LISI GROUP (HOLDINGS) LIMITED
利時集團（控股）有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 526)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

The board of directors (the "Board") of Lisi Group (Holdings) Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 together with the comparative figures of the previous corresponding year as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
	Note	**2012** *RMB'000* **(Unaudited)**	2011 *RMB'000* (Unaudited) (Restated)
Turnover	4	**183,326**	204,083
Cost of sales		**(139,391)**	(157,434)
Gross profit		**43,935**	46,649
Other revenue	4	**2,333**	1,894
Other income	5	**1,084**	3,090
Selling and distribution expenses		**(11,816)**	(8,393)
Administrative and other operating expenses		**(30,325)**	(26,570)
Finance costs	6	**(7,186)**	(6,776)
Share of results of an associate		**1,275**	–
(Loss)/Profit before taxation	6	**(700)**	9,894
Income tax expense	7	**(3,506)**	(3,979)
(Loss)/Profit for the period		**(4,206)**	5,915
Other comprehensive income/(expense)			
Exchange differences on translating financial statements of foreign operations		**319**	(1,619)
Total comprehensive (expense)/income for the period attributable to equity holders of the Company		**(3,887)**	4,296
		RMB	*RMB*
(Loss)/Earnings per share			
Basic and diluted	9	**(0.17) cent**	0.24 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2012 RMB'000 (Unaudited)	31 March 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**239,673**	232,315
Goodwill		**43,313**	43,313
Intangible assets		**9,266**	10,530
Available-for-sale financial assets		**75,481**	75,481
Interest in an associate		**43,619**	42,345
		411,352	403,984
Current assets			
Inventories		**47,867**	52,585
Trade and other receivables	10	**73,670**	77,272
Bank balances and cash		**11,530**	11,073
		133,067	140,930
Current liabilities			
Trade and other payables	11	**180,976**	158,973
Tax payables		**1,002**	2,474
Current portion of bank borrowings		**149,622**	85,035
Current portion of obligations under finance leases		**32**	31
		331,632	246,513
Net current liabilities		**(198,565)**	(105,583)
Total assets less current liabilities		**212,787**	298,401
Non-current liabilities			
Obligations under finance leases		**8**	25
Long-term portion of bank borrowings		**–**	82,000
Deferred tax liabilities		**5,012**	4,722
		5,020	86,747
NET ASSETS		**207,767**	211,654
Capital and reserves			
Share capital		**22,724**	22,724
Reserves		**185,043**	188,930
TOTAL EQUITY		**207,767**	211,654

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's condensed consolidated financial statements have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and interpretations and the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's net current liabilities of RMB198,565,000 as at 30 September 2012. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted and the basis of preparation used in the preparation of the condensed consolidated financial statement of the Group are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Change in Functional and Presentation Currencies

In prior years, the directors regarded Hong Kong dollar ("HKD") as the functional currency of the Company. Upon the completion of the acquisition of a wholly-owned subsidiary group in Ningbo, the PRC, whose functional currency is RMB, in April 2010 and the restructuring of the Group's operation in Shenzhen, the PRC in April 2011, the directors consider that the primary economic environment has been substantially changed. Since then, the Company's primary source of revenue, that is, dividend, is derived from the operation of its major subsidiaries operating in the PRC, whose functional currency is RMB. Accordingly, the directors have determined the change of the functional and presentation currencies of the Company from HKD to RMB starting from 1 April 2011.

The change in functional currency of the Company was applied prospectively from the date of change in accordance with HKAS 21 "The Effect of Changes in Foreign Exchange Rates". On the date of the change of functional currency, all assets, liabilities and income statement items were translated into RMB at the exchange rate on that date. As a result, the cumulative currency translation differences which had arisen up to the date of the change of functional currency were reallocated to other components within equity.

Where as the change in presentation currency of the Company was applied retrospectively, the comparative figures presented in these consolidated financial statements have also been restated to the change in presentation currency to RMB accordingly.

