



Ka Shui International Holdings Limited

嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 822

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Corporation Information

公司資料

DIRECTORS

Executive Directors

Mr. Lee Yuen Fat (*Chairman*)
Dr. Keung Wing Ching
(*Vice Chairman and Chief Executive Officer*)
Mr. Wong Wing Chuen
Mr. Chan Tat Cheong, Alan
Mr. Zhao Jian

Independent Non-Executive Directors

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann, John

AUTHORISED REPRESENTATIVES

Dr. Keung Wing Ching
Mr. Chan Tat Cheong, Alan

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Chan Tat Cheong, Alan

AUDIT COMMITTEE

Mr. Yeow Hoe Ann, John
Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP

NOMINATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann, John
Dr. Keung Wing Ching

REMUNERATION COMMITTEE

Mr. Sun Kai Lit Cliff BBS, JP
Ir Dr. Lo Wai Kwok MH, JP
Mr. Yeow Hoe Ann, John
Dr. Keung Wing Ching

董事

執行董事

李遠發先生 (主席)
姜永正博士
(副主席兼行政總裁)
黃永銓先生
陳達昌先生
趙健先生

獨立非執行董事

孫啟烈先生 BBS, 太平紳士
盧偉國博士 MH, 太平紳士
姚和安先生

授權代表

姜永正博士
陳達昌先生

公司秘書及合資格會計師

陳達昌先生

審核委員會

姚和安先生
孫啟烈先生 BBS, 太平紳士
盧偉國博士 MH, 太平紳士

提名委員會

孫啟烈先生 BBS, 太平紳士
盧偉國博士 MH, 太平紳士
姚和安先生
姜永正博士

薪酬委員會

孫啟烈先生 BBS, 太平紳士
盧偉國博士 MH, 太平紳士
姚和安先生
姜永正博士

Corporation Information
公司資料

REGISTERED OFFICE

Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

3rd Floor, EW International Tower
120 Texaco Road, Tsuen Wan
New Territories, Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Fenghuang Road East Section
Pinghu Town, Longgang District
Shenzhen, the PRC

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Hong Kong

AUDITOR

RSM Nelson Wheeler

COMPLIANCE ADVISOR

CIMB-GK Securities (HK) Limited

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited

STOCK CODE

822

WEBSITE

www.kashui.com

註冊辦事處

Clifton House, 75 Fort Street
P.O. Box 1350 GT, George Town
Grand Cayman, Cayman Islands

香港主要營業地點

香港新界
荃灣德士古道120號
安泰國際中心3樓

中國主要營業地點

中國深圳市
龍崗區平湖鎮
鳳凰路東段

香港股份過戶登記分處

香港中央證券登記有限公司
香港皇后大道東183號
合和中心17樓1712-1716室

核數師

中瑞岳華(香港)會計師事務所

合規顧問

聯昌國際證券(香港)有限公司

主要往來銀行

渣打銀行(香港)有限公司
恒生銀行有限公司
星展銀行(香港)有限公司
中國工商銀行(亞洲)有限公司

股份編號

822

網址

www.kashui.com

Condensed Consolidated Income Statement

簡明綜合損益表

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

The Board of Directors (the "Board") of Ka Shui International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in 2007.

嘉瑞國際控股有限公司(「本公司」)董事會(「董事會」)欣然宣佈本公司及其附屬公司(「本集團」)截至二零零八年六月三十日止六個月之未經審核簡明綜合財務業績，連同二零零七年之比較數字。

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
	Note 附註		
Turnover	營業額	3	342,742
Cost of sales	銷售成本		(299,545)
			352,672 (268,937)
Gross profit	毛利		43,197
Other income	其他收入	4	5,078
Selling and distribution expenses	銷售及分銷開支		(4,801)
General and administrative expenses	一般及行政開支		(31,925)
			83,735 3,797 (4,170) (30,300)
Profit from operations	經營溢利	5	11,549
Finance costs	融資成本	6	(1,145)
Share of loss of an associate	分佔聯營公司虧損		-
Share of loss of a jointly controlled entity	分佔共同控制實體虧損		(64)
			53,062 (4,153) (512) -
Profit before tax	除稅前溢利		10,340
Income tax expense	所得稅開支	7	(3,219)
			48,397 (5,059)
Profit for the period	期內溢利		7,121
Attributable to:	以下人士應佔權益：		
Equity holders of the Company	本公司權益持有人		7,121
Minority interests	少數權益持有人		-
			43,285 53
			7,121 43,338
Dividends	股息		
- Proposed interim	- 建議中期	8	-
			10,560
Earnings per share	每股盈利	9	
- Basic (HK cents)	- 基本 (港仙)		0.8
- Diluted (HK cents)	- 攤薄 (港仙)		N/A 不適用
			6.5 6.5

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 30 June 2008

於二零零八年六月三十日

		Note	As at 30 June 2008 於二零零八年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	10	280,638	224,580
Prepaid land lease payments	預付土地租金		36,151	33,893
Club membership	會所會籍		718	718
Investment in an associate	對聯營公司的投資		-	1,115
Investment in a jointly controlled entity	對共同控制實體的投資		9,400	8,259
Available-for-sale financial assets	可供出售金融資產		6,303	6,303
Deposits paid for acquisition of property, plant and equipment and prepaid land lease payments	預付購買物業、機器及設備及預付土地租金之按金		8,848	8,096
			342,058	282,964
Current assets	流動資產			
Inventories	存貨		132,254	118,344
Trade receivables	貿易應收款項	11	110,866	115,491
Financial assets at fair value through profit or loss	按公平值計入損益賬的金融資產		2,879	3,277
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		13,018	11,613
Due from an associate	應收聯營公司款項		-	14,335
Pledged bank deposits	已抵押銀行存款		4,250	6,333
Bank and cash balances	銀行及現金結餘		121,133	166,039
			384,400	435,432
Current liabilities	流動負債			
Trade payables	貿易應付款項	12	57,322	61,381
Deposits received	已收按金		2,801	3,054
Other payables and accruals	其他應付款項及應計費用		29,237	27,555
Due to a related company	應付關連公司款項		-	806
Due to an associate	應付聯營公司款項		-	4,246
Short term borrowings	短期借款		54,953	68,555
Current portion of long term borrowings	長期借款的即期部分		5,522	5,511
Current portion of obligations under finance leases	融資租約承擔的即期部分		9,514	6,641
Current tax liabilities	即期稅項負債		2,629	6,456
Bank overdrafts	銀行透支		2,507	-
			164,485	184,205
Net current assets	流動資產淨值		219,915	251,227
Total assets less current liabilities	資產總值減流動負債		561,973	534,191

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 30 June 2008
於二零零八年六月三十日

			As at 30 June 2008 於二零零八年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
		Note 附註		
Non-current liabilities	非流動負債			
Long term borrowings	長期借款		6,250	9,015
Obligations under finance leases	融資租約承擔		15,579	4,485
Deferred tax liabilities	遞延稅項負債		1,128	1,128
			<u>22,957</u>	<u>14,628</u>
NET ASSETS	資產淨值		<u>539,016</u>	<u>519,563</u>
Capital and reserves	資本及儲備			
Share capital	股本	13	88,000	88,000
Reserves	儲備		451,016	431,563
TOTAL EQUITY	權益總額		<u>539,016</u>	<u>519,563</u>

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

Attributable to equity holders of the Company (unaudited)

本公司權益持有人應佔權益(未經審核)

		Share Capital	Share premium	Retained earnings	Capital reserve	Merger reserve	Foreign	Share	Statutory reserve	Minority interests	Total equity	
							currency	option				
		股本	股份溢價	保留盈利	資本儲備	合併儲備	匯兌儲備	儲備	法定儲備	總計	有人權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2008	於二零零八年一月一日	88,000	198,589	213,807	8,036	(9,931)	9,069	4,327	7,666	519,563	-	519,563
Exchange difference on translation of foreign operations	換算海外業務時產生的匯兌差額	-	-	-	-	-	16,500	-	-	16,500	-	16,500
Net income recognised directly in equity	直接在權益確認的收入淨額	-	-	-	-	-	16,500	-	-	16,500	-	16,500
Profit for the period	期內溢利	-	-	7,121	-	-	-	-	-	7,121	-	7,121
Total recognised income and expense for the period	期內確認的收入及開支總額	-	-	7,121	-	-	16,500	-	-	23,621	-	23,621
Recognition of share-based payments	確認以股份支付的款項	-	-	-	-	-	-	3,752	-	3,752	-	3,752
Final dividends paid	已付末期股息	-	-	(7,920)	-	-	-	-	-	(7,920)	-	(7,920)
At 30 June 2008	於二零零八年六月三十日	88,000	198,589	213,008	8,036	(9,931)	25,569	8,079	7,666	539,016	-	539,016
At 1 January 2007	於二零零七年一月一日	30	-	204,731	3,084	(10)	2,826	-	2,810	213,471	4,899	218,370
Exchange difference on translation of foreign operations	換算海外業務時產生的匯兌差額	-	-	-	-	-	2,096	-	-	2,096	-	2,096
Share issue expenses	股份發行開支	-	(20,411)	-	-	-	-	-	-	(20,411)	-	(20,411)
Net income recognised directly in equity	直接在權益確認的收入淨額	-	(20,411)	-	-	-	2,096	-	-	(18,315)	-	(18,315)
Profit for the period	期內溢利	-	-	43,285	-	-	-	-	-	43,285	53	43,338
Total recognised income and expense for the period	期內確認的收入及開支總額	-	(20,411)	43,285	-	-	2,096	-	-	24,970	53	25,023
Issue of shares of a subsidiary	發行一家附屬公司股份	49	-	-	-	-	-	-	-	49	-	49
Effect of group reorganisation	集團重組的影響	9,921	-	-	-	(9,921)	-	-	-	-	-	-
Issue of shares by way of placing and public offer	透過配售及公開發售發行股份	22,000	275,000	-	-	-	-	-	-	297,000	-	297,000
Issue of shares by way of capitalisation of share premium account	透過股份溢價賬的資本化發行股份	56,000	(56,000)	-	-	-	-	-	-	-	-	-
Acquisition of minority interest	收購少數權益持有人權益	-	-	-	4,952	-	-	-	-	4,952	(4,952)	-
Recognition of share-based payments	確認以股份支付的款項	-	-	-	-	-	-	606	-	606	-	606
Transfer to statutory reserve	轉撥入法定儲備	-	-	(4,105)	-	-	-	-	4,105	-	-	-
Dividends paid by subsidiaries to their then shareholders	由附屬公司向當時股東派發之股息	-	-	(33,000)	-	-	-	-	-	(33,000)	-	(33,000)
At 30 June 2007	於二零零七年六月三十日	88,000	198,589	210,911	8,036	(9,931)	4,922	606	6,915	508,048	-	508,048

