LUNG KEE (BERMUDA) HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 255)

Website: http://www.irasia.com/listco/hk/lkm

FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2012

RESULTS

The directors of Lung Kee (Bermuda) Holdings Limited (the ''Company'') (the ''Directors'') have pleasure in submitting the audited consolidated results of the Company and its subsidiaries (collectively the ''Group'') for the year ended 31st December, 2012, together with comparative figures for the year ended 31st December, 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000* (restated)
Revenue	*2*	**2,401,503**	2,532,460
Other income		**42,014**	42,272
Increase in fair value of investment properties		**37,000**	28,000
Changes in inventories of finished goods and work in progress		**(27,912)**	4,854
Raw materials and consumables used		**(1,058,114)**	(1,124,591)
Employee benefits expenses		**(499,485)**	(471,450)
Depreciation of property, plant and equipment		**(181,525)**	(161,269)
Other expenses		**(456,225)**	(460,866)
Interest on bank borrowings wholly repayable within five years		**(5,242)**	(3,136)
Profit before taxation		**252,014**	386,274
Income tax expense	*3*	**(53,227)**	(105,837)

	Note	**2012**	2011
		HK$'000	*HK$'000*
			(restated)
Profit for the year		**198,787**	280,437
Other comprehensive income:			
Exchange difference arising on translation of foreign operations		**20,104**	75,246
Total comprehensive income for the year		**218,891**	355,683
Profit for the year attributable to:			
Owners of the Company		**196,529**	277,628
Non-controlling interests		**2,258**	2,809
		198,787	280,437
Total comprehensive income for the year attributable to:			
Owners of the Company		**216,235**	353,228
Non-controlling interests		**2,656**	2,455
		218,891	355,683
		HK cents	HK cents
Earnings per share	*5*		
- Basic		**31.13**	44.03
- Diluted		**31.12**	43.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December, 2012

	Notes	**At 31st December, 2012** *HK$'000*	At 31st December, 2011 *HK$'000* (restated)	At 1st January, 2011 *HK$'000* (restated)
ASSETS AND LIABILITIES				
Non-current assets				
Investment properties		**121,500**	84,500	56,500
Property, plant and equipment		**1,176,509**	1,091,659	683,834
Prepaid lease payments — non-current portion		**100,155**	108,914	105,959
Deposits paid for acquisition of property, plant and equipment		**2,120**	1,493	5,027
		1,400,284	1,286,566	851,320
Current assets				
Inventories	*6*	**410,497**	628,230	620,020
Trade and other receivables	*7*	**447,067**	511,996	580,470
Bills receivable	*7*	**30,523**	38,906	44,038
Prepaid lease payments — current portion		**2,325**	2,505	1,426
Bank balances and cash		**805,044**	652,739	869,956
		1,695,456	1,834,376	2,115,910
Current liabilities				
Trade and other payables	*8*	**362,797**	454,198	429,706
Bills payable	*8*	**31,728**	38,022	44,502
Taxation payable		**6,787**	694	19,811
Dividend payable		**103**	93	72
Derivative financial instruments		**—**	—	50
Unsecured bank borrowings — due within one year		**221,072**	252,366	258,101
		622,487	745,373	752,242
Net current assets		**1,072,969**	1,089,003	1,363,668
Total assets less current liabilities		**2,473,253**	2,375,569	2,214,988

	At 31st December, 2012 *HK$'000*	At 31st December, 2011 *HK$'000* (restated)	At 1st January, 2011 *HK$'000* (restated)
Non-current liability			
Deferred tax liabilities	**49,021**	51,048	25,394
	2,424,232	2,324,521	2,189,594
CAPITAL AND RESERVES			
Share capital	**63,163**	63,129	62,969
Reserves	**2,349,911**	2,252,890	2,117,660
Equity attributable to owners of the Company	**2,413,074**	2,316,019	2,180,629
Non-controlling interests	**11,158**	8,502	8,965
Total equity	**2,424,232**	2,324,521	2,189,594

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in 2012

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on disposal of its investment properties located in Hong Kong. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$4,226,000 as at 1st January, 2011, with the corresponding credit being recognised in retained profits. Similarly, the deferred tax liabilities have been decreased by HK$7,889,000 as at 31st December, 2011.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the years ended 31st December, 2012 and 31st December, 2011 being reduced by HK$5,998,000 and HK$3,663,000 respectively and hence resulted in profit for the years ended 31st December, 2012 and 31st December, 2011 being increased by HK$5,998,000 amd HK$3,663,000 respectively.

Amendments to HKAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. The effective date of these amendments is annual periods beginning on or after 1st January, 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1st January, 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1st January, 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1st January, 2011 without the related notes.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior years by line items are as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Decrease in income tax expense	**5,998**	3,663

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st January, 2011 and 31st December, 2011 are as follows:

	As at 1st January, 2011 (originally stated) HK$'000	Adjustments HK$'000	As at 1st January, 2011 (restated) HK$'000	As at 31st December, 2011 (originally stated) HK$'000	Adjustments HK$'000	As at 31st December, 2011 (restated) HK$'000
Deferred tax liabilities	29,620	(4,226)	25,394	58,937	(7,889)	51,048
Total effects on net assets	2,185,368	4,226	2,189,594	2,316,632	7,889	2,324,521
Retained profits, total effects on equity	1,368,547	4,226	1,372,773	1,378,784	7,889	1,386,673

