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 2015

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2015	2014	+/(-)
	HK$'000	*HK$'000*	
	(unaudited)	(unaudited)	
RESULTS			
Revenue	**701,221**	755,798	(7.2)%
Gross profit	**125,228**	138,220	(9.4)%
Profit/(loss) attributable to owners of the Company	**381**	(11,894)	103.2%
PER SHARE DATA			
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company			
– Basic *(HK cents)*	**0.04**	(1.33)	103.0%
– Diluted *(HK cents)*	**0.04**	(1.33)	103.0%

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 2015, together with the comparative figures for the corresponding period in 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2015	2014
		HK$'000	*HK$'000*
	Note	**(unaudited)**	(unaudited)
Revenue	*3*	**701,221**	755,798
Cost of sales		**(575,993)**	(617,578)
Gross profit		**125,228**	138,220
Other income	*4*	**21,895**	7,645
Selling and distribution expenses		**(13,018)**	(16,303)
General and administrative expenses		**(132,435)**	(135,923)
Other operating (expenses)/income		**(62)**	623
Provisional gain on a bargain purchase		**7,849**	–
Profit/(loss) from operations		**9,457**	(5,738)
Finance costs	*5*	**(7,568)**	(6,222)
Profit/(loss) before tax		**1,889**	(11,960)
Income tax expense	*6*	**(7,867)**	(7,827)
Loss for the period	*7*	**(5,978)**	(19,787)
Attributable to			
Owners of the Company		**381**	(11,894)
Non-controlling interests		**(6,359)**	(7,893)
		(5,978)	(19,787)
Earnings/(loss) per share	*9*		
– Basic *(HK cents)*		**0.04**	(1.33)
– Diluted *(HK cents)*		**0.04**	(1.33)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(5,978)**	(19,787)
Other comprehensive income for the period, net of tax:		
Item that will be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**39**	(14,732)
Total comprehensive income for the period	**(5,939)**	(34,519)
Attributable to		
Owners of the Company	**420**	(26,130)
Non-controlling interests	**(6,359)**	(8,389)
	(5,939)	(34,519)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2015** *HK$'000* **(unaudited)**	As at 31 December 2014 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	*10*	**853,199**	850,414
Intangible assets		**13,126**	14,326
Deposits paid for acquisition of property, plant and equipment		**11,590**	7,183
		877,915	871,923
Current assets			
Inventories		**191,393**	200,572
Trade receivables	*11*	**334,703**	414,772
Prepayments, deposits and other receivables		**66,501**	80,488
Financial assets at fair value through profit or loss		**2,254**	614
Deferred tax assets		**539**	–
Pledged bank deposits		**194**	20,233
Restricted bank balances		**4,359**	4,359
Bank and cash balances		**251,633**	237,019
		851,576	958,057
Current liabilities			
Trade payables	*12*	**190,732**	271,990
Deposits received		**9,758**	508
Other payables and accruals		**69,233**	87,498
Due to a related company		**738**	899
Due to a director		**–**	1,860
Financial liabilities at fair value through profit or loss		**6,636**	8,888
Bank borrowings		**386,898**	521,970
Current tax liabilities		**23,217**	30,969
		687,212	924,582
Net current assets		**164,364**	33,475
Total assets less current liabilities		**1,042,279**	905,398
Non-current liabilities			
Long term bank borrowings		**185,451**	28,000
Deferred tax liabilities		**27,459**	27,855
		212,910	55,855
NET ASSETS		**829,369**	849,543
Capital and reserves			
Share capital		**89,376**	89,376
Reserves		**708,007**	728,612
Equity attributable to owners of the Company		**797,383**	817,988
Non-controlling interests		**31,986**	31,555
TOTAL EQUITY		**829,369**	849,543

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATION INFORMATION

The Group is principally engaged in the sale and manufacture of zinc, magnesium and aluminum alloy die casting and plastic injection products and components as well as lighting products which are mainly sold to customers engaging in the household products, 3C (communication, computer and consumer electronics) products, automotive parts and lighting products 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 2014 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 2014.

