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CLIMAX INTERNATIONAL COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 439)

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

The board of directors (the "Board") of Climax International Company Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2012	2011
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Continuing operations			
Turnover	*3*	**45,375**	–
Cost of sales		**(33,192)**	–
Gross profit		**12,183**	–
Other gains	*4*	**983**	492
Selling expenses		**(1,390)**	–
Administrative expenses		**(6,346)**	(1,199)
Gain on changes in fair value of held for trading investments		**30**	327
Finance costs	*5*	**(387)**	(1)
Profit/(loss) before tax		**5,073**	(381)
Income tax expense	*6*	**(1,176)**	–
Profit/(loss) for the period attributable to owners of the Company from continuing operations	*7*	**3,897**	(381)

	Notes	Six months ended 30 September **2012** ***HK$'000*** **(Unaudited)**	2011 *HK$'000* (Unaudited)
Discontinued operation			
Loss for the period attributable to owners of the Company from discontinued operation		**–**	(115)
Profit/(loss) for the period and other comprehensive income/(expense) for the period attributable to owners of the Company		**3,897**	(496)
			(restated)
Earnings/(loss) per share			
Basic and diluted earnings/(loss) per share (in Hong Kong cents)	*8*		
— From continuing operations		**0.38**	(0.39)
— From discontinued operation		**–**	(0.11)
		0.38	(0.50)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 September 2012** ***HK$'000*** **(Unaudited)**	31 March 2012 *HK$'000* (Audited)
Non-current assets			
Plant and equipment	*10*	**34,343**	627
Investment property	*11*	**12,496**	–
Prepaid lease payment	*12*	**9,098**	–
Goodwill	*15*	**84,054**	–
		139,991	627
Current assets			
Inventories		**14,237**	–
Trade receivables	*13*	**19,482**	–
Deposits and prepayments		**470**	15,225
Amount due from a related company		**14,054**	–
Held for trading investments		**5,157**	5,127
Bank balances and cash		**76,172**	46,760
		129,572	67,112
Current liabilities			
Trade and other payables	*14*	**75,103**	4,216
Amounts due to related companies		**131**	–
Obligations under finance leases			
— amount due within one year		**1,546**	6
Bank and other borrowings		**3,859**	–
Income tax payable		**3,651**	–
		84,290	4,222
Net current assets		**45,282**	62,890
Total assets less current liabilities		**185,273**	63,517

	Notes	30 September 2012 HK$'000 (Unaudited)	31 March 2012 HK$'000 (Audited)
Non-current liabilities			
Obligations under finance leases			
— amount due after one year		**3,641**	12
Deferred tax liabilities		**95**	–
Net assets		**181,537**	63,505
Capital and reserves			
Share capital		**12,079**	574
Reserves		**169,458**	62,931
Total equity attributable to owners of the Company and total equity		**181,537**	63,505

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for an investment property and certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2012.

During the current interim period, the Group has completed the acquisitions of assets (see Notes 11 and 12) and a subsidiary (see Note 15) and accordingly has adopted the following accounting policies.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash generating unit to which goodwill has been allocated is test for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which item is derecognised.

Prepaid lease payments

Prepaid lease payments represent lease prepayments paid or payable for the right to use the land on which various plants and buildings are situated for a definite period, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation of prepaid lease payments is calculated on a straight-line basis over the expected period of the rights.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sales of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied.

Rental income from operating leases is recognised on a straight-line basis over the terms of the leases.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sales.

Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRS 7	*Financial Instruments: Disclosures — Transfers of Financial Assets; and*
Amendments to HKAS 12	*Deferred Tax: Recovery of Underlying Assets;*

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.

3. TURNOVER AND SEGMENT INFORMATION

Information reported to the executive directors, being the chief operating decision-makers (the "CODMs"), for the purpose of resources allocation and performance assessment focuses on types of goods or services delivered or provided.

In prior years, the Group reported a single operating segment of trading of electronic products. The electronic product segment was discontinued on 31 March 2012 as trading of electronic products was ceased during the year ended 31 March 2012. Accordingly, no reportable segment for trading of electronic products is presented for the period ended 30 September 2012.