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Net cash generated from operating activities	經營業務 所得現金淨額	5,498	32,059
Net cash used in investing activities	投資活動所耗現金淨額	(43,024)	(43,674)
Net cash (used in)/generated from financing activities	融資活動(所耗)/所得 現金淨額	(11,228)	255,673
Net (decrease)/increase in cash and cash equivalents	現金及等同現金項目 (減少)/增加淨額	(48,754)	244,058
Cash and cash equivalents at beginning of period	於期初的現金及等同現金 項目	166,039	11,025
Effect of foreign exchange rate change	匯率變動影響	1,341	(915)
Cash and cash equivalents at end of period	於期末的現金及等同現金 項目	118,626	254,168
Analysis of cash and cash equivalents	現金及等同現金項目分析		
Bank and cash balances	銀行及現金結餘	121,133	255,031
Bank overdrafts	銀行透支	(2,507)	(863)
		118,626	254,168

Notes to Condensed Consolidated Financial Statements**簡明綜合財務報表附註**

For the six months ended 30 June 2008
截至二零零八年六月三十日止六個月

1. CORPORATE INFORMATION

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

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 January 2005.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

1. 公司資料

本集團以生產鋅、鎂及鋁合金壓鑄件為主，主要售予從事家居用品、3C(通訊、電腦及消費者電子)產品及汽車零部件業的客戶。

本公司於二零零五年一月七日根據開曼群島公司法在開曼群島註冊成立為受豁免有限公司。

2. 編製基準及主要會計政策

簡明綜合財務報表乃按照香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16的適用披露規定及香港會計師公會(「會計師公會」)頒佈的香港會計準則第34號「中期財務報告」編撰。

簡明綜合財務報表所使用的會計政策，與編撰截至二零零七年十二月三十一日止年度財務報表時所使用的會計政策相同。

Notes to Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(continued)

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 accounting periods beginning on or after 1 January 2008. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies 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 and financial position.

2. 編製基準及主要會計政策 (續)

於本期間，本集團已採納適用於本身營運，由會計師公會所頒佈並自二零零八年一月一日或其後開始的會計期間生效的所有新訂及經修訂香港財務報告準則。採納該等新訂及經修訂的香港財務報告準則並未使本集團的會計政策及本期間與以往期間呈報的金額出現重大變動。

本集團並未採納已頒佈但未開始生效的新訂香港財務報告準則。本集團已開始評估該等新訂香港財務報告準則的影響，但未能對該等新訂香港財務報告準則是否對本集團的業績及財務狀況產生重大影響作出結論。

Notes to Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net amounts received and receivable for goods sold, net of returns and allowances to customers during the period.

For management purposes, the Group's operation is currently categorised into three operating divisions – zinc, magnesium and aluminium alloy die casting components. These divisions are the basis on which the Group reports its primary segment information. An analysis of the Group's turnover and results for the period by business segments is as follows:

3. 營業額及分部資料

營業額指於期內銷售貨品的已收及應收款項淨額(已扣除退貨及給予客戶的折扣)。

為方便管理，本集團現時業務分為三個營運部門－鋅、鎂及鋁合金壓鑄件。該等部門是本集團呈報主要分部資料的基準。本集團在期內按業務分部分類的營業額及業績分析如下：

		For the six months ended 30 June 2008 截至二零零八年六月三十日止六個月			
		Zinc alloy die casting components 鋅合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Magnesium alloy die casting components 鎂合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Aluminium alloy die casting components 鋁合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Consolidated 綜合 HK\$'000 千港元 (unaudited) (未經審核)
Turnover	營業額				
Sales to external customers	對外銷售	200,484	56,387	85,871	342,742
Segment results	分部業績	9,858	4,171	90	14,119
Unallocated other income	不分類其他收入				4,164
Unallocated expenses	不分類開支				(6,734)
Profit from operations	經營溢利				11,549
Finance costs	融資成本				(1,145)
Share of loss of a jointly controlled entity	分佔共同控制實體 虧損		(64)		(64)
Profit before tax	除稅前溢利				10,340
Income tax expense	所得稅開支				(3,219)
Profit for the period	期內溢利				7,121

Notes to Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

3. TURNOVER AND SEGMENT INFORMATION (continued)

3. 營業額及分部資料 (續)

For the six months ended 30 June 2007

截至二零零七年六月三十日止六個月

		Zinc alloy die casting components 鋅合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Magnesium alloy die casting components 鎂合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Aluminium alloy die casting components 鋁合金壓鑄件 HK\$'000 千港元 (unaudited) (未經審核)	Consolidated 綜合 HK\$'000 千港元 (unaudited) (未經審核)
Turnover	營業額				
Sales to external customers	對外銷售	272,695	50,813	29,164	352,672
Segment results	分部業績	38,549	15,575	4,643	58,767
Unallocated other income	不分類其他收入				2,075
Unallocated expenses	不分類開支				(7,780)
Profit from operations	經營溢利				53,062
Finance costs	融資成本				(4,153)
Share of loss of an associate	分佔聯營公司虧損	(512)			(512)
Profit before tax	除稅前溢利				48,397
Income tax expense	所得稅開支				(5,059)
Profit for the period	期內溢利				43,338

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簡明綜合財務報表附註

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4. OTHER INCOME

4. 其他收入

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Interest income	利息收入	2,245	620
Rental income	租金收入	35	128
Gain on financial assets at fair value through profit or loss	按公平值計入損益賬的 金融資產收益	1,903	1,456
Sale of scrap materials	廢料銷售	828	1,257
Product development fee income	產品開發費用收入	–	105
Management fee from an associate	來自一家聯營公司的管理費	–	78
Others	其他	67	153
		5,078	3,797

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簡明綜合財務報表附註

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5. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging/(crediting) the following:

5. 經營溢利

經營溢利已扣除／(計入)下列各項：

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Depreciation of property, plant and equipment	物業、機器及 設備折舊	15,104	10,247
Gain on disposal of property, plant and equipment	出售物業、機器及 設備收益	(14)	(56)
Property, plant and equipment written off	物業、機器及 設備撇銷	-	4

6. FINANCE COSTS

Interest expenses on bank overdrafts and loans	銀行透支及 貸款利息開支	725	3,543
Finance lease charges	融資租約支出	420	610
		1,145	4,153

6. 融資成本

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Interest expenses on bank overdrafts and loans	銀行透支及 貸款利息開支	725	3,543
Finance lease charges	融資租約支出	420	610
		1,145	4,153

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7. INCOME TAX EXPENSE

7. 所得稅開支

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Current tax – Hong Kong Profits Tax Provision for the period	即期稅項 – 香港利得稅 本期間撥備	3,110	3,994
Current tax – People's Republic of China ("PRC") enterprise income tax Provision for the period	即期稅項 – 中華人民共和國 ("中國") 企業所得稅 本期間撥備	109	1,065
		3,219	5,059

Hong Kong Profits Tax has been provided at the rate of 16.5% for the six months ended 30 June 2008 (for the six months ended 30 June 2007: 17.5%) on the estimated assessable profit for the relevant period. Taxation on overseas profit has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

截至二零零八年六月三十日止六個月的香港利得稅根據有關期間的估計應課稅溢利以稅率16.5% (截至二零零七年六月三十日止六個月: 17.5%) 作出撥備。海外溢利的稅項根據期間估計應課稅溢利按本集團經營所在地的現行稅率計算。

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簡明綜合財務報表附註

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

7. INCOME TAX EXPENSE (continued)

Pursuant to the relevant laws and regulations in the PRC effective before 2008, a foreign investment enterprise in the PRC is exempted from PRC enterprise income tax for the two years from its first profit-making year and thereafter is entitled to a 50% relief from PRC enterprise income tax for the following three years. One of the Group's PRC subsidiaries, MG Technology (Shenzhen) Company Limited ("MG Technology"), was in its fifth profit-making year for the year ended 31 December 2006. In December 2006, MG Technology was recognised as a "New and High Technology Enterprise" by Shenzhen Municipal Technology and Information Bureau, and it was granted a 50% tax relief for another three years commencing from January 2007 (but the tax rate after the extended tax relief should not be lower than 10%). On 16 March 2007, the National People's Congress passed the Enterprise Income Tax Law of the PRC (the "New PRC EIT Law") which became effective on 1 January 2008. From 2008 onwards, the above 50% tax rate deduction would be subject to the transitional arrangements under the New PRC EIT Law. However, the PRC authorities have not issued detailed qualification requirements for this enterprise income tax incentive.

On the other hand, in December 2007, the Implementation Rules of the New PRC EIT Law of the PRC and Guo Fa [2007] No. 39 promulgated by the State Council specify certain implementation details and grandfathering arrangements of the New PRC EIT Law. As a result of Guo Fa [2007] No. 39, MG Technology would have to file its quarterly enterprise income tax returns at 18% enterprise income tax rate in 2008.