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 2015. 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 years.

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. REVENUE AND SEGMENT INFORMATION

Revenue 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 five (2014: five) operating divisions – zinc, magnesium and aluminium alloy die casting, plastic injection products and components and lighting products. These divisions are the basis of the Group's five 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 revenue and results for the period by business segments is as follows:

	Zinc alloy die casting	**Magnesium alloy die casting**	**Aluminium alloy die casting**	**Plastic injection**	**Lighting Products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
For the six months ended 30 June 2015						
Revenue from external customers	**126,646**	**246,525**	**114,437**	**210,483**	**3,130**	**701,221**
Segment (loss)/profit	**(416)**	**1,730**	**2,906**	**19,469**	**(23,834)**	**(145)**

	Zinc alloy die casting	Magnesium alloy die casting	Aluminium alloy die casting	Plastic injection	Lighting Products	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
For the six months ended 30 June 2014						
Revenue from external customers	122,574	341,716	97,480	193,369	659	755,798
Segment (loss)/profit	(2,484)	23,465	(397)	12,784	(19,770)	13,598

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Reconciliation of reportable segment profit or loss		
Total profit or loss of reportable segments	**(145)**	13,598
Unallocated amounts:		
Interest income	**1,377**	1,185
Gain/(loss) on financial assets/liabilities at fair value through profit or loss	**13,810**	(7,744)
Provisional gain on a bargain purchase	**7,849**	–
Finance costs	**(7,568)**	(6,222)
Corporate income	**170**	38
Corporate expenses	**(13,604)**	(12,815)
Income tax expense	**(7,867)**	(7,827)
Consolidated loss for the period	**(5,978)**	(19,787)

4. OTHER INCOME

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income	**1,434**	1,185
Gain on financial assets at fair value through profit or loss	**13,810**	–
Gain on disposal of property, plant and equipment	**58**	–
Others	**6,593**	6,460
	21,895	7,645

5. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	**7,568**	6,205
Finance lease charges	**–**	17
	7,568	6,222

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong Profits Tax		
Provision for the period	**1,868**	5,772
Current tax – PRC enterprise income tax		
Provision for the period	**5,999**	2,055
	7,867	7,827

Hong Kong Profits Tax has been provided at a rate of 16.5% for the six months ended 30 June 2015 (for the six months ended 30 June 2014: 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. LOSS FOR THE PERIOD

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

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Amortisation of intangible assets	**1,201**	1,200
Depreciation of property, plant and equipment	**39,946**	36,759
(Gain)/loss on disposal of property, plant and equipment	**(58)**	43
Interest income	**(1,434)**	(1,185)
(Gain)/loss on financial assets/liabilities at fair value through profit or loss	**(13,810)**	7,744
Allowance for inventories	**62**	–
Reversal of allowance for inventories	**–**	(623)

8. DIVIDENDS

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Proposed interim dividend – nil (2014: nil) per ordinary share	**–**	–
Dividends paid during the period		
Final dividend for the year ended 31 December 2014 approved and paid – HK1.6 cents (2013: HK7.3 cents) per ordinary share	**14,300**	65,226
Additional final dividends paid during the period	**–**	15
	14,300	65,241

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per share is based on the following:

	For the six months ended 30 June	
	2015	2014
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	**381**	(11,894)
Number of shares		
Weighted average number of ordinary shares used in basic earnings/(loss) per share calculation	**893,761,400**	893,560,980
Effect of dilutive potential ordinary shares arising from share options	**62,366**	–
Weighted average number of ordinary shares used in diluted earnings/(loss) per share calculation	**893,823,766**	893,560,980

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group had disposed of certain property, plant and equipment with a carrying amount of approximately HK$62,000 (unaudited) (for the year ended 31 December 2014: HK$650,000 (audited)) for proceeds of approximately HK$120,000 (unaudited) (for the year ended 31 December 2014: HK$589,000 (audited)), resulting in a gain on disposal of approximately HK$58,000 (unaudited) (for the year ended 31 December 2014: loss of HK$61,000 (audited)).

