demand for magnesium alloy's notebook computer casings, the Group has embarked its plan on the development of phase two at Daya Bay industrial complex in order to increase its production capacity. The foundation work for this new development has been completed and the construction of the new plant is anticipated to be completed by mid of year 2013.

It is estimated that the global shipment of smartphones will increase substantially with the launch of new smartphone models and the penetration rate will continue to grow at a fast pace, which will stimulate the consumers' demand for protective casings. In view of the strong development potential of the smartphone market and surging customers' orders for this business segment, the Group has invested in additional plastic injection moulding machines to expand its production capacity effectively so as to meet the enormous market demand.

The Group has planned to further develop its business spectrum. Starting from this year, the Group has set up a new business unit to develop its Original Brand Manufacturing ("OBM") and Original Design Manufacturing ("ODM") business. Leveraging on its expertise in magnesium alloy die casting, the Group has started to develop a series of self-developed magnesium alloy new product lines with the objective of expanding its product portfolio. The management believes that this business strategy will help to boost up the sales revenue and gross profit margin of the Group in the forthcoming future.

As energy saving and environmental protection remains the hot topics in the coming future, it is expected that the demand for energy saving lighting products will continue to rise and this business sector will bring ample business opportunities for the Group. During the period under review, the Group has commenced some light emitting plasma ("LEP") lighting products evaluation programmes with various educational institutes in Mainland China. LEP lighting products are dissimilar to Light Emitting Diode ("LED") lighting products. LEP lighting products have much higher electrical power which are more suitable for use in outdoor and high illuminated environment as well as possessing more advantages for being widely used. Meanwhile, the Group's marketing office in the United States has also started to promote LEP grow lights which will be used in the greenhouse. It is expected that the LEP business will have a more remarkable sales contribution to the Group in the near future.

With its well-developed core business and the gradual development of new OBM/ODM business, the management is highly confident of the Group's operating performance in the second half of year 2012 and the years to come despite various challenges from the external economic environment. The management believes that the Group can continue to achieve a concrete performance and create better returns for its shareholders through successful implementation of its key business strategies together with a balanced growth.

(E) Liquidity and Financial Resources

As at 30 June 2012, the Group had pledged bank deposits, restricted bank balances as well as bank and cash balances of approximately HK$158,193,000 (2011: HK$179,433,000), 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 2012 were approximately HK$256,853,000 (2011: HK$269,190,000), comprising bank loans and overdrafts of approximately HK$248,811,000 (2011: HK$256,796,000) and obligations under finance leases of approximately HK$8,042,000 (2011: HK$12,394,000). All 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 2012, the net gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases less pledged bank deposits, restricted bank balances as well as bank and cash balances then divided by total equity) of the Group was approximately 13.6% (2011: 12.4%).

As at 30 June 2012, the net current assets of the Group were approximately HK$168,876,000 (2011: HK$195,428,000), which consisted of current assets of approximately HK$671,358,000 (2011: HK$676,071,000) and current liabilities of HK$502,482,000 (2011: HK$480,643,000), representing a current ratio of approximately 1.3 (2011: 1.4).

(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. In order to mitigate the risks due to fluctuation of foreign currency exchange rates, the Group had entered into foreign currency forward contracts to manage its foreign currency exposure during the period under review.

(G) Contingent Liabilities

As at 30 June 2012, the Group had no material contingent liabilities.

(H) Charge on Assets

As at 30 June 2012, the Group's banking facilities were secured by guarantees given by the following assets: (a) lessors' title to the leased assets under finance leases; and (b) a property situated in Hong Kong owned by the Group.

(I) Human Resources

As at 30 June 2012, the Group had approximately 5,000 full-time employees (31 December 2011: 4,800). 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 HK1.6 cents per share for six months ended 30 June 2012 payable on or about Monday, 17 September 2012, to the shareholders whose names appear on the register of members of the Company on Wednesday, 5 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 September 2012 to Wednesday, 5 September 2012, 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, 31 August 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2012, 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 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 2012.

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 August 2012

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.