Another PRC subsidiary of the Group, Ka Shui Technology (Huizhou) Company Limited, has no assessable profit since its establishment and hence no tax provision was made for the six months ended 30 June 2008.

7. 所得稅開支 (續)

根據二零零八年之前生效的相關中國法律及法規，外商投資企業可自其首個盈利年度起兩年獲豁免中國企業所得稅，並於其後三年獲減免中國企業所得稅50%。集團在中國之其中一間附屬公司創金美科技(深圳)有限公司(「創金美科技」)於截至二零零六年十二月三十一日止年度為第五個盈利年度。於二零零六年十二月，創金美科技獲深圳市科技和信息局確定為「高新科技企業」，其稅項減半優惠獲進一步延長三年，由二零零七年一月開始(惟延長稅務寬減的稅率不得少於10%)。於二零零七年三月十六日，全國人民代表大會通過《中華人民共和國企業所得稅法》(「新中國企業所得稅法」)，新中國企業所得稅法已於二零零八年一月一日生效。由二零零八年起，上述之稅率減半將視乎新中國企業所得稅法之過渡性安排。然而，中國當局並無頒佈有關該企業所得稅優惠政策之詳細資格規定。

另一方面，國務院於二零零七年十二月頒佈之《中華人民共和國企業所得稅法實施條例》及國發【2007】第39號，具體說明新稅法若干實施詳情及不追溯安排。實施國發【2007】第39號後，創金美科技於二零零八年須按18%企業所得稅率申報其季度企業所得稅回報。

另一間集團在中國之附屬公司嘉瑞科技(惠州)有限公司自成立以來並無應課稅溢利，故於截至二零零八年六月三十日止六個月並無相關稅務撥備。

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簡明綜合財務報表附註

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8. DIVIDENDS

During the six months ended 30 June 2008, the Company paid a final dividend of HK0.9 cents (for the six months ended 30 June 2007: nil) per share for the year ended 31 December 2007.

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2008 (for the six months ended 30 June 2007: HK1.2 cents per share).

On 1 February 2007, the directors of one of the subsidiaries, Ka Shui Manufactory Co., Limited ("Ka Shui HK"), proposed a final dividend of HK\$30,000 each per ordinary share for the year ended 31 December 2006 totalling HK\$3,000,000 to its then shareholders; on 1 February 2007, the directors of another subsidiary, Ka Fung Metal Manufactory Company Limited ("Ka Fung Metal"), proposed a final dividend of HK\$3,000 each per ordinary share for the year ended 31 December 2006 totalling HK\$30,000,000 to its then shareholders. On 2 February 2007, the then shareholders of Ka Shui HK and Ka Fung Metal approved the above proposed final dividends respectively. These final dividends were fully settled in May 2007, and included as a movement in the condensed consolidated statement of changes in equity.

8. 股息

於截至二零零八年六月三十日止六個月，本公司派付了截至二零零七年十二月三十一日止年度每股0.9港仙(截至二零零七年六月三十日止六個月：無)之末期股息。

董事會不建議派付有關截至二零零八年六月三十日止六個月之中期股息(截至二零零七年六月三十日止六個月：每股1.2港仙)。

於二零零七年二月一日，附屬公司之一嘉瑞製品有限公司(「嘉瑞香港」)的董事建議向當時股東派發截至二零零六年十二月三十一日止年度每股普通股30,000港元的末期股息，合共3,000,000港元。於二零零七年二月一日，另一附屬公司嘉豐金屬製品廠有限公司(「嘉豐金屬」)建議向當時股東派發截至二零零六年十二月三十一日止年度每股普通股3,000港元的末期股息，總值30,000,000港元。於二零零七年二月二日，嘉瑞香港及嘉豐金屬當時的股東分別批准上述建議末期股息。末期股息於二零零七年五月全數付清並已作為一項變動載入簡明綜合權益變動表。

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簡明綜合財務報表附註

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9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2008 of approximately HK\$7,121,000 (unaudited) (for the six months ended 30 June 2007: HK\$43,285,000 (unaudited)) and the weighted average number of ordinary shares of 880,000,000 (for the six months ended 30 June 2007: 667,292,818, as if the capitalisation of share premium and the effect of the group reorganisation, which are more fully described in the section headed "Written resolutions of all the shareholders passed on 2 June 2007" in Appendix V to the prospectus of the Company dated 12 June 2007, had been outstanding throughout the period) in issue during the period.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the six months ended 30 June 2008.

The calculation of diluted earnings per share attributable to equity holders of the Company for the six months ended 30 June 2007 is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2007 of approximately HK\$43,285,000 (unaudited) and the weighted average number of ordinary shares of 668,544,423, being the weighted average number of ordinary shares of 667,292,818 in issue during the period used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 1,251,605 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding during the period.

9. 每股盈利

每股基本盈利

本公司股權持有人應佔的每股基本盈利乃根據截至二零零八年六月三十日止六個月本公司股權持有人應佔的溢利約7,121,000港元(未經審核)(截至二零零七年六月三十日止六個月: 43,285,000港元(未經審核))及期內已發行的加權平均普通股880,000,000股(截至二零零七年六月三十日止六個月: 667,292,818股, 假設股份溢價的資本化及集團重組的影響(詳情載於本公司在二零零七年六月十二日刊發的售股章程附錄五「全體股東於二零零七年六月二日通過的書面決議案」一節)於整個年度為已發行)計算。

每股攤薄盈利

截至二零零八年六月三十日止六個月所有潛在普通股均具有反攤薄影響。

本公司截至二零零七年六月三十日止六個月股權持有人應佔的每股攤薄盈利乃根據截至二零零七年六月三十日止六個月本公司股權持有人應佔的溢利約43,285,000港元(未經審核)及期內已發行的加權平均普通股668,544,423股(即用於計算每股基本盈利的期內已發行加權平均普通股667,292,818股, 外加於期內尚未行使的購股權視作行使時假設已以零代價發行的加權平均普通股1,251,605股)計算。

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截至二零零八年六月三十日止六個月**10. PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group had disposed of certain property, plant and equipment with a carrying amount of approximately HK\$71,000 (for the six months ended 30 June 2007: HK\$47,000) for proceeds of HK\$85,000 (for the six months ended 30 June 2007: HK\$103,000), resulting in a gain on disposal of approximately HK\$14,000 (for the six months ended 30 June 2007: HK\$56,000) and had no property, plant and equipment written off (for the six months ended 30 June 2007: HK\$4,000).

In addition, the Group spent approximately HK\$38,236,000 (for the six months ended 30 June 2007: HK\$2,273,000) on the construction of its new factory premises at Daya Bay, Huizhou of the PRC and approximately HK\$10,266,000 (for the six months ended 30 June 2007: HK\$33,928,000) on acquisition of new plant and machineries in order to enhance its production capabilities.

10. 物業、機器及設備

期內，本集團出售賬面值約71,000港元(截至二零零七年六月三十日止六個月：47,000港元)的若干物業、機器及設備，所得款項85,000港元(截至二零零七年六月三十日止六個月：103,000港元)，產生出售收益約14,000港元(截至二零零七年六月三十日止六個月：56,000港元)及沒有物業、機器及設備撇銷(截至二零零七年六月三十日止六個月：4,000港元)。

此外，本集團將約38,236,000港元(截至二零零七年六月三十日止六個月：2,273,000港元)用作於中國惠州大亞灣建設新廠房及約10,266,000港元(截至二零零七年六月三十日止六個月：33,928,000港元)用作添置新機器及設備，以提升生產能力。

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11. TRADE RECEIVABLES

The Group has a policy of allowing a credit period ranged from 30 to 75 days to its customers. The ageing analysis of trade receivables is stated as follows:

		As at 30 June 2008 於二零零八年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
0 to 30 days	零至30日	55,033	71,339
31 to 60 days	31日至60日	31,654	24,150
61 to 90 days	61日至90日	14,364	8,910
91 to 180 days	91日至180日	8,267	9,286
Over 180 days	180日以上	1,548	1,806
		110,866	115,491

12. TRADE PAYABLES

The ageing analysis of trade payables is stated as follows:

		As at 30 June 2008 於二零零八年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
0 to 30 days	零至30日	22,711	29,807
31 to 60 days	31日至60日	22,515	26,299
61 to 90 days	61日至90日	7,821	2,597
91 to 180 days	91日至180日	1,892	1,249
Over 180 days	180日上	2,383	1,429
		57,322	61,381

11. 貿易應收款項

本集團給予客戶30日至75日的信貸期。貿易應收款項的賬齡分析如下：

12. 貿易應付款項

貿易應付款項的賬齡分析如下：

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簡明綜合財務報表附註

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13. SHARE CAPITAL

13. 股本

		Note	Number of shares 股數	Amount 金額 HK\$'000 千港元 (unaudited) (未經審核)
<i>Authorised:</i>	法定：			
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股			
At 1 January 2007	於二零零七年一月一日		1,000,000	100
Increased on 31 May 2007	於二零零七年五月三十一日 增加	(a) (i)	4,999,000,000	499,900
At 31 December 2007 and 30 June 2008	於二零零七年 十二月三十一日及 二零零八年六月三十日		5,000,000,000	500,000
<i>Issued and fully paid:</i>	已發行及繳足：			
Ordinary shares of HK\$0.1 each	每股面值 0.1港元的普通股			
At 1 January 2007	於二零零七年一月一日		1	-
Issue of shares as consideration for the transfer of entire shareholdings of a subsidiary	發行股份作為轉讓 附屬公司全部 股權的代價	(a) (ii)	99,999,999	10,000
Issue of shares by way of capitalisation of share premium account	透過股份溢價賬的 資本化發行股份	(a)(iii)	560,000,000	56,000
Issue of shares by way of placing and public offer	透過配售及公開 發售發行股份	(b)	220,000,000	22,000
At 31 December 2007 and 30 June 2008	於二零零七年 十二月三十一日及 二零零八年六月三十日		880,000,000	88,000