After the completion of the acquisition of Sky Will Printing and Packaging (Holdings) Limited ("Sky Will Holdings"), as disclosed in Note15, which was completed on 3 May 2012, the Group engaged in the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials. The CODMs regard it as the principal business of the Group and as a single operating segment of paper business. In August 2012, the Group acquired an investment property for property investment and rental purposes (see Note 11). Thus, the Group has two reportable segments for financial reporting purposes, comprising paper business and property investment for the period.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the period under review:

For the six months ended 30 September (Unaudited)

Continuing operations

	Paper business		Property investment		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**45,370**	–	**5**	–	**45,375**	–
Segment profit	**7,585**	–	**5**	–	**7,590**	–
Unallocated corporate income					**239**	819
Unallocated corporate expenses					**(2,369)**	(1,199)
Finance costs					**(387)**	(1)
Profit/(loss) before tax (continuing operations)					**5,073**	(381)

Segment profit represents the profit earned by each segment without allocation of central corporate expenses, dividend income and finance costs.

4. OTHER GAINS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Management fee income	**300**	–
Net foreign exchange gain	**233**	–
Interest income	**337**	406
Dividend income	**94**	86
Sundry income	**19**	–
	983	492

5. FINANCE COSTS

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Interest on:		
Bank and other borrowings wholly repayable within five years	**258**	–
Finance leases	**97**	1
Imputed interest on deferred consideration payable	**32**	–
	387	1

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Continuing operations		
Current tax		
Hong Kong Profits Tax	**822**	–
PRC Enterprise Income Tax	**354**	–
	1,176	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25%.

7. PROFIT/(LOSS) FOR THE PERIOD

Continuing operations

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period from continuing operations has been arrived at after charging:		
Staff costs:		
Directors' remuneration	**356**	120
Other staff costs	**13,682**	295
Retirement benefit scheme contributions for staff	**233**	10
Total staff costs	**14,271**	425
Amortisation of prepaid lease payment	**53**	–
Depreciation of plant and equipment	**2,386**	173
Loss on written off of plant and equipment	**–**	183

Discontinued operation

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period from discontinued operation has been arrived at after charging:		
Staff costs	**–**	105

8. EARNINGS/(LOSS) PER SHARE

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operation attributable to owners of the Company is based on the following data:

Earnings/(loss) figures are calculated as follows:

	Six months ended 30 September	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit/(loss) for the period attributable to owners of the Company	**3,897**	(496)
Less:		
Loss for the period from discontinued operation	**–**	(115)
Profit/(loss) for the purpose of basic and diluted loss per share from continuing operation	**3,897**	(381)

	Six months ended 30 September	
	2012	2011
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share *(note)*	**1,013,916,411**	98,456,669

Note:

The weighted average of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share for the period ended 30 September 2012 and 30 September 2011 have been retrospectively adjusted for the effect of share consolidation and bonus issue completed on 29 March 2012 and 3 May 2012 respectively.

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operation

Basic and diluted loss per share for the discontinued operation was HK$0.11 cent per share based on the loss from the discontinued operation for the six months ended 30 September 2011 of approximately HK$115,000 and the denominators detailed above for basic and diluted loss per share.

The computation of diluted loss per share for the period ended 30 September 2011 did not assume the exercise of the Company's outstanding share options during the period ended 30 September 2011 as the exercise price of those options was higher than the average market price for shares before the suspension of trading in shares on the Stock Exchange in September 2008.

9. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend the payment of an interim dividend for both periods.

10. PLANT AND EQUIPMENT

For the six months ended 30 September 2012, additions of plant and equipment resulting from the acquisition of a subsidiary (see Note 15) during the period is approximately HK$34,051,000.

For the six months ended 30 September 2012, the Group spent approximately HK$2,051,000 (2011: HK$1,000,000) for acquisition of assets. For the six months ended 30 September 2011, certain furniture and fixtures of approximately HK$183,000 (2012: Nil) has been written off as no future economic benefits were expected to arise from these assets.

11. INVESTMENT PROPERTY

On 15 August 2012, Get Billion Investment Limited, a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire a residential property at cash consideration of HK$12,000,000 and incurred transaction costs of approximately HK$496,000. The property is accounted for as an investment property of the Group and measured using fair value model.

12. PREPAID LEASE PAYMENT

On 5 July 2012, Sky Will Holdings entered into an agreement with Glory Wing Investments Limited to acquire the entire issued capital of Miracle True Investment Limited ("Miracle True") at cash consideration of HK$9,400,000. The principal asset of Miracle True is a parcel of land with area of approximately 18,246 square meters located in Huizhou City, Guangdong Province, the PRC (the "Land Use Right") and other prepayments. The Land Use Right was granted for a term expiring in 2055 for industrial uses. The acquisition was completed on 6 July 2012. The net cash outflow arising on the acquisition was approximately HK$9,204,000. The Land Use Right is accounted for as a prepaid lease payment which carries at cost less amortisation and any impairment loss.