In addition, the Group acquired property, plant and equipment of approximately HK$25,241,000 (unaudited) (for the year ended 31 December 2014: HK$187,401,000 (audited)), and also acquired property, plant and equipment arising from acquisition of business of approximately HK$15,215,000 (for the year ended 31 December 2014: HK$ nil).

11. TRADE RECEIVABLES

The Group normally allows credit terms to customers ranging from 30 to 90 days (31 December 2014: 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 2015, based on the invoice date, and net of allowance, is as follows:

	As at 30 June 2015 *HK$'000* **(unaudited)**	As at 31 December 2014 *HK$'000* (audited)
0 to 30 days	**163,401**	155,168
31 to 60 days	**71,761**	126,265
61 to 90 days	**51,218**	51,074
91 to 180 days	**46,564**	74,230
Over 180 days	**1,759**	8,035
	334,703	414,772

12. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days (31 December 2014: 30 to 90 days) from its suppliers. The ageing analysis of trade payables as at 30 June 2015, based on the date of receipt of goods, is as follows:

	As at 30 June 2015 *HK$'000* **(unaudited)**	As at 31 December 2014 *HK$'000* (audited)
0 to 30 days	**111,104**	80,372
31 to 60 days	**41,217**	87,830
61 to 90 days	**30,062**	63,985
91 to 180 days	**4,417**	35,999
Over 180 days	**3,932**	3,804
	190,732	271,990

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Overview

During the first half of 2015, the slowdown of China's economic growth together with the currency fluctuation of various countries has brought a lot of uncertainties and volatilities to the global economy. Hence, consumer's confidence in spending has been jeopardized. The Group's magnesium alloy die casting business, which is mainly focused on the production of notebook computer casings and components, has been facing a decline in the global notebook computer industry, which has led to a reduction in the demand.

Notwithstanding the difficult external market conditions, the Group, given its market competitive edge and leading position in the industry, was able to achieve a slight decline of 7.2% on its overall revenue to HK$701,221,000 (2014 first half: HK$755,798,000). Due to the decrease in revenue, the Group's gross profit for the six months ended 30 June 2015 decreased by 9.4% to HK$125,228,000 (2014 first half: HK$138,220,000) and the overall gross profit margin also fell slightly to 17.9% (2014 first half: 18.3%).

Despite a decrease in its revenue and gross profit, the Group managed to turnaround from loss to profit for the period under review and record a profit attributable to owners of the Company of HK$381,000 as compared with a loss of HK$11,894,000 for the same period last year. For the reasons of the turnaround results, please refer to the "Financial Review" section of Management Discussion and Analysis.

In anticipation of the rapid adverse change in the global economy, the business environment for the manufacturing sector will become very challenging in the second half of 2015. Nonetheless, the Group will actively strengthen its expertise in die casting and injection moulding technology, continuously acquire new customers and promote new product applications to encounter the ever-changing market.

(B) Financial Review

In the first six months of the year, the weak global demand for notebook computers had adversely affected the sales of the Group's magnesium alloy die casting business, which was the largest business segment of the Group for the period under review. Partly offset by the steady growth in the plastic injection moulding, zinc alloy and aluminum alloy die casting businesses, the Group's revenue for the six months ended 30 June 2015 decreased by 7.2% to HK$701,221,000 (2014 first half: HK$755,798,000), as compared with the corresponding period in 2014.

Due to the decrease in the Group's overall revenue, its gross profit for the first half of 2015 decreased by 9.4% to HK$125,228,000 (2014 first half: HK$138,220,000) and its overall gross profit margin also dropped slightly from 18.3% in 2014 first half to 17.9%.

Despite a decrease in its revenue and gross profit, the Group managed to turnaround from loss to profit for the period under review and record a profit attributable to owners of the Company of HK$381,000 as compared with a loss of HK$11,894,000 in the same period last year. This was mainly attributable to a provisional gain from a bargain purchase of HK$7,849,000 arising on the acquisition of Goodly Precision Industrial Limited ("Goodly Precision") as well as a gain on currency forward contracts amounted to HK$13,810,000. The gain on the bargain purchase was mainly attributable to the immediate cash realisation opportunity offered to the vendor. For the details of acquisition of Goodly Precision, please refer to the "Prospect" section of Management Discussion and Analysis.