3. SEGMENT INFORMATION

The Group is organized into two (as at 30 September 2011: two) reportable operating segments. The reportable operating segments and their principal activities are as follows:

(i) Manufacturing and trading business

(ii) Investment holding business

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reporting segment:

For the six months ended 30 September (unaudited)

	2012				2011			
	Manufacturing and trading business *RMB'000*	**Investment holding business** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*	Manufacturing and trading business *RMB'000*	Investment holding business *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Segment revenue								
Sale to external customers	**181,036**	**–**	**–**	**181,036**	199,503	–	–	199,503
Investment and other income	**2,333**	**2,290**	**–**	**4,623**	1,894	4,580	–	6,474
Consolidated total revenue	**183,369**	**2,290**	**–**	**185,659**	201,397	4,580	–	205,977
Segment results	**5,576**	**2,290**	**(2,655)**	**5,211**	13,242	4,580	(1,152)	16,670
Finance costs	**(5,783)**	**(1,167)**	**(236)**	**(7,186)**	(5,362)	(1,156)	(258)	(6,776)
Share of results of an associate	**–**	**1,275**	**–**	**1,275**	–	–	–	–
Profit (Loss) before taxation	**(207)**	**2,398**	**(2,891)**	**(700)**	7,880	3,424	(1,410)	9,894
Income tax expense	**(3,506)**	**–**	**–**	**(3,506)**	(3,979)	–	–	(3,979)
Profit (Loss) for the period	**(3,713)**	**2,398**	**(2,891)**	**(4,206)**	3,901	3,424	(1,410)	5,915
Other information								
Amortisation of intangible assets	**1,264**	**–**	**–**	**1,264**	1,310	–	–	1,310
Depreciation of property, plant and equipment	**8,692**	**–**	**–**	**8,692**	8,429	–	–	8,429

There were no inter-segment sales in both periods.

Segment results represent the results achieved by each segment without allocation of central administration costs including directors' emoluments. This is the measurement method reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

An analysis of the Group's assets and liabilities by operating segments is set out below.

	At 30 September 2012 (Unaudited)			At 31 March 2012 (Audited)		
	Manufacturing and trading business	**Investment holding business**	**Consolidated**	Manufacturing and trading business	Investment holding business	Consolidated
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	**422,022**	**2,107**	**424,129**	424,256	2,044	426,300
Available-for-sale financial assets	**–**	**75,481**	**75,481**	–	75,481	75,481
Interest in an associate	**–**	**43,619**	**43,619**	–	42,345	42,345
Unallocated assets	**–**	**–**	**1,190**	–	–	788
Consolidated total assets			**544,419**			544,914
Segment liabilities	**327,013**	**–**	**327,013**	283,623	40,000	323,623
Unallocated liabilities			**9,639**			9,637
Consolidated total liabilities			**336,652**			333,260

For the purpose of monitoring segment performance and allocating resources between segments:

- Segment assets include interest in an associate, all tangible assets, available-for-sale financial assets, loans and other receivables. All assets are allocated to reportable segments other than unallocated head office and corporate assets as these assets are managed on a group basis.

- Segment liabilities include other payables, interest-bearing borrowings and tax payables. All liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

(c) Geographic information

The Group's operations are principally located in Hong Kong and the PRC. The analysis of geographical segments based on the geographical location of customers and the location of non-current assets (other than financial instruments) are detailed below:

	Revenue		Non-current assets	
	Six months ended 30 September		**Six months ended**	
			30 September	31 March
	2012	2011	**2012**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Audited)
United States of America	**124,780**	142,465	**–**	–
Canada	**2,996**	5,550	**–**	–
Hong Kong	**5,480**	11,805	**592**	670
PRC	**11,455**	10,864	**335,279**	327,833
Europe	**16,334**	19,079	**–**	–
Others	**24,614**	16,214	**–**	–
	185,659	205,977	**335,871**	328,503

(d) Information about major customers

For the period ended 30 September 2012, there were two (*2011: two*) customers which contributed over 10% of total revenue from the Group's segment manufacturing and trading of household products with revenue of RMB63,087,000 (*2011: RMB85,449,000*).