13. TRADE RECEIVABLES

The Group allows an average credit period of 31 to 60 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date net of allowance for doubtful debts:

	30 September 2012	31 March 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**4,288**	–
31–60 days	**6,807**	–
Over 60 days	**8,387**	–
	19,482	–

14. TRADE AND OTHER PAYABLES

	30 September 2012 HK$'000 (Unaudited)	31 March 2012 HK$'000 (Audited)
Trade payables	**13,403**	–
Deposits received from customers	**3,219**	–
Deferred consideration payable *(note)*	**53,717**	–
Other payables and accrued charges	**4,764**	4,216
	75,103	4,216

Note:

The deferred consideration payable represents provision for the promissory note. (see Note 15)

The following is an aged analysis of trade payables presented on the invoice date at the end of the period/year.

	30 September 2012 HK$'000 (Unaudited)	31 March 2012 HK$'000 (Audited)
Within 30 days	**6,847**	–
31–60 days	**2,952**	–
Over 60 days	**3,604**	–
	13,403	–

The average credit period on purchase of goods is 60 days.

15. ACQUISITION OF A SUBSIDIARY

On 3 May 2012, the Company acquired the entire issued capital of Sky Will (Holdings) which is engaged in the manufacture and trading of paper packaging products, paper gift items and printing of paper promotional materials. The aggregate consideration for the acquisition was approximately HK$112,447,000 ("Consideration") and to be satisfied in the forms of (i) cash of HK$35,000,000; (ii) issuance of the consideration shares; and (iii) issuance of a promissory note ("Promissory Note"). The acquisition has been accounted for using acquisition method. The amount of goodwill arising as a result of the acquisition was approximately HK$84,054,000.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Plant and equipment	34,051
Inventories	15,244
Trade and other receivables	17,852
Amount due from related companies	8,743
Bank balances and cash	2,415
Trade and other payables	(13,000)
Amount due to related companies	(10,817)
Amount due to a director	(6,028)
Obligations under finance leases	(5,812)
Bank and other borrowings	(10,814)
Deferred tax liabilities	(95)
Tax payables	(3,346)
Net identifiable assets and liabilities	28,393

Goodwill arising on acquisition:

	HK$'000
Consideration transferred:	
— Cash	35,000
— Consideration shares	23,762
— Promissory Note	53,685
	112,447
Less: Net assets acquired	(28,393)
Goodwill arising on acquisition	84,054

Analysis of net outflow of cash and cash equivalents in respect of the acquisition:

	HK$'000
Cash consideration paid	35,000
Less: Deposit paid for acquisition of a subsidiary	(15,000)
Less: Bank balances and cash acquired	(2,415)
Net cash outflow in respect of the acquisition	17,585

Under the terms of the Promissory Note, the Promissory Note with principal amount of HK$55,000,000 is freely transferable, non-interest bearing and has a maturity period of 2 years from the date of issue but can be repaid in whole or in part at the discretion of the Company before maturity or at the discretion of the Promissory Note holder after 31 March 2013 but before the maturity, respectively. The Promissory Note was fair valued at initial recognition at approximately HK$53,685,000. Pursuant to the sale and purchase agreement, the vendor has undertaken to the Company that the net profit of Sky Will (Holdings) for the year ended 2012 would not be less than HK$16,000,000 ("Profit Guarantee"). For any shortfall from HK$16,000,000, the Consideration would be adjusted downward by an amount equal to the shortfall multiplied by 6.875 and would be offset against the Promissory Note on a dollar for dollar basis and limited to HK$55,000,000. Upon the receipt of the audited accounts of Sky Will (Holdings) for the year ended 31 March 2012, the Profit Guarantee was met, hence, no consideration adjustment was made. Provision for the Promissory Note was accounted in other payables at the date of completion (Note 14) and the change of the carrying amount due to the discounting effect with an effective interest rate of approximately 0.14% per annum during the period is recognised as finance cost. The Promissory Note was issued subsequent to the reporting period.

The directors of the Company considered the Vendor and its beneficial owners were independent third parties to the Company before the acquisition. Upon the issuance of Consideration Shares, the Vendor became a substantial shareholder of the Company.

Since its acquisition by the Group, the acquired business contributed turnover of approximately HK$45,375,000 and a profit of approximately HK$6,098,000 to the Group's turnover and profit for the period ended 30 September 2012 respectively.

