KA SHUI INTERNATIONAL HOLDINGS LIMITED
嘉瑞國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 822)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

- Turnover increased by 31.7% to HK$1,568,958,000 (2011: HK$1,191,698,000)
- Gross profit increased by 53.2% to HK$353,705,000 (2011: HK$230,808,000)
- Profit attributable to owners of the Company grew by 100.4% to HK$125,894,000 (2011: HK$62,820,000)
- Basic earnings per share rose by 99.7% to HK14.16 cents (2011: HK7.09 cents)
- Proposed a final dividend of HK8.3 cents per share (2011: HK4.3 cents per share)

FINANCIAL RESULTS

The Board of Directors (the "Board") of Ka Shui International Holdings Limited (the "Company") is pleased to announce the final results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012, together with the comparative figures for the year ended 31 December 2011.

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 December	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Turnover	*4*	**1,568,958**	1,191,698
Cost of sales		**(1,215,253)**	(960,890)
Gross profit		**353,705**	230,808
Other income	*5*	**5,432**	2,463
Selling and distribution expenses		**(22,828)**	(17,996)
General and administrative expenses		**(172,291)**	(125,114)
Other operating expenses		**(19)**	(3,217)
Profit from operations		**163,999**	86,944
Finance costs	*6*	**(6,769)**	(4,644)
Profit before tax		**157,230**	82,300
Income tax expense	*7*	**(31,336)**	(19,480)
Profit for the year attributable to owners of the Company		**125,894**	62,820
Earnings per share	*9*		
– Basic *(HK cents)*		**14.16**	7.09
– Diluted *(HK cents)*		**14.12**	7.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**125,894**	62,820
Other comprehensive income:		
Exchange differences on translating foreign operations	**5,474**	21,407
Surplus on revaluation of leasehold land	**14,421**	85,623
Income tax relating to components of other comprehensive income	**(2,978)**	(16,878)
Other comprehensive income for the year, net of tax	**16,917**	90,152
Total comprehensive income for the year attributable to owners of the Company	**142,811**	152,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**655,383**	547,081
Club membership		**718**	718
Deposits paid for acquisition of property, plant and equipment		**6,493**	5,800
		662,594	553,599
Current assets			
Inventories		**253,675**	197,282
Trade receivables	*10*	**486,041**	272,152
Prepayments, deposits and other receivables		**58,532**	27,204
Financial assets at fair value through profit or loss		**592**	–
Pledged bank deposits		**–**	12,285
Restricted bank balances		**–**	2,457
Bank and cash balances		**135,243**	164,691
		934,083	676,071
Current liabilities			
Trade payables	*11*	**320,043**	153,635
Deposits received		**4,584**	3,540
Other payables and accruals		**73,972**	50,170
Due to a related company		**3,428**	723
Financial liabilities at fair value through profit or loss		**–**	605
Bank borrowings		**325,575**	256,796
Current portion of obligations under finance leases		**3,978**	7,089
Current tax liabilities		**27,537**	8,085
		759,117	480,643
Net current assets		**174,966**	195,428
Total assets less current liabilities		**837,560**	749,027
Non-current liabilities			
Obligations under finance leases		**1,330**	5,305
Deferred tax liabilities		**20,456**	19,266
		21,786	24,571
NET ASSETS		**815,774**	724,456
Capital and reserves			
Share capital		**89,044**	88,811
Reserves		**726,730**	635,645
TOTAL EQUITY		**815,774**	724,456

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is P.O. Box 1350 GT Clifton House, 75 Fort Street, George Town, Grand Cayman, Cayman Islands. The address of its principal place of business is Room 1210, Exchange Tower, 33 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

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

In the opinion of the directors of the Company, as at 31 December 2012, Precisefull Limited, a company incorporated in the British Virgin Islands, is the ultimate parent and Mr. Lee Yuen Fat ("Mr. Lee") is the ultimate controlling party of the Company.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of leasehold land, certain investments and derivatives which are carried at their fair values.

4. TURNOVER AND SEGMENT INFORMATION

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

For management purposes, the Group's operation is currently categorised into four operating divisions — zinc, magnesium, aluminium alloy die casting and plastic injection products and components. These divisions are the basis of the Group's four reportable segments. The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and different cost measurement.

Segment profits or losses do not include interest income, corporate income, gain or loss from derivative instruments, corporate expenses, finance costs and income tax expense.