4. TURNOVER AND REVENUE

Turnover and revenue recognized by category for Group are analysed as follows:

	Six months ended 30 September	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited) (Restated)
Turnover		
Sale of goods	**181,036**	199,503
Dividend income	**2,290**	4,580
	183,326	204,083
Other revenue		
Rental income from operating leases on land and buildings	**2,139**	1,163
Interest income	**41**	134
Others	**153**	597
	2,333	1,894
Total revenue	**185,659**	205,977

5. OTHER INCOME

	Six months ended 30 September	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Gain on disposal of property, plant and equipment, net	**769**	706
Bad debt recovery	**–**	1,562
Write-back of other payables	**–**	627
Sundry income	**315**	195
	1,084	3,090

6. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging the following:

	Six months ended 30 September	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Finance costs		
Interest on bank borrowings wholly repayable within five years including an entrusted loan from a related company	**6,952**	6,515
Interest on loan from a shareholder wholly repayable within five years	**50**	71
Interest on loan from a third party wholly repayable within five years	**182**	187
Finance charges on obligations under finance leases	**2**	3
	7,186	6,776
Other items		
Auditor's remuneration	**421**	462
Allowance for inventory obsolescence	**–**	71
Amortisation of intangible assets	**1,264**	1,310
Cost of inventories	**139,391**	157,434
Depreciation of property, plant and equipment	**8,692**	8,429
Exchange losses, net	**155**	2,580
Operating lease charges on premises	**2,977**	3,279
Staff costs (excluding directors' emoluments)	**42,794**	34,914

7. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes in respect of operations in Hong Kong for the period *(2011: Nil)*. PRC Enterprise Income Tax in respect of operations in Mainland China is calculated at applicable tax rates on the estimated assessable profit for the period based on existing legislation, interpretation and practices in respect thereof.

8. DIVIDENDS

The Directors of the Company do not recommend the payment of interim dividend *(2011: Nil)* in respect of the period.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for the period is based on the net loss for the period of RMB4,206,000 *(2011: net profit of RMB: 5,915,000)* and on the weighted average number of 2,476,964,000 *(2011: 2,476,964,000)* ordinary shares issued during the period.

Diluted earnings per share for the period was same as the basic earnings per share as there was not any dilutive event occurred for both periods.

10. TRADE AND OTHER RECEIVABLES

	Note	**30 September 2012** *RMB'000* **(Unaudited)**	31 March 2012 *RMB'000* (Audited)
Trade and bills receivables from:			
Third parties		**18,810**	18,018
Related companies		**29,467**	34,725
Allowance for bad and doubtful debts		**(172)**	(172)
	(i)	**48,105**	52,571
Prepayments, deposits and other receivables		**21,757**	21,095
Due from an associate	(ii)	**2,000**	2,000
Due from a related company	(iii)	**1,808**	1,606
		25,565	24,701
		73,670	77,272

(i) Trade and bills receivables

The trade receivables from related companies, including trade receivable from a related company of RMB29,366,000 *(31 March 2012: RMB34,467,000)* in respect of export arrangement, are unsecured and interest free. The related companies are companies in which the Company's director, Mr. Li Li Xin, has beneficial interest.

During the period, the Group discounted bills receivable to a bank in exchange for cash with recourse in the ordinary course of business. The Group continues to recognise the full carrying amounts of bills receivable and has recognised the cash received as secured bank borrowings. At the end of the period, the carrying amount of discounted bills receivable was RMB9,527,000 (*31 March 2012: RMB6,304,000*). The carrying amount of the associated liability was RMB7,622,000 (*31 March 2012: RMB5,043,000*).