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截至二零零八年六月三十日止六個月

13. SHARE CAPITAL (continued)

Notes:

- (a) Pursuant to the written resolutions passed by the Company's shareholders on 31 May 2007:
- (i) the authorised share capital of the Company was increased from HK\$100,000 to HK\$500,000,000 by the creation of additional 4,999,000,000 shares of HK\$0.1 each;
 - (ii) 99,999,999 shares of HK\$0.1 each was issued on 31 May 2007 in exchange for the entire shareholdings of Ka Shui (Holdings) Company Limited ("Ka Shui BVI"), a subsidiary of the Company, pursuant to the Group Reorganisation; and
 - (iii) a total of 560,000,000 shares of HK\$0.1 each were allotted and issued as fully paid at par to the shareholders of the Company whose names appeared on the register of members of the Company at the close of business on 12 June 2007, in proportion to their shareholdings, by way of capitalisation of the sum of HK\$56,000,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of new shares issued by way of placing and public offer on 25 June 2007.
- (b) On 25 June 2007, 220,000,000 shares of HK\$0.1 each were issued at HK\$1.35 each to the public by way of placing and public offer for a total of cash consideration, before related expenses, of HK\$297,000,000. The excess over the par value of the shares issued was credited to the share premium account.

13. 股本 (續)

附註：

- (a) 根據本公司股東於二零零七年五月三十一日通過的書面決議案：
- (i) 透過新增4,999,000,000股每股面值0.1港元股份，本公司法定股本由100,000港元增至500,000,000港元；
 - (ii) 本公司於二零零七年五月三十一日發行99,999,999股每股面值0.1港元股份，以根據集團重組換取本公司附屬公司嘉瑞集團(控股)有限公司(「Ka Shui BVI」)全部股權；及
 - (iii) 透過本公司股份溢價賬的進賬56,000,000港元撥充資本，按股東的持股量，以繳足股款形式按面值配發及發行560,000,000股每股面值0.1港元股份予二零零七年六月十二日營業日結束時名列本公司股東名冊的本公司股東，惟股份溢價賬須因二零零七年六月二十五日配售及公開發售發行的股份而獲入賬。
- (b) 於二零零七年六月二十五日，透過配售及公開發售，220,000,000股每股面值0.1港元股份按每股1.35港元的價格發行予公眾，總現金代價為297,000,000港元(扣除相關開支前)。超出已發行股份面值部份計入股份溢價賬。

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14. SHARE-BASED PAYMENTS

Equity-settled share option scheme

Pre-IPO Share Option Scheme

The Company operates a pre-IPO share option scheme (the "Pre-IPO Share Options Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Share options under the Pre-IPO Share Option Scheme were granted to 59 grantees on 1 June 2007. The exercise of these share options would entitle these grantees to an aggregate of 22,000,000 shares. The details of the scheme are set out in the section headed "Share Option Scheme" in "Other Information". Save as disclosed above, no share options had been granted under the Pre-IPO Share Options Scheme.

The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model were HK\$0.55, HK\$0.59, HK\$0.61 and HK\$0.63 respectively.

The following assumptions were used to calculate the fair values of share options:

Exercise price	HK\$0.81
Expected life	2.5 – 3.5 years
Expected volatility	46.94%
Dividend yield	1.70%
Risk-free interest rate	4.38%

The fair value of the options will be amortised over the vesting period on a straight-line basis and expensed in the income statement.

14. 以股份支付的款項

權益結算購股權計劃

首次公開售股前購股權計劃

本公司設立首次公開售股前購股權計劃（「首次公開售股前購股權計劃」），目的在於向對本集團成功經營作出貢獻的合資格參與者提供獎勵及回報。首次公開售股前購股權計劃下的購股權已於二零零七年六月一日授出予59位承授人。承授人行使此等購股權將可獲合共22,000,000股股份。計劃詳情載於「其他資料」內「購股權計劃」一節。除上述披露之外，沒有購股權於首次公開售股前購股權計劃下授出。

於授出日期使用柏力克－舒爾斯期權定價模式釐定的購股權公平值分別為0.55港元、0.59港元、0.61港元及0.63港元。

下列假設用於計算購股權公平值：

行使價	0.81港元
預計年期	2.5 – 3.5年
預計波幅	46.94%
股息回報率	1.70%
無風險利率	4.38%

購股權公平值將以直線方式於歸屬期內攤銷，並於損益表內列作支出。

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簡明綜合財務報表附註

For the six months ended 30 June 2008
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14. SHARE-BASED PAYMENTS (continued)

Equity-settled share option scheme (continued)

Share Option Scheme

Pursuant to written resolutions of all the shareholders passed on 2 June 2007, a share option scheme (the "Share Option Scheme") was adopted. Share options under the Share Option Scheme were granted to 212 grantees on 13 March 2008. The exercise of these share options would entitle these grantees to an aggregate of 20,102,000 shares. The details of the scheme are set out in the section headed "Share Option Scheme" in "Other Information". Save as disclosed above, no share options had been granted under the Share Options Scheme.

The fair values of the options determined at the dates of grant using the Black-Scholes option pricing model were HK\$0.11, HK\$0.12 and HK\$0.13 respectively.

The following assumptions were used to calculate the fair values of share options:

Exercise price	HK\$0.415
Expected life	3.5 – 6.5 years
Expected volatility	55.42%
Dividend yield	5.25%
Risk-free interest rate	2.005% – 2.176%

The fair value of the options will be amortised over the vesting period on a straight-line basis and expensed in the income statement.

14. 以股份支付的款項 (續)

權益結算購股權計劃 (續)

購股權計劃

根據全體股東於二零零七年六月二日通過的書面決議案，一項購股權計劃（「購股權計劃」）已獲採納。購股權計劃下的購股權已於二零零八年三月十三日授出予212位承授人。承授人行使此等購股權將可獲合共20,102,000股股份。計劃詳情載於「其他資料」內「購股權計劃」一節。除上述披露之外，沒有購股權於購股權計劃下授出。

於授出日期使用柏力克－舒爾斯期權定價模式釐定的購股權公平值分別為0.11港元、0.12港元及0.13港元。

下列假設用於計算購股權公平值：

行使價	0.415港元
預計年期	3.5 – 6.5年
預計波幅	55.42%
股息回報率	5.25%
無風險利率	2.005% – 2.176%

購股權公平值將以直線方式於歸屬期內攤銷，並於損益表內列作支出。

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簡明綜合財務報表附註

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15. ACQUISITION OF A SUBSIDIARY

During the six months ended 30 June 2008, one of the subsidiaries of the Company, Ka Shui BVI entered into a sales and purchase agreement with the remaining shareholders of an associate, Wing Yu (Far East) Industries Company Limited (“Wing Yu”), pursuant to which Ka Shui BVI agreed to acquire the remaining equity interest of 60% in Wing Yu for a cash consideration of approximately HK\$1,797,000. The acquisition was effective on 1 January 2008.

The fair value of the identifiable assets and liabilities of Wing Yu acquired as at its date of acquisition, which has no significant difference from its carrying amount, is as follows:

15. 收購一附屬公司

於截至二零零八年六月三十日止六個月期內，本公司之其中一間附屬公司Ka Shui BVI與一聯營公司永裕（遠東）實業有限公司（「永裕」）餘下股東（「賣方」）訂立一份買賣協議，據此，Ka Shui BVI同意購買及賣方同意出售永裕合共60%之股本權益，以現金約1,797,000港元為代價。此收購於二零零八年一月一日起生效。

永裕於收購日之可識別資產及負債之公平值（與賬面值無重大差異）如下：

Net assets acquired:	被收購的資產淨值：	HK\$'000 千港元
Property, plant and equipment	物業、機器及設備	9,876
Inventories	存貨	6,186
Trade receivables	貿易應收款項	4,912
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	1,326
Due from a shareholder	應收一股東款項	4,246
Pledged bank deposits	已抵押銀行存款	1,069
Bank and cash balances	銀行及現金結餘	957
Trade payables	貿易應付款項	(4,985)
Deposits received	已收按金	(90)
Other payables and accruals	其他應付款項及應計費用	(3,974)
Due to a shareholder	應付一股東款項	(14,335)
Short term borrowings	短期借款	(1,455)
Current portion of obligations under finance leases	融資租約承擔的即期部分	(110)
Bank overdrafts	銀行透支	(711)
		2,912
Satisfied by:	支付方式：	
Share of net assets in previous period	以前期間應佔聯營公司資產淨值	(1,115)
Cash	現金	1,797
Net cash outflow arising on acquisition:	收購所產生的現金淨流出：	
Cash consideration paid	已付現金代價	1,797
Cash and cash equivalents acquired	已收購的現金及等同現金項目	(246)
		1,551

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簡明綜合財務報表附註

For the six months ended 30 June 2008
截至二零零八年六月三十日止六個月

15. ACQUISITION OF A SUBSIDIARY

(continued)

Wing Yu contributed approximately HK\$5,980,000 to the Group's turnover and decreased the Group's profit before tax by approximately HK\$7,116,000, for the period between the date of acquisition and the balance sheet date.