(C) Business Review

Magnesium alloy die casting business

Due to unfavourable market condition for the notebook computer industry, the revenue from magnesium alloy die casting business decreased by 27.9% to HK$246,525,000 (2014 first half: HK$341,716,000), accounting for 35.2% (2014 first half: 45.2%) of the Group's revenue. In view of this, the Group would endeavor to expand its customer base in order to capture a larger market share in the notebook computer casing business. In addition, the Group is committed to promote the application of magnesium alloy to other applications, such as automotive components.

Plastic injection moulding business

The sales performance of individual new smartphone models launched in the first half of 2015 was satisfactory and hence, the revenue of plastic injection moulding business had increased by 8.9% to HK$210,483,000 (2014 first half: HK$193,369,000) as compared with the previous corresponding period. This business segment contributed 30.0% (2014 first half: 25.6%) to the Group's total revenue.

Zinc alloy die casting business

During the period under review, the revenue of zinc alloy die casting business increased slightly by 3.3% to HK$126,646,000 (2014 first half: HK$122,574,000) as compared with the same period last year, accounting for 18.1% (2014 first half: 16.2%) of the Group's overall revenue. The increase in revenue was primarily attributable to the gradual recovery of customers' demand for household products.

Aluminium alloy die casting business

Being benefitted from the launch of new products by one of our existing customers, the Group's aluminium alloy die casting business grew by 17.4% to HK$114,437,000 (2014 first half: HK$97,480,000), which accounted for 16.3% of the Group's overall revenue (2014 first half: 12.9%).

Lighting products

During the first half of 2015, the revenue of lighting products business increased by 375.0% to HK3,130,000 (2014 first half: HK$659,000). The increase in revenue was mainly attributable to more sample sales made during the period under review.

(D) Prospects

In the second half of 2015, the Group will strive to seek breakthroughs across different segments by adopting proactive strategies, such as customer portfolio expansion and product diversification, in order to achieve a sustainable business for long-term development.

For the magnesium alloy die casting business, the Group has been actively expanding its customer base within and beyond notebook computer and consumer electronics sector. In 2015, the Group has newly become the supplier for one of the top global notebook computer brands on top of its existing renowned customers, and has secured orders for the second half of the year. Apart from notebook computer casings, the Group will extend the application of magnesium alloy to new energy vehicles. In view of the global trend towards energy-saving and more environmentally friendly transportation, magnesium alloy, as an outstanding new material with light-weight, high-strength and other superior properties, is expected to be benefitted from the trend of "vehicle weight reduction" and will become one of the core raw materials for the manufacture of transportation vehicles and will replace other materials that are heavier and of higher cost. The Group has also been successful in entering into the aerial photographic sector by supplying magnesium alloy die casting components to a leading brand in the industry. The orders are expected to rise gradually along with the increasing popularity of commercial and personal use of aerial cameras. Moreover, the Group has continued its research and development on new material, in particular, rare earth magnesium alloy to cater for the trend of "vehicle weight reduction". Rare earth magnesium alloy is formed by adding rare earth elements into magnesium alloy to strengthen the original physical properties of magnesium alloy such as strength, plasticity, toughness, casting mobility, corrosion protection and high temperature creep resistance. Due to the above properties, rare earth magnesium alloys can be applied on most automotive components which require high temperature creep resistance and high strengths. In addition to new magnesium alloys, the Group has also focused on the research and development of various surface finishing technologies. Performance of these patented surface finishing technologies, conducted through some standard stringent testings, has been validated by our customers. Surface hardness, corrosion resistance as well as other surface properties of magnesium alloy have been enhanced by such technologies which are ready to be widely applied on the critical automotive components, outdoor telecommunication devices and others etc.