The Group allows an average credit period ranging from 30 days to 60 days to its trade customers. The following is an ageing analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	30 September 2012 *RMB'000* **(Unaudited)**	31 March 2012 *RMB'000* (Audited)
0 – 30 days	**45,630**	34,722
31 – 60 days	**299**	14,728
61 – 90 days	**2,176**	2,517
Over 90 days	**–**	604
	48,105	52,571

(ii) Due from an associate

The amount due from an associate is unsecured, interest-free and has no fixed repayment term.

(iii) Due from a related company

The amount due from a related company is unsecured, interest-free and has no fixed repayment term.

11. TRADE AND OTHER PAYABLES

	Note	**30 September 2012** *RMB'000* **(Unaudited)**	31 March 2012 *RMB'000* (Audited)
Trade payables to:			
Third parties		**39,354**	36,456
A related company		**21,562**	4,485
	(i)	**60,916**	40,941
Accruals and other payables		**34,340**	36,114
Due to related companies	(ii)	**79,385**	35,583
Loan from a third party	(iii)	**5,148**	5,148
Loan from a related company	(iv)	**–**	40,000
Loan from/due to a shareholder	(v)	**1,187**	1,187
		120,060	118,032
		180,976	158,973

(i) Trade payables

An ageing analysis of the Group's trade payables by invoice date is set out below:

	30 September 2012	31 March 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 3 months	**53,107**	31,756
3 months to 6 months	**6,515**	7,138
6 months to 1 year	**1,294**	1,474
Over 1 year	**–**	573
	60,916	40,941

The trade payable to a related company is unsecured, interest-free and has no fixed repayment term. The Company's director, Mr Li Li Xin has beneficial interest in the related company.

(ii) Due to related companies

The amounts due to related companies, in which Mr Li Li Xin has beneficial interest, are unsecured, interest-free and have no fixed repayment term.

(iii) Loan from a third party

Loan from a third party was unsecured, interest-bearing at 7% per annum and repayable on 30 June 2013.

(iv) Loan from a related company

In August 2010, the Group entered into an entrusted loan agreement with a bank and a related company, in which the Company's director, Mr. Li Li Xin, has beneficial interest. Pursuant to the entrusted loan agreement, the related company entrusted an amount of RMB40,000,000, (the "Fund") to the bank, which would arrange for advancement of the Fund to the Group as a short-term loan pursuant to the entrusted loan agreement. The loan is unsecured, interest-bearing at RMB base lending rate per annum and has been fully repaid in August 2012.

(v) Loan from/due to a shareholder

The loan brought forward from previous years of HK$2,000,000 (equivalent to RMB1,680,000) is unsecured, interest-bearing at HIBOR plus 2-3% per annum at the date of drawdown. Upon the maturity of the loan on 30 June 2012, the shareholder has agreed to extend with the same terms as the previous loan to 30 June 2013. The remaining balance of HK$26,000 (equivalent to RMB21,000) represents amount due to a shareholder, which is unsecured, interest-free and has no fixed repayment term.

12. COMMITMENTS

(a) Capital expenditure commitments

	30 September 2012 *RMB'000*	31 March 2012 *RMB'000*
Contracted but not provided for net of deposit paid for		
Capital injection to a subsidiary	**12,150**	12,150
Acquisition of machinery and moulds	**562**	5,665
	12,712	17,815

(b) Commitments under operating leases

As lessee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	30 September 2012 *RMB'000*	31 March 2012 *RMB'000*
Within one year	**9,743**	3,790
In the second to fifth years inclusive	**13,159**	–
	22,902	3,790

As lessor

The Group leases out a portion of its leasehold land and buildings under operating leases with average terms of 3 years. At the end of the period, the future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30 September 2012 *RMB'000*	31 March 2012 *RMB'000*
Within one year	**8,784**	1,266
In the second to fifth years inclusive	**14,860**	352
	23,644	1,618

13. **COMPARATIVE FIGURES**

As a result of the application of HKAS 1, "Presentation of Financial Statements", and HKFRS 8, "Operating Segments", certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time for the year ended 31 March 2012. In addition, as a result of the change in presentation currency from HKD to RMB in the current accounting period, comparative figures have been restated accordingly. Further details of these developments are disclosed in note 2.