16. CAPITAL COMMITMENTS

Details of capital commitments in respect of purchase and construction of property, plant and equipment were as follows:

15. 收購一附屬公司 (續)

於收購日至結算日期間，永裕佔本集團之營業額約5,980,000港元及減少本集團之除稅前溢利約7,116,000港元。

16. 資本承擔

有關購買及建築物業、機器及設備的資本承擔詳情如下：

	As at 30 June 2008	As at 31 December 2007
	於二零零八年 六月三十日	於二零零七年 十二月三十一日
	HK\$'000	HK\$'000
	千港元	千港元
	(unaudited)	(audited)
	(未經審核)	(經審核)
Contracted but not provided for	15,546	29,827
已訂約但未撥備	15,546	29,827

Notes to Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2008

截至二零零八年六月三十日止六個月

17. RELATED PARTY TRANSACTIONS

17. 關連人士交易

(a) The Group had the following transactions with its related parties during the period:

(a) 期內，本集團與其關連人士有以下關連交易：

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Purchase of machinery, machinery parts and maintenance cost from a related company (note (i))	向關連公司購買機器、機器零部件及維修成本(附註(i))	1,037	839
Subcontracting charges paid to an associate	向聯營公司支付分包費	-	10,573
Advance from a director	董事提供墊款	-	20,640
Management fee income from an associate	聯營公司所付管理費用	-	78
Advance to a director	向董事墊款	-	21,476
Interest income received from an associate	向聯營公司收取之利息收入	-	43

Note:

(i) Mr. Lee has significant influence in the related company.

附註：

(i) 李先生於關連公司擁有重大影響。

Notes to Condensed Consolidated Financial Statements

簡明綜合財務報表附註

For the six months ended 30 June 2008
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17. RELATED PARTY TRANSACTIONS

(continued)

(b) Key management personnel compensation

		For the six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 HK\$'000 千港元 (unaudited) (未經審核)	2007 二零零七年 HK\$'000 千港元 (unaudited) (未經審核)
Salaries, allowances and discretionary bonus	基本薪金、津貼及酌情花紅	3,642	3,734
Retirement benefits scheme contributions	退休福利計劃供款	26	24
Share-based payments	以股份支付的款項	871	134
		4,539	3,892

(c) Due from/(to) related parties

		As at 30 June 2008 於二零零八年 六月三十日 HK\$'000 千港元 (unaudited) (未經審核)	As at 31 December 2007 於二零零七年 十二月三十一日 HK\$'000 千港元 (audited) (經審核)
Due to a related company (note (i))	應付關連公司款項 (附註(i))	-	(806)
Due from an associate	應收聯營公司款項	-	14,335
Due to an associate	應付聯營公司款項	-	(4,246)

Note:

(i) Mr. Lee has significant influence in the related company.

17. 關連人士交易 (續)

(b) 主要管理人員酬金

(c) 應收／(應付) 關連公司款項

附註：

(i) 李先生於關連公司擁有重大影響。

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簡明綜合財務報表附註

For the six months ended 30 June 2008
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17. RELATED PARTY TRANSACTIONS

(continued)

- (d) As at 30 June 2008, included in deposits paid for acquisition of property, plant and equipment and prepaid land lease payments was a deposit of approximately HK\$4,200,000 (31 December 2007: HK\$6,500,000) paid to a related company in which Mr. Lee has significant influence for the acquisition of die casting machines.
- (e) As at 31 December 2007, included in prepayment, deposits and other receivables was an amount due from a jointly controlled entity of approximately HK\$ HK\$120,000.
- (f) During the six months ended 30 June 2008 and six months ended 30 June 2007, certain banking facilities of the Group were secured by personal guarantees provided by Mr. Lee.

17. 關連人士交易 (續)

- (d) 於二零零八年六月三十日，預付購買物業、機器及設備之按金及預付土地租金包括支付予李先生具有重大影響之關連公司約4,200,000港元(二零零七年十二月三十一日：6,500,000港元)的訂金。該訂金乃用作購買壓鑄機之用。
- (e) 於二零零七年十二月三十一日，預付款項、按金及其他應收款項包括應收共同控制實體的款項約120,000港元。
- (f) 截至二零零八年六月三十日止六個月及二零零七年六月三十日止六個月，本集團若干銀行信貸由李先生提供個人擔保。

Management Discussion and Analysis

管理層討論及分析

(A) FINANCIAL REVIEW

During the past half year, due to a number of adverse factors affecting the manufacturing industries, which include continuing appreciation of Renminbi against the U.S. dollars, surge in the costs of raw materials and energy, rise in labour costs caused by the newly implemented Labour Contract Law in the PRC, reduction of export tax rebates and the sub-prime mortgage crisis in the United States leading to a slowdown in the global economy, the Group's turnover for the six months ended 30 June 2008 amounted to approximately HK\$342,742,000, which was 2.8% lower than that for the corresponding period last year. When compared with the same period last year, gross profit recorded a 48.4% decrease to approximately HK\$43,197,000 and the gross profit margin was approximately 12.6%.

In addition, resulting from the Group's acquisition of 60% equity interest in Wing Yu (Far East) Industries Company Limited ("Wing Yu") at the beginning of this year, which led to Wing Yu becoming a wholly-owned subsidiary of the Group together with an upward adjustment in salary to cope with the sharp rise in inflation, the Group's general and administrative expenses increased by approximately 5.4% over the corresponding period last year.

Due to a decrease in gross profit together with an increase in general and administrative expenses, the profit attributable to equity holders of the Company for the period dropped by 83.5% to approximately HK\$7,121,000 when compared with the same period last year while the net profit margin was 2.1%.

(A) 財務回顧

在過去半年，由於受到多項對製造業不利因素影響，其中包括人民幣兌美元匯率持續上升、原材料及能源成本上漲、國內新實施之勞動合同法導致勞動成本急劇增加、出口退稅減少及美國次級按揭危機引發全球經濟放緩，本集團截至二零零八年六月三十日止六個月錄得之營業額約為342,742,000港元，較去年同期下跌約2.8%。毛利約為43,197,000港元，比對去年同期減少約48.4%，毛利率約為12.6%。

另外，基於本集團於年初收購永裕（遠東）實業有限公司（「永裕」）60%股權致使永裕成為本集團之全資附屬公司及通漲加劇引致工資需向上調整，故此本集團一般及行政費用較去年同期上升約5.4%。

由於毛利下跌以及一般及行政費用增加，最終令本公司權益持有人應佔溢利相比去年同期減少約83.5%至約7,121,000港元，純利率則為2.1%。

(B) BUSINESS REVIEW
Zinc alloy die casting business

For the first half of 2008, zinc alloy die casting operation accounted for 58.5% of the Group's turnover, representing a decrease of 26.5% as compared with the same period last year. This was mainly due to the persistent high price of zinc alloys in the past two years while the Group has, by leveraging on its strength of producing the three major non-ferrous die casting components (zinc, magnesium and aluminium alloys), actively proposed to its customers on using magnesium alloys or aluminium alloys as a substitution for zinc alloys to produce parts in order to lower the purchasing cost for its customers. During the period under review, some die casting products which were used to be made from zinc alloys had been replaced by aluminium alloys with an aim to reduce the over-reliance on zinc alloy die casting business.

Magnesium alloy die casting business

Benefiting from the rapid development of 3C (communication, computer and consumer electronics) products industry, the turnover of magnesium alloy die casting components during the period under review increased by approximately 11.0% as compared with the corresponding period last year. The proportion of which as represented in the Group's turnover also increased from approximately 14.4% in last year to 16.5%. During the period, the turnover derived from magnesium alloy notebook computer components recorded a robust growth. Seizing the growing demand for magnesium alloy die casting components in the market, the Group had actively expanded its customer base and production capability so as to cater for the development of magnesium alloy die casting business.

(B) 業務回顧
鋅合金壓鑄業務

於二零零八年上半年，鋅合金壓鑄業務佔本集團營業額58.5%，較去年同期減少26.5%。其主要原因是由於在過去兩年，鋅合金價格持續高企，本集團把握擁有製造鋅、鎂及鋁合金三種主要有色金屬的壓鑄零部件之優勢，積極向客戶推介選用鎂合金或鋁合金以取代鋅合金來做部件之用，藉以減低客戶之採購成本。於回顧期內，部份過往以鋅合金來製造的壓鑄產品，已改用鋁合金來進行生產，目的是以減少對鋅合金壓鑄業務之過份依賴。

鎂合金壓鑄業務

受惠於3C產品(通訊產品、電腦產品、消費者電子產品)業的急速發展，鎂合金壓鑄件的營業額於回顧期內比去年同期錄得約11.0%之升幅，佔本集團營業額之比例亦由去年的14.4%增加至16.5%。期內，鎂合金筆記本電腦零件之營業額增長最為突出。本集團把握市場對鎂合金壓鑄件不斷上升的需求，積極開拓新客戶及擴大產能，以配合鎂合金壓鑄業務之發展。

Management Discussion and Analysis

管理層討論及分析

Aluminium alloy die casting business

Following a shift from using zinc alloys to aluminium alloys in the production of components for customers, aluminium alloy die casting business grew substantially by 194.4% as compared with the same period last year. The proportion of which as represented in the Group's turnover also increased from approximately 8.3% in last year to 25.0%. By leveraging on its strength of producing zinc, magnesium and aluminium die casting components, the Group can have more flexibility to cope with the price fluctuation of metal alloys, thus helping customers to save its purchasing costs.

Acquisition of Wing Yu

In order to strengthen its capability in surface finishing treatment, the Group had acquired 60% equity interest in Wing Yu, which is engaged in surface finishing treatment, in January 2008. Upon completion of the acquisition, Wing Yu had become a wholly-owned subsidiary of the Group. Surface finishing treatment is an important production process in the manufacture of die casting products. It applies as a treatment on the surface of the die casting components in order to enhance its outlook texture, hardness and corrosion protection. Through the acquisition, the Group can further enhance the vertical integration of its production processes and hence increase its competitiveness. Given that Wing Yu had been fully owned and controlled by the Group upon completion of the acquisition, the production capacity of Wing Yu and the Group's capability in surface finishing treatment will be expanded to fit in with the business strategies of the Group.