Had the acquisition been completed on 1 April 2012, total Group's turnover for the period would have been approximately HK$48,386,000, and the Group's profit for the period would have been approximately HK$3,303,000.

Goodwill arose on acquisition represents the control premium.

No goodwill arising on this acquisition is expected to be deductible for tax purposes.

16. EVENT AFTER THE REPORTING PERIOD

On 26 October 2012, the Company entered into an agreement with an independent third party to acquire the entire issued capital of a company (the "Acquiree"), whereas the principal asset of the Acquiree is a residential property in Hong Kong, at cash consideration of approximately HK$12,000,000. This property is subject to a tenancy agreement until April 2013. The acquisition has been completed on 29 October 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Review

For the six months ended 30 September 2012, the Group recorded a turnover of approximately HK$45,375,000 (six months ended 30 September 2011: Nil). For the six months ended 30 September 2012, the Group's net profit attributable to owner was approximately HK$3,897,000 (six months ended 30 September 2011: net loss of approximately HK$496,000).

Business Review

During the period under review, the Group has completed the acquisition of paper business (the "Acquisition") in May 2012. Information about the acquired paper business were disclosed in the circular of the Company dated 5 March 2012. Upon the completion of the Acquisition, the Group has been principally engaged in the paper business including the manufacture and trading of paper packaging products and paper gift items and the printing of paper promotional materials. In August 2012, the Group acquired a residential property for property investment and rental purposes. Thus, the Group has two reportable segments for financial reporting purposes, comprising paper business and property investment.

Paper Business

Paper business is the principal business of the Group. The major customers are primarily distributors, manufacturers of consumer products and advertising agencies based in the USA, Europe, Hong Kong and the PRC. For the six months ended 30 September 2012, approximately HK$45,370,000 of the Group's turnover was contributed by the paper business and segment profit before tax of approximately HK$7,585,000 was recorded.

Property Investment

The Group intends to hold the property for investment purpose with a view that it can establish an additional stream of recurring rental income, while capture any possible future capital appreciation. For the six months ended 30 September 2012, certain part of the property has been leased, and leasing income of approximately HK$5,000 was recognised.

Outlook

The world economy continues to face exceptional uncertainties, in particular to the debt crisis in Europe and the economic slowdown in the United States of America, the market sentiments will most likely remain weak during the ensuring year. The financial year of 2012/2013 will be very significant to the revamped development of the Group as we will be faced with unpredictable and unprecedented challenges. Despite the difficulties ahead, the Group will closely monitor the conditions of paper product market and the property market and prepare to respond swiftly and take advantage of the market adversities to seize upon further suitable investment opportunities to provide tremendous value-added to shareholders.

Interim Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 September 2012 (For the six months ended 30 September 2011: Nil).

Capital Structure

During the six months ended 30 September 2012, the share capital of the Company had the following changes:

On 3 May 2012, 200,000,000 shares of HK$0.01 each were issued pursuant to the sale and purchase agreement in relation to the Acquisition dated 20 January 2011 and supplemented on 30 September 2011 and 29 February 2012 respectively at the issue price of HK$0.10 per consideration share.

On 3 May 2012, 450,000,000 shares of HK$0.01 each were issued pursuant to the subscription agreement dated 29 February 2012 at the subscription price of HK$0.10 per subscription share (the "Subscription").

On 3 May 2012, 459,464,456 shares of HK$0.01 each were issued under the open offer at the subscription price of HK$0.10 per offer share on the basis of eight offer shares for every share held by the qualifying shareholders on 10 April 2012 (the "Open Offer").

On 3 May 2012, 41,023,612 shares of HK$0.01 each were issued under the bonus issue on the basis of five bonus shares for every seven shares held by the qualifying shareholders on 10 April 2012 (the "Bonus Issue").

Liquidity and Financial Resources

As at 30 September 2012, the total shareholders' funds of the Group amounted to approximately HK$181,537,000 (31 March 2012: approximately HK$63,505,000), the total assets of approximately HK$269,563,000 (31 March 2012: approximately HK$67,739,000) and the total liabilities of approximately HK$88,026,000 (31 March 2012: approximately HK$4,234,000).

As at 30 September 2012, the Group had bank balances and cash of approximately HK$76,172,000 (31 March 2012: HK$46,760,000). The gearing ratio as of 30 September 2012, defined as the percentage of the total interest bearing debt, including bank and other borrowings of approximately HK$3,859,000 (31 March 2012: Nil) and obligations under finance leases of approximately HK$5,187,000 (31 March 2012: HK$18,000), to net asset value, was approximately 4.98% (31 March 2012: 0.03%).