14. **EVENT AFTER THE REPORTING PERIOD**

Reference is made to the Company's announcement dated 31 October 2012. The Company is in preliminary negotiation with the Company's controlling shareholder and/or its associates for a possible acquisition by the Company in which may constitute a connected and notifiable transaction for the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

General Information

For the period ended 30 September 2012 ("the Period"), the Group recorded a turnover of approximately RMB183.3 million, representing a decrease of 10.2% when compared with the turnover of approximately RMB204.1 million reported for the corresponding period last year. Net loss for the Period was approximately RMB4.2 million, compared to a net profit of RMB5.9 million for the corresponding period last year. The Group's basic and diluted loss per share was RMB0.17 cents.

Liquidity and Financial Resources

As at 30 September 2012, the Group's net assets decreased to RMB207.8 million, rendering net asset value per share at RMB8.39 cents. The Group's total assets at that date were valued at RMB544.4 million, including cash and bank deposits totaling approximately RMB11.5 million. Consolidated bank borrowings and other borrowings amounted to RMB149.6 and 83.1 million. Its debt-to-equity ratio (bank and other borrowings over total equity) has been decreased from 117.6% as at 31 March 2012 to 112.0% as at 30 September 2012.

Capital Structure

For the Period, the Company had no change in the issued share capital.

As at 30 September 2012, the Group's major borrowings included a three-year term loan provided by Bank of Communications, Shenzhen Branch, which had an outstanding balance of RMB92 million, other bank borrowings of RMB57.6 million and due to and borrowings from a Shareholder, related companies and a third party totaling RMB83.1 million. All of the Group's borrowings have been denominated in Hong Kong dollar, U.S. dollar and PRC Renminbi made on a floating-rate and fixed rate basis.

Charges on Group Assets

Certain assets of the Group having a carrying value of RMB108.3 million as at 30 September 2012 (31 March 2012: RMB110.3 million) were pledged to secure banking facilities of the Group.

Capital Expenditure and Commitments

The Group will continue to allocate a reasonable amount of resources to acquisition, better utilisation of the Company's assets, and improvement of capital assets such as moulds and new machines to maintain efficiency and to meet production and market demands. Sources of funding are expected to come primarily from trading revenue that the Group will generate from operations and alternative debt and equity financing.

Segment Information

North America remained the Group's primary market, which accounted for 68.8% of total revenue. The remaining comprised of revenue from Europe 8.8%, PRC 6.2% Hong Kong 3.0% and others 13.2%.

Contingent Liabilities

As at 30 September 2012, the Company had no material contingent liabilities.

Employee Information

As at 30 September 2012, the Group employed a workforce of 1,353 employees in its various offices and factories located in Hong Kong and the PRC. Competitive remuneration packages were provided and commensurate with individual responsibilities, qualifications, experience and performance. The Group provided management skills workshops, practical seminars for knowledge update, on-the-job training and safety training programs to its employees. There was a share-option scheme in force but no share option was granted during the period ended 30 September 2012.

Review of Operations

For the Period, the Group recorded a net loss of RMB4.2 million, compared to the net profit of RMB5.9 million for the corresponding period last year.

During the Period, the manufacturing and trading business contributed approximately RMB181 million to the total revenue of the Group, but the turnover of this segment decreased by RMB18 million when compared with the corresponding period last year of approximately RMB199 million. The loss of the Group for the Period was mainly caused by the termination of the manufacturing facilities in Shenzhen plant and relocation to Ningbo. This relocation had caused some disruption in the normal production scheduling and product delivery and some loss in orders from customers. The management had taken measures as far as possible to confine the short term negative impact of plant relocation to a manageable level. Besides, the Group had to absorb some one-off negative impact from higher administrative expenses due to this plant relocation including severance payment for terminated employees and relocation expenses.