鋁合金壓鑄業務

由於客戶轉用鋁合金來取代鋅合金做部件，鋁合金壓鑄業務之營業額相比去年同期躍升194.4%，其所佔本集團營業額之比例亦由去年的8.3%顯著增加至25.0%。本集團將繼續利用本身擁有鋅、鎂及鋁合金壓鑄零部件之優勢，可以靈活地面對合金價格之波動，協助客戶節省採購成本。

收購永裕

為了加強表面處理服務之能力，本集團於二零零八年一月收購了從事表面處理業務之永裕60%股權。在收購事項完成後，永裕已成為本集團全資附屬公司。表面處理乃本集團生產壓鑄件之重要生產程序之一，表面處理應用於壓鑄件之表面上，可增強壓鑄件之外觀質感、耐蝕及耐磨性。透過收購事項，本集團可從生產程序之垂直整合而加強競爭力。由於永裕將於收購事項完成後由本集團全資擁有及控制，永裕之生產能力及本集團於表面處理之能力將得以擴大以配合本集團之業務發展策略。

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Honour attained

In January 2008, the Group was selected by Forbes China, an influential business magazine, as one of the "China Best Small & Medium-Sized Enterprises 2008". This honour fully recognises the Group's unique position in the market and its potential of sustainable growth.

(C) PROSPECTS

This year will be a challenging year for the Group. The slowdown of the global economy due to sub-prime mortgage crisis in the United States, as well as persistent appreciation of Renminbi, high energy costs and inflation rate, increase in labour and production costs will exert pressure on the turnover and gross profit of the Group. The Group will implement various measures to maintain its competitiveness including increasing the price of products, strengthening cost control, enhancing production capacity, improving operational efficiency and reducing the wastage rate of raw materials etc.

To cope with the above situation, the Group will continuously focus on research and development of new products and production technologies so as to open up new markets and lower its manufacturing cost. Production of the Group's first ODM product, Luminous Electric Kettle, embarked in the first half of 2008 and the product has now been launched in the market. The initial response from customers is tremendous and it is expected that volume production can be commenced in the second half of this year. In addition, our self-developed magnesium alloy recycling technology was completed during the period under review. This technology follows the Group's aim as to focusing on environmental friendly manufacturing and it is expected that significant savings in production costs can be attained. The Group will also carry out research and development on the application of new metal alloys, metal forming and surface treatment technologies as well as production automation in order to enhance its competitive advantages.

所獲殊榮

二零零八年一月，本集團入選財經權威雜誌《福布斯》中文版舉辦之「2008中國潛力企業榜」，充份肯定本集團在市場上的獨特地位及具有持續增長之潛力。

(C) 展望

本年度將會是集團充滿挑戰性的一年。美國次級按揭危機導致全球經濟放緩，加上人民幣值持續上漲、能源價格高企、高通脹率、勞工及生產成本增加，對本集團之銷售及毛利構成一定壓力。本集團將採取多項措施，包括提升產品價格、加強成本控制、提高生產力、改善營運效率及減少原材料損耗等去維持競爭力。

為了應付上述之環境，本集團將繼續專注新產品及生產技術之研究及開發，藉以開拓新市場及降低生產成本。集團首項ODM產品－發光電水壺於二零零八年上半年正式投產，並已推出市場，客戶的初步反應理想，預期可於下半年批量生產。另外，本集團研發之鎂合金綠色再生回收重熔技術已在回顧期內完成，此乃貫徹本集團注重環保製造之宗旨並預期對生產成本達到可觀的節省。本集團同時亦進行新合金應用、成型工藝與表面處理技術及生產技術自動化之研發，藉以提升競爭優勢。

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Furthermore, the Group will continue to identify new business partners, either through acquisition or formation of joint ventures with up or down stream enterprises, to enhance its competitive strengths. The Group has recently signed a letter of intent with a research institute in the PRC for the establishment of a joint venture company, in which the Group has a controlling interest, to develop rare earth magnesium alloys. Rare earth magnesium alloys are formed by adding rare earth elements into the magnesium alloys to strengthen the original physical properties of the magnesium alloys. Addition of appropriate rare earth elements can enhance the strength, plasticity, toughness, casting mobility, corrosion protection and high temperature creep resistance of the magnesium alloys, thus enhancing the development of new product market and reducing products' scrap rates. As a result, it is expected that the sales turnover of the Group in the coming future can be increased, while production efficiency can also be improved leading to savings in production costs. Due to the above properties, the use of rare earth magnesium alloys is more comprehensive than the existing magnesium alloys such as applications on automotive components which require high temperature creep resistance and high strengths. The short term aim of this joint venture company is the sale of rare earth magnesium master alloy ingots, while for the medium term, the business of this joint venture company is expected to expand into rare earth magnesium alloy extrusions, with an aim to take up a proportion of the market share currently occupied by the aluminium sections, especially on applications for the rail transport vehicles. Management believes that this rare earth magnesium alloy project will bring a new business line to the Group.

此外，本集團持續物色及把握策略性收購及合作機遇，透過與上下游企業合作從而加強競爭力。本集團最近已與國內一科研機構簽訂意向書，成立一間由集團佔控制權益之合營公司，共同發展稀土鎂合金。稀土鎂合金是指在鎂合金中添加稀土元素，藉以加強鎂合金原有之物理性能，令鎂合金在強度、可塑性、堅韌性、流動性、耐腐蝕性及高溫抗蠕變性等各方面均有顯著提升，有助開發新產品市場及減低廢品率，從而增加集團之未來銷售營業額及提高生產效率，使生產成本有所節省。基於其上述特性，稀土鎂合金之用途較現有鎂合金更為廣泛，如應用於大部分耐溫及高強度要求之汽車零部件上。此合營公司之短期目標為以稀土鎂合金中間合金鑄錠銷售為主，中期計劃為擴展業務至稀土鎂合金擠壓型材，藉以取代現時部份鋁合金型材之市場份額，特別是於軌道車輛上的應用。管理層預期此稀土鎂合金項目將為集團帶來新的業務範疇。

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Despite a slowdown in the global economy, the worldwide shipments for personal computers (“PC”) still rose in the first half of 2008 as the customers were replacing desktop computers by notebook computers at a much faster pace. Moreover, the increasing demand for consumer PCs than the corporate PCs leads to a strong market demand for notebook computers. Benefiting from the development of this new market trend, the Group will continue to undertake research and development on the application of magnesium alloys for notebook computers, devote more resources to improve material application and provide various surface finishing solutions. The Group will also actively search for new customers in order to further enhance its turnover and profitability.

In order to provide a more comprehensive one-stop service to customers, the Group has decided to expand into the plastics injection moulding business because some of its finished products are not only made of metal parts but also with some plastics contents. As a result, the Group believes that the expansion into plastics business will not only provide the momentum for the Group’s future growth, its customers can also reduce costs in logistics and quality control arising from their current practice of outsourcing the production of metal or plastics components to different suppliers. During the period, the Group had produced plastic and metal components as well as the provision of assembly service for customers. This will further strengthen the Group’s market position to become a one-stop service provider for metal and plastics components.

儘管環球經濟放緩，全球之電腦付運量於二零零八年上半年仍錄得可觀之增長。原因是消費者以筆記本電腦取代桌上電腦的速度正在加快，加上消費型電腦需求的增長較企業型電腦迅速，令市場對筆記本電腦的需求甚為殷切。為了把握此市場之新趨勢，本集團將繼續研究和開發鎂合金在筆記本電腦上的應用，投入更多資源改善材料應用和提供多樣化的表面處理技術方案，並積極開發新客戶，藉以進一步提高集團的銷售及盈利能力。

為了向客戶提供更全面之一站式服務，本集團已將業務擴充至塑膠注塑，此乃因為本集團之最終製成品除了包含金屬部件外，部份產品是與塑膠部件共同組成。因此，本集團相信發展塑膠業務除了能為其提供新的增長動力外，同時客戶也可以降低因外判其金屬或塑膠部件予不同供應商所產生之物流及品質管理成本。期內，本集團已同時為客戶生產塑膠和金屬部件，並提供裝配服務。此有助本集團成為處理金屬及塑膠部件的一站式服務供應商，進一步鞏固其市場地位。

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With a view to further expand its production capacity so as to meet the demand from customers, the Group acquired two parcels of land in Daya Bay, Huizhou, the PRC at the end of year 2006 for the construction of new production facilities. At present, the Group is actively preparing for the construction of the first phase of this industrial complex. The new facilities will focus on the application of new alloys, the production of automotive components, 3C products and precision moulds. The design of the industrial complex is in such a way to consolidate the manufacturing supply chain within the region through strategic alliance and industrial clustering; and also by integrating the various technical know-how and professional engineering services of the Group so as to support the development of automotive components and 3C products. The construction of the first phase of the industrial complex comprising gross floor area of approximately 43,000 sq.m. was commenced in April 2007. However, the progress of construction was delayed due to the poor weather condition and it is expected that the operation of the new production facilities can be gradually commenced in the fourth quarter of this year.

Despite the uncertain economic situation, management is optimistic about the Group's business outlook. The Group will continue to utilize its solid customer base and unique market position of focusing on value-added products and services to expand its business, develop new product market and grasp the business opportunities of persistent growing market demand for 3C products. Through overall prudent and aggressive strategies, the Group is confident to achieve long term business growth and bring fruitful returns to its shareholders.