The Group's business operations and investments are in Hong Kong and Mainland China. Most of the assets, liabilities and transactions of the Group are primarily denominated in Hong Kong dollar. In respect of the Group's operations in Mainland China, certain fixed assets including plant and equipment and prepaid lease payment are denominated in Renminbi, apart from these, the Group does not have any material foreign exchange exposure.

Investment Position and Planning

On 3 May 2012, the Group has completed the acquisition of Sky Will Printing & Packaging (Holdings) Limited ("Sky Will (Holdings)") and its subsidiary which are engaged in the manufacture and sale of paper packaging products and paper gift items and the printing of paper promotional materials at an aggregate consideration of HK$112,447,000. Furthermore, the Company has completed the Subscription, the Open Offer and the Bonus Issue, as mentioned in the section of Capital Structure, on 3 May 2012. These transactions formed part of the resumption proposal of the Company which were approved by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 December 2011 and the shares of the Company resumed trading on the Stock Exchange on 7 May 2012.

On 6 July 2012, the Group acquired the entire issued capital of Miracle True Investment Limited ("Miracle True") at cash consideration of HK$9,400,000. Miracle True indirectly owns a land use right of a parcel of land with area of approximately 18,246 square meters located in Huizhou City, Guangdong Province, the PRC (the "Land"). The Group intends to use the Land for the construction and setting up of a production plant which provides the Group with additional space or future operational expansion to further enhance the Group's manufacturing capacity.

On 15 August 2012, the Group acquired a residential property at cash consideration of HK$12,000,000. The property is situated in Hong Kong with a saleable area of approximately 2,100 square feet. The Company intends to hold the property for investment and rental purposes.

Subsequently on 26 October 2012, the Company has entered into an agreement with an independent third party to acquire a residential property with a saleable area of approximately 932 square feet in Hong Kong, through acquiring the entire issued capital of a company, at cash consideration of approximately HK$12,000,000. This property is subject to a tenancy agreement until April 2013. The acquisition has been completed on 29 October 2012.

The Group has invested in certain securities that are traded over the Stock Exchange. As at 30 September 2012, the Group held shares with fair value of approximately HK$5,157,000 (31 March 2012: approximately HK$5,127,000).

Saved as disclosed above, the Group did not have any other significant investment and there are no other material acquisition or disposal of subsidiaries and associated company during the period.

Charges on the Group's Assets and Contingent Liabilities

As at 30 September 2012, approximately HK$7,570,000 (31 March 2012: Nil) of the Group's plant and equipment were held under finance leases.

As at 30 September 2012, the Group had no significant contingent liabilities (31 March 2012: Nil).

Employees and Remuneration Policy

As at 30 September 2012, the Group had approximately 550 employees. The Group provides competitive remuneration packages to employees with attractive discretionary bonus payable to those with outstanding performance and contribution to the Group.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

The Company has applied the principles of and complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules during the six months end 30 September 2012. The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code except for the deviations as explained below.

Under the code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Upon the resignation of Mr. Tse On Kin on 16 November 2011, the Company does not have any officer with the title of "chairman". Mr. Wong Hin Shek, who acts as the chief executive officer of the Company, is also responsible for the leadership of the Board in formulating corporate policies and business strategies and oversight of significant compliance matters. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company in view of the board structure and business of the Group. The roles of the respective senior management who are in charge of different functions complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently. The Board will continue to review the effectiveness of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer is necessary.

Model Code of Securities Transactions

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the directors. Having made specific enquiry to the directors, the directors confirmed that they have complied with the code throughout the six months ended 30 September 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF INTERIM RESULTS

The audit committee has reviewed with the management the appropriateness and consistent application of significant accounting principles and policies adopted by the Group, and discussed judgement issues, accounting estimates, adequacy of disclosures and internal consistency of the interim financial statements for the six months ended 30 September 2012.

On behalf of the Board
Wong Hin Shek
Executive Director

Hong Kong, 30 November 2012

As at the date of this announcement, the Board comprises of two executive directors, Mr. Wong Hin Shek and Mr. Ng Man Chan; one non-executive director, Mr. Wong Hung Ki; and three independent non-executive directors, Dr. Wong Yun Kuen, Mr. Lau Man Tak and Mr. Man Kwok Leung.