Despite the short term negative impact, the management of the Company still considers the plant relocation is justifiable and the Group's performance will benefit from the synergies of consolidated manufacturing resources in Ningbo in the medium and long term.

Besides, another factor of weaker performance for the Period is the receipt of dividend income having been decreased to approximately RMB2.2 million from approximately RMB4.5 million recorded for the corresponding period last year.

PROSPECTS

Further Strengthening the Leading Role in the Market of Household Products

The Group will continue its cost control measures and business strategy of focusing on higher margin products and customers that have successfully improved the Group's business and financial performance in recent years even given the challenging and volatile market environment after the outbreak of financial tsunami in 2008 and the subsequent quantitative easing measures adopted by major global economies. Apart from the continuing effort in cost control measures such as integration and realignment of management and sales resources, structural changes in procurement and manufacturing planning and exploration of relocation of its production facilities (or part of them) to lower cost areas, the Group will step up its efforts to explore new businesses. The Group took initiative and will continue its effort in expanding its customer base, especially the higher margin OEM customers, who are willing to invest in tailor-made products that fit their specific requirements. In the long run, the Group will further enhance the development of its business into different markets.

The Group is always seeking enhancement of its products. With the Group's innovative R&D team, we believe that we can produce quality products to meet market needs and to maintain good profit margins. The Group has been developing new products such as kitchenware gadgets, metal silicone over-mould bakeware and silicone bakeware. In the short to medium term, we will diversify new product lines to optimize the production capacity and to get hold of the market opportunities in the current volatile global economy.

We shall also monitor closely the direct and indirect impact of quantitative easing measures and anti-inflation actions in different markets and adjust our sales and purchase strategies accordingly to achieve our goal of continuous business growth and performance improvement.

Relocation of Manufacturing Plant

After the relocation the Group's manufacturing plant is consolidated into one location. This will drive further synergies to improve efficiency in purchasing, production and logistics. Regarding the vacant site in Shenzhen ("Shenzhen Site") after the relocation, the Urban Planning, Land and Resources Commission of Shenzhen Municipality of the PRC approved the change of primary use of the Shenzhen Site from industrial use to residential and commercial use. The Company is considering further development of the Shenzhen Site in accordance with the relevant laws and regulations in order to better utilize the land resources. No decision has been made regarding the future development of the Shenzhen Site. The Company will make further announcement when appropriate in compliance with the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Expanding into New Businesses with High Growth Potential

The Group will continue to explore potential businesses that have strong growth potential and good earnings which can contribute to build and provide drives for the fast growth of the Company and good return to the Shareholders.

Reference is also made to the Company's announcement dated 31 October 2012. The Company is in preliminary negotiation with the Company's controlling shareholder and/or its associates for a possible acquisition by the Company in which may constitute a connected and notifiable transaction for the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during this period.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management the accounting principles and practice adopted by the Group and discussed internal controls, auditing and financial reporting matters including a review of the unaudited consolidated financial statements for the six months ended 30 September 2012.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES OF THE LISTING RULES

In the opinion of the Directors, the Company has complied with the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules issued by the Stock Exchange throughout the six months ended 30 September 2012.

MODEL CODE

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issued (the "Model Code") as set out in Appendix 10 of the Listing Rules issued by the Stock Exchange. All directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2012.

PUBLICATION OF THE FURTHER INFORMATION

The 2012/2013 interim report of the Company containing all information required by Appendix 16 to the Listing Rules will be published on both the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
Li Li Xin
Chairman

Hong Kong, 30 November 2012

As at the date of this announcement, the Board comprises Mr. Li Li Xin (Chairman), Mr. Cheng Jian He being executive Directors, Mr. Xu Jin and Mr. Lau Kin Hon being non-executive Directors, Mr. He Chengying, Mr. Chan Man Sum Ivan and Mr. Cheung Kiu Cho Vincent being independent non-executive Directors.