為了進一步擴充產能以應付客戶需求，本集團於二零零六年底收購位於中國惠州大亞灣兩幅土地，以興建生產廠房之用。現時本集團正在積極籌建此工業園，並定位為以新材料應用為核心，產品主要以汽車關鍵零部件、3C產品、精密模具和模具標準件為主。透過採取戰略聯盟和產業集群的模式，實行區內供應鏈的全面整合；並集合本集團的多項技術，進行整合式生產，提供專業工程服務，藉以支援汽車關鍵零部件及3C產品的發展。工業園區之第一期生產廠房工程（總建築面積約43,000平方米）已於二零零七年四月展開，但因受惡劣天氣影響致令工程進度有所延誤，預期於今年第四季度才可逐步正式投產。

儘管面對不明朗之經濟環境，管理層對業務前景表示審慎樂觀。本集團會繼續善用基礎穩固之客戶組合和專注增值產品及服務之獨特市場定位，進一步擴展業務，開發新產品市場以及抓緊市場對3C產品需求持續增長之巨大商機。透過全盤的審慎進取策略，本集團有信心業務能達到長遠增長，為股東帶來豐厚回報。

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(D) LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2008, the Group had bank and cash balances of approximately HK\$121,133,000 (31 December 2007: HK\$166,039,000), most of which were either denominated in US dollars or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 30 June 2008 were approximately HK\$94,325,000 (31 December 2007: HK\$94,207,000), comprising bank loans and overdrafts of approximately HK\$57,460,000 (31 December 2007: HK\$68,555,000) repayable within one year or on demand, term loans of HK\$11,772,000 (31 December 2007: HK\$14,526,000) with maturity of not more than four years and obligations under finance leases of approximately HK\$25,093,000 (31 December 2007: HK\$11,126,000). The majority of these borrowings were denominated in Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

The Group's gearing ratio as at 30 June 2008 was 17.5% (31 December 2007: 18.1%), which is calculated by dividing total interest-bearing borrowings over total equity.

As at 30 June 2008, the net current assets of the Group were approximately HK\$219,915,000 (31 December 2007: HK\$251,227,000), which consisted of current assets of approximately HK\$384,400,000 (31 December 2007: HK\$435,432,000) and current liabilities of HK\$164,485,000 (31 December 2007: HK\$184,205,000), representing a current ratio of approximately 2.3 (31 December 2007: 2.4).

(E) EXPOSURE TO FOREIGN EXCHANGE RISK

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. To mitigate the risks due to fluctuation in foreign currency exchange rates, the Group had used forward foreign exchange contracts to manage its foreign currency exposure during the period under review.

(D) 流動資金及財務資源

於二零零八年六月三十日，本集團擁有銀行及現金結餘約121,133,000港元(二零零七年十二月三十一日：166,039,000港元)，當中大多數以美元或港元計值。

本集團於二零零八年六月三十日的計息借款總額約為94,325,000港元(二零零七年十二月三十一日：94,207,000港元)，包括須於一年內或於要求時償還的銀行貸款及透支約57,460,000港元(二零零七年十二月三十一日：68,555,000港元)、到期期限不超過四年的定期貸款11,772,000港元(二零零七年十二月三十一日：14,526,000港元)及融資租約承擔約25,093,000港元(二零零七年十二月三十一日：11,126,000港元)。該等借款大部份以港元計值，所採用的利率主要為浮動利率。

於二零零八年六月三十日，本集團之負債比率為17.5%(二零零七年十二月三十一日：18.1%)，此乃按計息借款總額除以股東權益計算。

於二零零八年六月三十日，本集團流動資產淨值約為219,915,000港元(二零零七年十二月三十一日：251,227,000港元)，包括流動資產約384,400,000港元(二零零七年十二月三十一日：435,432,000港元)及流動負債164,485,000港元(二零零七年十二月三十一日：184,205,000港元)，流動比率約為2.3(二零零七年十二月三十一日：2.4)。

(E) 外匯風險承擔

本集團的大部分交易均以美元、港元或人民幣進行。為減低匯率波動引起的風險，本集團已利用遠期外匯合約，以管理本集團於回顧期內的外匯風險。

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(F) CONTINGENT LIABILITIES

As at 30 June 2008, the Group had no material contingent liabilities.

(G) CHARGE ON ASSETS

As at 30 June 2008, the Group's banking facilities were secured by guarantees given by the following assets: (a) the Group's bank deposits; (b) lessors' title to the leased assets under finance leases; and (c) a property situated in Hong Kong owned by the Group.

(H) HUMAN RESOURCES

As at 30 June 2008, the Group had approximately 2,900 full-time employees (31 December 2007: 2,300). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary, including medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

The Group provides regular training courses for different level of staff and holds various training programs together with PRC institutes and external training bodies. Apart from academic and technical training, the Group also organizes different kinds of recreational activities, including New Year gathering, various sport competitions and interest groups. The aim is to promote interaction among staff, establish harmonious team spirit and promote healthy lifestyle.

(F) 或然負債

於二零零八年六月三十日，本集團並無任何重大或然負債。

(G) 資產抵押

於二零零八年六月三十日，本集團抵押下列資產作為銀行借貸及信貸融資的擔保：(a)本集團之銀行存款；(b)出租人按融資租約出租的資產業權；及(c)本集團擁有的香港物業。

(H) 人力資源

於二零零八年六月三十日，本集團約有2,900名全職僱員（二零零七年十二月三十一日：2,300名）。本集團之成功有賴全體僱員的表現和責任承擔，故此本集團把僱員視作為我們的核心資產。為了吸引及保留優秀員工，本集團提供具競爭力的薪酬，包括醫療福利和花紅獎賞。本集團之薪酬政策及結構乃根據市場趨勢、個人工作表現以及本集團的財務表現而釐定。本集團亦已採納認購股權計劃，旨在向合資格僱員提供作為彼等對本集團所作出貢獻之鼓勵及獎賞。

本集團定期舉辦多項針對不同階層員工的培訓課程，並與多間國內專上學院及外間培訓機構合辦各種培訓計劃。除學術和技術培訓外，本集團舉辦了不同類型的文娛康樂活動，其中包括新春聯誼活動、各種體育比賽和興趣班等，目的為促進各部門員工之間的關係，建立和諧團隊精神及提倡健康生活。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2008, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零八年六月三十日，本公司董事及主要行政人員，於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中，擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯合交易所有限公司(「聯交所」)之權益及短倉(包括根據證券及期貨條例該等條文被當作或被視為擁有之任何權益及短倉)；或根據證券及期貨條例第352條須記錄在該條所述登記冊之權益及短倉；或根據聯交所證券上市規則(「上市規則」)上市公司董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所之權益及短倉如下：

Other Information

其他資料

Long Positions in the Shares

股份之長倉

Name of Director	Capacity	Number of Shares	Approximate percentage of interest in the Company
董事姓名	身份	股份數目	佔本公司權益概約百分比
Mr. Lee Yuen Fat ("Mr. Lee") 李遠發先生 ([李先生])	Interest in controlled company ⁽¹⁾ 受控制公司權益 ⁽¹⁾ Beneficial owner 實益擁有人	607,200,000 2,100,000 ⁽²⁾	69% 0.24%
Dr. Keung Wing Ching 姜永正博士	Beneficial owner 實益擁有人	20,262,000 1,460,000 ⁽²⁾	2.30% 0.17%
Mr. Wong Wing Chuen 黃永銓先生	Beneficial owner 實益擁有人	18,480,000 1,450,000 ⁽²⁾	2.10% 0.16%
Mr. Chan Tat Cheong, Alan 陳達昌先生	Beneficial owner 實益擁有人	7,029,000 1,270,000 ⁽²⁾	0.80% 0.14%
Mr. Zhao Jian 趙健先生	Beneficial owner 實益擁有人	7,029,000 1,390,000 ⁽²⁾	0.80% 0.16%

Notes:

附註：

- Mr. Lee holds the entire issued share capital of Precisefull Limited ("Precisefull"). As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.
- Such interest in shares was held pursuant to options granted under the pre-IPO share option scheme and share option scheme, details of which are described in the section headed "Share Option Scheme" in this report set out on pages 43 to 45.

- 李先生持有 Precisefull Limited ([Precisefull]) 全部已發行股本。因此，李先生被視為擁有 Precisefull 的控制性權益，並因此視為擁有 Precisefull 所持有的本公司權益。
- 該等股份權益乃根據首次公開發售前購股權計劃及購股權計劃所授出購股權持有，有關詳情載於本報告第43至第45頁之「購股權計劃」一節。

Other Information

其他資料

Save as disclosed above, as at 30 June 2008, none of the directors and chief executives of the Company had any interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code in the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2008, the following persons, other than the directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

除上文所披露者外，於二零零八年六月三十日，概無本公司董事及主要行政人員於本公司及其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有任何根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所之權益或短倉(包括彼等根據證券及期貨條例該等條文被當作或視為擁有之權益及短倉)；或根據證券及期貨條例第352條須記錄於該條所述之登記冊之權益及短倉；或根據標準守則須知會本公司及聯交所之權益及短倉。

主要股東於本公司及其相聯法團之股份、相關股份及債券的權益及短倉

於二零零八年六月三十日，下列人士(本公司董事或主要行政人員除外)於本公司股份或相關股份中，擁有根據證券及期貨條例第XV部第2及3分部須向本公司披露之權益或短倉，或直接或間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上之權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉：

Other Information

其他資料

Long Positions in the Shares

股份之長倉

Name	Capacity	Number of Shares	Approximate percentage of interest in the Company 佔本公司權益概約百分比
名稱	身份	股份數目	
Precisefull	Beneficial owner 實益擁有人	607,200,000 ⁽¹⁾	69%

Note:

1. Mr. Lee holds the entire issued share capital of Precisefull. As such, Mr. Lee is deemed to have a controlling interest in Precisefull and is therefore deemed to be interested in the interests of Precisefull in the Company.