Information about reportable segment profit or loss:

	Zinc alloy die casting	**Magnesium alloy die casting**	**Aluminium alloy die casting**	**Plastic injection**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2012					
Revenue from external customers	**307,603**	**503,326**	**201,126**	**556,903**	**1,568,958**
Segment profit	**7,344**	**62,885**	**15,834**	**98,327**	**184,390**
Depreciation	**13,813**	**18,426**	**10,357**	**13,933**	**56,529**

	Zinc alloy die casting	**Magnesium alloy die casting**	**Aluminium alloy die casting**	**Plastic injection**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2011					
Revenue from external customers	349,859	286,873	253,035	301,931	1,191,698
Segment profit	16,699	32,232	37,601	32,953	119,485
Depreciation	12,834	16,811	10,486	11,368	51,499

Reconciliation of reportable segment revenue, profit or loss:

	2012	2011
	HK$'000	*HK$'000*
Revenue		
Total revenue of reportable segments	**1,568,958**	1,191,698
Unallocated amounts	**–**	–
Consolidated revenue	**1,568,958**	1,191,698

	2012 *HK$'000*	2011 *HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**184,390**	119,485
Unallocated amounts:		
Interest income	**819**	1,120
Gain/(loss) on financial assets/liabilities at fair value through profit or loss	**1,452**	(6,375)
Finance costs	**(6,769)**	(4,644)
Income tax expense	**(31,336)**	(19,480)
Corporate income	**59**	122
Corporate expenses	**(22,721)**	(27,408)
Consolidated profit for the year	**125,894**	62,820

	2012 *HK$'000*	2011 *HK$'000*
Other material items – depreciation		
Total depreciation and amortization of reportable segments	**56,529**	51,499
Unallocated amounts:		
Depreciation of property, plant and equipment for corporate use	**6,764**	6,300
Consolidated depreciation	**63,293**	57,799

Geographical information:

Revenue

	2012 *HK$'000*	2011 *HK$'000*
Hong Kong	**829,100**	768,368
People's Republic of China (the "PRC") except Hong Kong	**172,537**	118,851
Japan	**4,632**	9,872
The United States of America (the "USA")	**488,788**	224,879
Others	**73,901**	69,728
Consolidated total	**1,568,958**	1,191,698

In presenting the geographical information, revenue is based on the locations of the customers.

The Group's non-current assets by geographical areas are not presented as the amount of the geographical segments other than the PRC is less than 10% of the aggregate amount of all segments.

Revenue from major customers:

	2012	2011
	HK$'000	*HK$'000*
Zinc alloy die casting segment		
Customer a	**126,497**	154,507
Customer b	**74,077**	91,296
Magnesium alloy die casting segment		
Customer c	**335,399**	197,561
Aluminium alloy die casting segment		
Customer a	**100,218**	107,745
Plastic injection segment		
Customer b	**99,041**	107,882
Customer d	**457,031**	187,707

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income	**819**	1,120
Rental income	**68**	–
Sale of scrap materials	**1,067**	97
Government grants	**1,370**	367
Unrealised gain on financial assets at fair value through profit or loss	**1,198**	–
Realised gain on financial assets at fair value through profit or loss	**254**	–
Gain on disposal of property, plant and equipment	**–**	105
Others	**656**	774
	5,432	2,463

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**6,561**	4,384
Finance lease charges	**208**	260
	6,769	4,644

7. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**15,837**	8,737
Over-provision in prior years	**(141)**	(602)
Current tax – PRC enterprise income tax		
Provision for the year	**17,970**	11,526
Over-provision in prior years	**(352)**	(181)
Deferred tax	**(1,978)**	–
	31,336	19,480

Hong Kong Profits Tax has been provided at a rate of 16.5% (2011: 16.5%) on the estimated assessable profits of Hong Kong incorporated subsidiaries for the year ended 31 December 2012, subject to the application of the Departmental Interpretation Practice Note No. 21 ("DIPN 21") issued by the Inland Revenue Department of Hong Kong for certain Hong Kong incorporated subsidiaries which have conducted their manufacturing operations by entering into processing arrangements with the processing factories in the PRC. Pursuant to the DIPN 21, 50% of the adjusted profits of these subsidiaries were treated as offshore and not taxable in Hong Kong.

Under the PRC Enterprise Income Tax ("EIT") law, the statutory tax rate for the Group's subsidiaries established and operating in Mainland China is 25% (2011: 25%). However, one of the Group's subsidiaries has been recognized as a "New and High Technology Enterprise" in the PRC and were therefore subject to a preferential tax rate of 15% for the year ended 31 December 2012.

Income tax on the overseas profit has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing on the overseas countries in which the Group operates.

8. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim of HK1.6 cents (2011: HK0.66 cents) per ordinary share paid	**14,241**	5,861
Proposed final of HK8.3 cents (2011: final dividend payment of HK4.3 cents) per ordinary share	**73,922**	38,191
Additional final dividends for the year	**–**	28
	88,163	44,080

9. EARNINGS PER SHARE

Basis earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$125,894,000 (2011: HK$62,820,000) and the weighted average number of ordinary shares of 889,114,900 (2011: 886,548,271) in issue during the year.

Diluted earnings per share

The calculation of diluted earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$125,894,000 (2011: HK$62,820,000) and the weighted average number of ordinary shares of 891,374,470 (2011: 891,277,015), being the weighted average number of ordinary shares of 889,114,900 (2011: 886,548,271) in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 2,259,570 (2011: 4,728,744) assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the end of the reporting period.

10. TRADE RECEIVABLES

The Group's trading terms with customers are mainly on credit. The credit terms are generally ranged from 30 to 90 days (2011: 30 to 90 days) after end of the month in which the invoices have been issued. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors. The ageing analysis of trade receivables, based on the invoice date, and net of allowance, is stated as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**171,809**	133,472
31 to 60 days	**175,295**	66,535
61 to 90 days	**85,620**	42,282
91 to 180 days	**52,473**	29,209
Over 180 days	**844**	654
	486,041	272,152

11. TRADE PAYABLES

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**104,811**	60,348
31 to 60 days	**112,475**	78,525
61 to 90 days	**68,365**	10,484
91 to 180 days	**32,535**	3,636
Over 180 days	**1,857**	642
	320,043	153,635

MANAGEMENT DISCUSSION AND ANALYSIS

(A) Financial Review

Driven by the buoyant demand for magnesium alloy notebook computer casings as well as plastic protective cases for smartphones, the Group's turnover for the year ended 31 December 2012 surged by 31.7% to HK$1,568,958,000 (2011: HK$1,191,698,000) when compared with that of last year. Meanwhile, gross profit as well as profit attributable to owners of the Company has also recorded a remarkable increase of 53.2% to HK$353,705,000 (2011: HK$230,808,000) and 100.4% to HK$125,894,000 (2011: HK$62,820,000) respectively as compared with that of last year. Resulting from the economy of scale in production caused by the increase in turnover coupled with a favourable change in product mix, the Group's gross profit margin for the year has improved significantly from 19.4% to 22.5%.

During the year, the Group recorded an increase of approximately 33.4% in operating costs and other operating expenses which included selling and distribution expenses, general and administrative expenses and other expenses to approximately HK$195,138,000 (2011: HK$146,327,000), accounting for approximately 12.4% (2011: 12.3%) of the Group's total turnover. The overall increase was mainly attributable to the increased expenditure on research and development for new products and production technologies as well as staff costs to support the demand for rapid growth of the Group's new lines of business.

(B) Business Review

Zinc alloy die casting business

The turnover of zinc alloy die casting business dropped by 12.1% to HK$307,603,000 (2011: HK$349,859,000), accounting for approximately 19.6% (2011: 29.4%) of the Group's overall turnover. This was mainly due to the slowdown in the global economy which had a negative impact on the demand for household products. As a result, the turnover of this business segment has inevitably experienced a decline. Following the gradual recovery of the global economy, the Group anticipates that the market demand for zinc alloy die casting products will be revitalized in the forthcoming future.

Magnesium alloy die casting business

Following the growing popularity of the Ultrabook, the Group's magnesium alloy die casting business has recorded a robust growth and the turnover of this business segment has reached HK$503,326,000 (2011: HK$286,873,000) during the year, representing an increase of 75.5% when compared with that of last year. The contribution of this business segment to the Group's turnover also grew from 24.1% to 32.1%. Riding on the widely application of magnesium alloy for notebook computer casings, the Group has successfully gained a larger market share during the year. The Group will further capitalize on its competitive advantages in this notebook computer casing industry by expanding its production capacity, with an aim to become a leading one-stop solution provider in the notebook computer casing manufacturing industry.

Aluminium alloy die casting business

The turnover of aluminium alloy die casting business eroded to HK$201,126,000 (2011: HK$253,035,000) for the year, representing a decline of 20.5% as compared with that of 2011. Its contribution to the Group's turnover also decreased from approximately 21.2% in 2011 to 12.8% in 2012. Resulting from the uncertainties inherent in the global economy which affected consumer confidence and sales of household products, the Group's aluminium alloy die casting business had taken the hit. With the economy of the United States, as well as other regions, already showing signs of gradual recovery, the Group expects the demand for household products to recover steadily in the forthcoming future.