The Group is cautiously positive for the outlook of its plastic injection moulding business. The sale of smartphones is expected to continue its uptrend in the coming year, leading to a steadily growing demand for plastic protective cases. To cater for the consumers' greater demand for multifunctional cases, the Group will focus on the development of versatile protective casings, which is expected to be a revenue and margin driver for the Group.

Plasma lighting has its potential in emerging markets which require high performance and consecutive usage including agriculture and horticulture applications. The Group has been promoting lighting applications in the market to gain wider recognition for its plasma light business. Rapid development in lighting technology require improvement in luminous efficiency, color quality, optical design, thermal management and cost. The transfer of part of its Topanga operations from the US to Hong Kong and China would lower its cost and improve its competitiveness. The Group seeks to further rationalize the business operations and to work closely with customers and strategic partners to enhance the value to the plasma lighting business.

In May 2015, the Group had acquired 100% equity interest of Goodly Precision at a cash consideration of HK$10,000,000 together with a contingent consideration including HK$1,200,000 cash and 30% equity interest of Goodly Precision's immediate holding company (which is subject to Goodly Precision's financial performance for the year 2015). Goodly Precision has its production facility located in Suzhou, the PRC and is principally engaged in plastic injection moulding and mould manufacturing of automotive and precision components. Through the acquisition, the Group can further expand its automotive components' product portfolio and customer base.

The construction work of the third phase of the Group's industrial complex in Daya Bay, Huizhou, the PRC had been completed in May 2015 and operation has been commenced gradually.

Facing the ever-changing business environment, the Group is cautiously optimistic towards its business development and prospects in the coming years. Being a leader in the die casting and plastic injection industry, the Group will keep leveraging on its expertise in production technology as well as its research and development capability to capture enormous potential business opportunities across different sectors, by providing customized products and solutions. The Group will strive its best to become a preferred supplier of world-class brands in different industries in order to create value for shareholders.

(E) Liquidity and Financial Resources

As at 30 June 2015, the Group had pledged bank deposits, restricted bank balances as well as bank and cash balances of approximately HK$256,186,000 (2014: HK$261,611,000), 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 2015 were approximately HK$572,349,000 (2014: HK$549,970,000), comprising of bank loans only. All of the borrowings were denominated in Hong Kong dollars or US dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 30 June 2015, the net gearing ratio (a ratio of the sum of total interest-bearing borrowings and obligations under finance leases less bank and cash balances then divided by total equity) of the Group was approximately 38.1% (2014: 33.9%).

As at 30 June 2015, the net current assets of the Group were approximately HK$164,364,000 (2014: HK$33,475,000), which consisted of current assets of approximately HK$851,576,000 (2014: HK$958,057,000) and current liabilities of HK$687,212,000 (2014: HK$924,582,000), representing a current ratio of approximately 1.2 (2014: 1.0).

(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. 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 2015, the Group had no material contingent liabilities.

(H) Charge on Assets

As at 30 June 2015, the Group's banking facilities were secured by the guarantee of a property situated in Hong Kong owned by the Group.

(I) Human Resources

As at 30 June 2015, the Group had approximately 5,000 full-time employees (31 December 2014: 5,000). 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 and a share award 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 does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

During the period under review, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except the deviation from provision A.2.1 of the CG Code. Pursuant to Code Provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Lee Yuen Fat, the Chairman of the Company, has assumed the role of Chief Executive Officer of the Company with effect from 1 July 2014. Following the appointment of Dr. Wong Cheong Yiu as Chief Executive Officer of the Company with effect from 1 June 2015, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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. Kong To Yeung, Frankie, Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP and Mr. Andrew Look and is chaired by Mr. Kong To Yeung, Frankie, 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. Andrew Look, Mr. Kong To Yeung, Frankie and Dr. Wong Cheong Yiu. 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. Andrew Look, Mr. Kong To Yeung, Frankie and Dr. Wong Cheong Yiu. 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 2015.

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
Ka Shui International Holdings Limited
Lee Yuen Fat
Chairman

Hong Kong, 28 August 2015

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lee Yuen Fat, Dr. Wong Cheong Yiu, 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. Andrew Look and Mr. Kong To Yeung, Frankie.