附註：

1. 李先生持有Precisefull全部已發行股本。因此，李先生被視為擁有Precisefull的控制性權益，並因此視為擁有Precisefull所持有的本公司權益。

Save as disclosed above, at no time during the period, the directors and the chief executives of the Company were aware of any other persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

除上文所披露者外，於期內，本公司董事及主要行政人員並不知悉任何其他人士(本公司董事或主要行政人員除外)於本公司之股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部披露之權益或短倉，或直接及間接擁有可於任何情況下在本公司股東大會投票之任何類別股本面值5%或以上權益或短倉，或擁有根據證券及期貨條例第336條須記錄在該條所述登記冊之權益或短倉。

SHARE OPTION SCHEME

1. Pre-IPO Share Option Scheme

On 1 June 2007, an aggregate of 59 pre-IPO share options of 22,000,000 shares were granted to selected persons as incentives or rewards for their contribution to the Group. Movements of the options granted under the pre-IPO share option scheme during the period were as follows:

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目			Outstanding as at 30/06/08 於二零零八年六月三十日尚未行使
				As at 01/01/08 於二零零八年一月一日	Exercised during the period 於期內行使	Lapsed/Cancelled during the period 於期內失效/註銷	
Executive Directors 執行董事							
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	1,320,000	-	-	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Zhao Jian 趙健先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Others 其他							
Employees 僱員	01/06/2007	0.81	27/06/2008 – 26/06/2011	16,280,000	-	220,000	16,060,000

購股權計劃

1. 首次公開發售前購股權計劃

於二零零七年六月一日，合共59份有關22,000,000股股份之首次公開發售前購股權已授予選定人士，作為彼等對本集團所作出貢獻之獎勵或獎賞。期內，根據首次公開發售前購股權計劃授出之購股權之變動如下：

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目			Outstanding as at 30/06/08 於二零零八年六月三十日尚未行使
				As at 01/01/08 於二零零八年一月一日	Exercised during the period 於期內行使	Lapsed/Cancelled during the period 於期內失效/註銷	
Executive Directors 執行董事							
Mr. Lee 李先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	1,320,000	-	-	1,320,000
Dr. Keung Wing Ching 姜永正博士	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Wong Wing Chuen 黃永銓先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Mr. Zhao Jian 趙健先生	01/06/2007	0.81	27/06/2008 – 26/06/2011	880,000	-	-	880,000
Others 其他							
Employees 僱員	01/06/2007	0.81	27/06/2008 – 26/06/2011	16,280,000	-	220,000	16,060,000

Other Information

其他資料

All grantees of the pre-IPO share options may only exercise the pre-IPO share options granted to them as follows:

所有首次公開發售前購股權之承授人僅可按以下方式行使首次公開發售前購股權：

Period	Maximum aggregate percentage of shares that are issuable upon exercise of the pre-IPO share option granted to each grantee
期間	各承授人行使獲授之首次公開發售前購股權而可予發行的股份總百分比上限
From the listing date to the date immediately before the first anniversary (the "First Anniversary") of the listing date 上市日期至上市日期起計滿一周年當日 (「一周年當日」)的前一日	0%
From the First Anniversary to the date immediately before the second anniversary (the "Second Anniversary") of the listing date 一周年當日至上市日期起計滿兩周年當日 (「兩周年當日」)的前一日	30%
From the Second Anniversary to the date immediately before the third anniversary (the "Third Anniversary") of the listing date 兩周年當日至上市日期起計滿三周年當日 (「三周年當日」)的前一日	60%
From the Third Anniversary to the date immediately before the fourth anniversary of the listing date 三周年當日至上市日期起計滿四周年當日的 前一日	100%

Save as disclosed above, no further options were granted under the pre-IPO share option scheme.

除上文披露者外，概無根據首次公開發售前購股權計劃進一步授出任何購股權。

2. Share Option Scheme

A share option scheme (the "Share Option Scheme") was adopted pursuant to the written resolutions passed by the shareholders of the Company on 2 June 2007. The purpose of the Share Option Scheme is to provide incentives and rewards to selected eligible persons for their contributions to the Group.

2. 購股權計劃

一項購股權計劃(「購股權計劃」)於二零零七年六月二日根據本公司股東通過之書面決議案獲採納。購股權計劃旨在向選定人士提供作為彼等對本集團所作出貢獻之獎勵或獎賞。

Other Information

其他資料

On 13 March 2008, the Company granted 20,102,000 share options to the Group's employees under the Share Option Scheme at an exercise price of HK\$0.415 per share. A summary of movements of share options of the Company during the six months ended 30 June 2008 is set out below:

於二零零八年三月十三日，本公司根據購股權計劃向本集團僱員授出20,102,000份購股權，行使價為每股0.415港元。截至二零零八年六月三十日止六個月，本公司購股權之變動概述如下：

Category of Grantee/ Name	Date of grant	Exercise Price (HK\$)	Exercise Period	Number of shares options 購股權數目				Outstanding as at 30/06/08 於二零零八年六月三十日尚未行使
				As at 01/01/08 於二零零八年一月一日	Granted during the period 於期內授出	Exercised during the period 於期內行使	Lapsed/Cancelled during the period 於期內失效/註銷	
Executive Directors 執行董事								
Mr. Lee 李先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	780,000	-	-	780,000
Dr. Keung Wing Ching 姜永正博士	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	580,000	-	-	580,000
Mr. Wong Wing Chuen 黃永銓先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	570,000	-	-	570,000
Mr. Chan Tat Cheong, Alan 陳達昌先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	390,000	-	-	390,000
Mr. Zhao Jian 趙健先生	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	510,000	-	-	510,000
Others 其他								
Employees 僱員	13/03/2008	0.415	13/03/2009 – 12/03/2018	-	17,272,000	-	1,248,000	16,024,000

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The closing price of the share immediately before the date of grant was HK\$0.415.

附註：

- 購股權歸屬期間為自授出日期起至行使期開始日期止。
- 在緊接購股權授出日期之前的收市價為0.415港元。

Other Information

其他資料

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008 (for the six months ended 30 June 2007: HK1.2 cents per share).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules during the period under review.

AUDIT COMMITTEE

The Company established the Audit Committee in June 2007. The primary duties of the Audit Committee are to review and approve the financial reporting process and internal control system of the Group and provide advice and comments to the Board. The Audit Committee comprises three independent non-executive directors, namely Mr. Yeow Hoe Ann, John, Mr. Sun Kai Lit, Cliff BBS, JP and Ir Dr. Lo Wai Kwok MH, JP and is chaired by Mr. Yeow Hoe Ann, John, a qualified accountant with extensive experience in financial reporting and controls.

中期股息

董事會不建議派付截至二零零八年六月三十日止六個月之中期股息(截至二零零七年六月三十日止六個月：每股1.2港仙)。

購買、出售或贖回本公司上市證券

截至二零零八年六月三十日止六個月內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

企業管治

於回顧期內，本公司一直遵守上市規則附錄十四「企業管治常規守則」內所有守則條文。

審核委員會

本公司於二零零七年六月成立審核委員會。審核委員會之主要職責為審閱及批准本集團之財務申報程序及內部監控制度，並向董事會提供建議及意見。審核委員會由三名獨立非執行董事組成，分別為姚和安先生、孫啟烈先生BBS，太平紳士及盧偉國博士MH，太平紳士，而姚和安先生為審核委員會之主席，彼為合資格會計師，於財務申報及控制擁有豐富經驗。

NOMINATION COMMITTEE

The Nomination Committee was set up in June 2007 for the purpose of making recommendations to the Board on the appointment of directors and the management of the Board succession. The members of the Nomination Committee are Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann, John and Dr. Keung Wing Ching. Mr. Sun Kai Lit, Cliff BBS, JP is the Chairman of the Nomination Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee in June 2007. The major duties of the Remuneration Committee include reviewing and determining the terms of remuneration packages, the award of bonuses and other compensation payable to directors and senior management. The Remuneration Committee comprises three independent non-executive directors, namely Mr. Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok MH, JP, Mr. Yeow Hoe Ann, John and Vice Chairman of the Company, Dr. Keung Wing Ching. The Chairman of Remuneration Committee is Mr. Sun Kai Lit, Cliff BBS, JP, an independent non-executive director.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2008.

提名委員會

提名委員會於二零零七年六月成立，其目的為就委任董事及管理董事會之繼任事項向董事會提供意見。提名委員會之成員包括孫啟烈先生BBS，太平紳士、盧偉國博士MH，太平紳士、姚和安先生及姜永正博士，而孫啟烈先生BBS，太平紳士為提名委員會之主席。

薪酬委員會

本公司於二零零七年六月成立薪酬委員會。薪酬委員會之主要職責包括審閱及釐定董事及高級管理人員之薪酬待遇、花紅獎賞及其他報酬。薪酬委員會由三位獨立非執行董事孫啟烈先生BBS，太平紳士、盧偉國博士MH，太平紳士、姚和安先生及本公司副主席姜永正博士組成。薪酬委員會之主席為獨立非執行董事孫啟烈先生BBS，太平紳士。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載之標準守則。經向全體董事作出具體查詢後確認，彼等於回顧期內一直全面遵守標準守則所載之規定準則。

審閱財務資料

審核委員會已審閱本集團截至二零零八年六月三十日止六個月之未經審核簡明綜合財務報表。

Other Information

其他資料

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 contribution and dedication to the Group throughout the period.

By order of the Board

Lee Yuen Fat

Chairman

Hong Kong, 12 September 2008

鳴謝

本人謹此代表董事會，對客戶、供應商及股東一直以來鼎力支持致以衷心謝意。本人另對期內管理層所付出之寶貴貢獻及本集團員工之盡職服務表示感謝。

承董事會命

李遠發

主席

香港，二零零八年九月十二日



Ka Shui International Holdings Limited
嘉瑞國際控股有限公司

3/F, EW International Tower, 120 Texaco Road
Tsuen Wan, New Territories, Hong Kong
香港新界荃灣德士古道120號安泰國際中心3樓

Tel 電話: (852) 2414 0456

Fax 傳真: (852) 2412 1743

Website 網址: www.kashui.com