Plastic injection moulding business

Benefiting from the booming smartphone market, the Group's plastic injection moulding business continued to be a strong growth driver for the Group during the year. The turnover of this business segment recorded a remarkable growth of 84.4% to HK$556,903,000 (2011: HK$301,931,000) when compared with that of last year. This business segment has become one of the larger sales contributor to the Group during the year, accounting for 35.5% (2011: 25.3%) of the overall turnover. As shipments of smartphone continue to increase, the demand for plastic protective cases will also rise persistently. It is expected that this business segment will remain as one of the strong growth drivers for the Group in the forthcoming future.

(C) Prospects

The slowdown in the global economy has lasted longer than what most expected. Against the backdrop of a stagnant market situation, consumer confidence is expected to be persistently dampened. To maintain our competitive position in this difficult market environment, the Group will continue to improve its productivity and operational efficiency with a strong focus on value-added products and services.

The launch of the Ultrabook, together with the release of the new Windows 8 operating system, will certainly stimulate the replacement demand of notebook computers. The powerful functionality features together with the sleek and compact design of the Ultrabook will undoubtedly lead the trend of notebook computers entering into a new era. In addition, the Group believes that conventional notebook computer manufacturers will be inclined to shift from plastic to metal casings, because of the latter's ultra slimness feature and superior heat dissipation. Meanwhile, the Group also anticipates that the upcoming market trend will place more focus on the surface finishing of these metal notebook computer casings. As such, the Group will emphasize its research and development on the provision of various surface finishing solutions so as to satisfy the needs from different customers. Other than notebook computer casings, the application of magnesium alloy can also be extended to telecommunication and consumer electronics products. To fully leverage on its expertise in magnesium alloy die casting, the Group will actively search for new 3C (communication, computer and consumer electronics) products' customers with an aim to further enhance its turnover and profitability. In view of its future business development trend, the Group expects this business segment will gradually become the biggest sales contributor to the Group in the years to come.

Global shipment of smartphone will continue to rise in the coming future and the launch of new smartphones and tablets will motivate the demand for plastic protective cases. Protective cases have currently accounted for the majority of smartphone accessory sales and represented a reflection of a user's style and character. As such, the Group, as a professional one-stop solution provider, will leverage on its competitive advantages and prepare itself to meet the enormous market demand.

Apart from focusing on its original equipment manufacturing ("OEM"), the Group has also been striving to enhance its business to a higher level by developing original design manufacturing ("ODM") and original brand manufacturing ("OBM") businesses. The Group believes that these new lines of business can enhance its turnover and profitability. To this end, the Group has been actively involved in the development and marketing of its own light emitting plasma ("LEP") lighting products. Under the pressure of global warming and high energy costs, the demand for various forms of new energy products is expected to increase significantly. Meanwhile, the requirement for replacing traditional lighting by energy-saving lights has attracted intensive interests amongst consumers. The Group has participated in several major light fairs held in the United States, Hong Kong and China in 2012 in order to promote its LEP lighting technology and products and has since received many enquiries for such products. During the year, orders for LEP product samples including street light, car parking light, grow light and industrial light have been received from customers essentially from the United States and European countries. Since LEP lighting technology is still new to the market, the Group will devote more resources to promote these LEP products in North America, Europe and South America. It is expected that LEP lighting technology and products will eventually win the market's recognition and open up a new source of revenue for the Group.

The Group is also active in pursuit of potential strategic partnerships as well as merger and acquisition opportunities so as to add higher value to its existing business through synergy. As such, the Group has recently set up a joint venture in Anhui Province, China in March 2013 for the research and development, sale and production of computer and communication related products and components primarily using magnesium alloy as the production material. Strategically located in Anhui Province, where a number of renowned international and domestic players in the electronics and computer industry cluster, this joint venture aims to utilize its geographical advantage to better serve the nearby technological products' manufacturing bases and provide timely support to customers during their early stage of design and development for new products. In addition, the joint venture will also expand into other related businesses in order to capture the new market needs. The overall market of the computer and communication related peripheral products have been growing rapidly in recent years. Having acquired the requisite knowledge and extensive market network from our joint venture partners, the set-up of this joint venture will not only strengthen the Group's existing business development capability, but also provide a platform for the Group to explore and develop in other new business sectors. The operation of this joint venture is expected to commence by the third quarter of 2013.

Resulting from the third quantitative easing launched by the United States back in September 2012, cost of capital has been maintained at its historical low and is expected to continue for another year. Taking advantage of this low interest cost environment, the Group will strategically make use of external financing to look for promising business expansion and joint venture investment opportunities which will have a synergy effect with the Group as this will give a better return to its shareholders from the financial perspective.

Moving forward, the Group is optimistic on its future business development and growth. The Group will continuously enhance its core business by the effective use of resources while at the same time, seize suitable opportunities to sustain its market leadership in an ever-changing business environment.

(D) Liquidity and Financial Resources

As at 31 December 2012, the Group had pledged bank deposits, restricted bank balances as well as bank and cash balances of approximately HK$135,243,000 (2011: HK$179,433,000), most of which were either denominated in US dollars, Renminbi or Hong Kong dollars.

Total interest-bearing borrowings of the Group as at 31 December 2012 were approximately HK$330,883,000 (2011: HK$269,190,000), comprising bank loans and overdrafts of approximately HK$325,575,000 (2011: HK$256,796,000) and obligations under finance leases of approximately HK$5,308,000 (2011: HK$12,394,000). All of these borrowings were either denominated in US dollars or Hong Kong dollars to which the interest rates applied were primarily subject to floating interest rate.

As at 31 December 2012, the net gearing ratio (a ratio of the sum of total bank borrowings and obligations under finance leases less pledged bank deposits, restricted bank balances (if any) and bank and cash balances then divided by total equity) of the Group was approximately 24.0% (2011: 12.4%)

As at 31 December 2012, the net current assets of the Group were approximately HK$174,966,000 (2011: HK$195,428,000), which consisted of current assets of approximately HK$934,083,000 (2011: HK$676,071,000) and current liabilities of approximately HK$759,117,000 (2011: HK$480,643,000), representing a current ratio of approximately 1.2 (2011: 1.4).

(E) Exposure to Foreign Exchange Risk

Most of the Group's transactions were conducted in US dollars, Hong Kong dollars or Renminbi. As such, the Group is aware of the potential foreign currency risk that may arise from the fluctuation of exchange rates between US dollars, Hong Kong dollars and Renminbi. In order to mitigate the risks due to fluctuation of foreign currency exchange rates, the Group had entered into foreign currency forward contracts to manage its foreign currency exposure during the year under review.

(F) Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

(G) Charge on Assets

As at 31 December 2012, the Group's banking facilities were secured by guarantees given by the following assets: (a) lessors' title to the leased assets under finance leases; and (b) a property situated in Hong Kong owned by the Group.

(H) Human Resources

As at 31 December 2012, the Group had approximately 5,400 full-time employees (2011: 4,800). The Group attributes its success to the hard work and dedication of its staff as a whole, therefore, they are deemed to be the most valuable assets of the Group. In order to attract and retain high caliber staff, the Group provides competitive salary package, including retirement scheme, medical benefit and bonus. The Group's remuneration policy and structure is determined based on market trends, the performance of individual staff as well as the financial performance of the Group. The Group has also adopted a share option scheme and share award scheme as incentive and reward for those qualifying staff who have made contribution to the Group.

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

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK8.3 cents per share for the year ended 31 December 2012 to the shareholders whose names appear on the register of members of the Company on Wednesday, 15 May 2013. Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting to be held on Monday, 6 May 2013, the final dividend will be paid on or about Monday, 27 May 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 2 May 2013 to Monday, 6 May 2013, both days inclusive, during which no transfer of shares will be registered. In order to be eligible to attend and vote at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 30 April 2013.

The register of members will be closed from Monday, 13 May 2013 to Wednesday, 15 May 2013, both days inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 10 May 2013.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the year ended 31 December 2012.

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors have confirmed that they have fully complied with the required standard set out in the Model Code for the year ended 31 December 2012.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2012.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our sincere appreciation to our customers, suppliers and shareholders for their continuing support, and our management and staff for their dedication and contribution to the Group throughout the year.

By order of the Board
Ka Shui International Holdings Limited
LEE YUEN FAT
Chairman

Hong Kong, 18 March 2013

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Lee Yuen Fat, Dr. Keung Wing Ching, Mr. Wong Wing Chuen and Mr. Chan Tat Cheong, Alan and four independent non-executive directors, namely Mr. Sun Kai Lit Cliff BBS, JP, Ir Dr. Lo Wai Kwok BBS, MH, JP, Mr. Yeow Hoe Ann John and Mr. Andrew Look.