Impact on basic and diluted earnings per share

	Impact on basic earnings per share		Impact on diluted earnings per share	
	Year ended 31st December, 2012	Year ended 31st December, 2011	Year ended 31st December, 2012	Year ended 31st December, 2011
	HK cents	HK cents	HK cents	HK cents
Figures before adjustments	30.18	43.45	30.17	43.33
Adjustments arising from changes in the Group’s accounting policies in relation to:				
- application of amendments to HKAS 12 in respect of deferred taxes on investment properties	0.95	0.58	0.95	0.58
Figures after adjustments	31.13	44.03	31.12	43.91

Except as described above, the application of these amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRs 2009 – 2011 Cycle, except for the amendments HKAS 1[1]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]

HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) -Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1st January, 2013.
[2] Effective for annual periods beginning on or after 1st January, 2014.
[3] Effective for annual periods beginning on or after 1st January, 2015.
[4] Effective for annual periods beginning on or after 1st July, 2012.

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and marketing of mould bases and related products. Revenue represents the invoiced valued of goods sold during the year, after allowances for returns and trade discounts excluding intra-group transactions.

The Group only has one operating segment, based on information reported to the chief operating decision maker (the Group's board of directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the Group. For information regarding this segment, reference can be made to the consolidated financial statements as a whole.

The segment result of the Group represents profit after taxation set out in the consolidated statement of comprehensive income.

Entity-wide disclosures

As at 31st December, 2012 and 2011, substantially all of the Group's non-current assets are located in the places of domicile of the relevant group entities, namely the People's Republic of China (the "PRC").

The following is an analysis of the Group's revenue based on location of customers:

	2012	2011
	HK$'000	*HK$'000*
The PRC (excluding Hong Kong)	**2,042,375**	2,182,691
Hong Kong	**5,378**	5,708
Others	**353,750**	344,061
	2,401,503	2,532,460

The Group has a very wide customer base including in Europe, America and Asia. No single customer contributed more than 10% of the Group's revenue for each of the years ended 31st December, 2012 and 2011.

3. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
		(restated)
The charge comprises:		
Hong Kong Profits Tax		
- current year	**8,991**	12,141
- (over)underprovision in prior years	**(19)**	52
	8,972	12,193
Taxation in jurisdictions outside Hong Kong		
- current year	**41,367**	71,377
- overprovision in prior years	**(1,215)**	(4,623)
- transfer from deferred taxation	**6,130**	1,236
	46,282	67,990
Deferred taxation		
- current year	**4,103**	26,890
- transfer to current income tax	**(6,130)**	(1,236)
	(2,027)	25,654
	53,227	105,837

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

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 is 25% from 1st January, 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, one of the Company's PRC subsidiaries was entitled to an exemption from PRC income tax for two years starting from the first profit-making year, followed by a 50% relief in tax rate for the next three years. 2007 was the first year of tax exemption granted to that subsidiary. Under the EIT Law, 2011 was the last year of the relief and this subsidiary is subject to tax rate of 25% (2011: 12.5%) for the current year.

Pursuant to the relevant laws and regulations in the PRC, one of the Company's PRC subsidiaries was entitled to a transitional tax rate of 24% during the year ended 31st December, 2011. This subsidiary was no longer entitled to the transitional rate and was subject to a tax rate of 25% since 1st January, 2012.

Taxation arising in jurisdictions outside Hong Kong and the PRC is calculated based on the applicable rates in those jurisdictions.

4. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2012 Interim – HK6 cents (2011: 2011 interim dividend HK13 cents) per share	**37,883**	82,024
2011 Final – HK13 cents (2011: 2010 final dividend HK18 cents) per share	**82,068**	113,398
2011 Final Special – Nil (2011: 2010 final special dividend HK5 cents) per share	**—**	31,499
	119,951	226,921

The board of directors have determined that a final dividend of HK12 cents (2011: HK13 cents) per share amounting to approximately HK$75,795,000 (2011: HK$82,068,000) should be paid to the shareholders of the Company whose names appear in the register of members on 22nd May, 2013.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**196,529**	277,628

Number of shares:

	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	**631,364,380**	630,548,599
Effect of dilutive potential ordinary shares:		
Share options	**195,718**	1,705,123
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**631,560,098**	632,253,722

6. INVENTORIES

	2012	2011
	HK$'000	*HK$'000*
Raw materials	**372,955**	562,776
Work in progress	**28,434**	49,743
Finished goods	**9,108**	15,711
	410,497	628,230

The cost of inventories recognised as an expense during the year by the Group amounted to approximately HK$1,853,389,000 (2011: HK$1,842,030,000).

7. TRADE, BILLS AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of approximately HK$401,250,000 (2011: HK$420,893,000).

In general, the Group allows a credit period ranging from 30 days to 90 days to its trade customers. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the revenue recognition dates.

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**316,887**	343,905
61 to 90 days	**84,835**	89,593
Over 90 days	**30,051**	26,301
	431,773	459,799

8. TRADE, BILLS AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$75,513,000 (2011: HK$167,230,000) and receipt in advances of approximately HK$18,874,000 (2011: HK$20,825,000).

The following is an aged analysis of trade and bills payables presented based on the invoice date at the end of the reporting period.

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**76,010**	125,930
61 to 90 days	**18,178**	41,422
Over 90 days	**13,053**	37,900
	107,241	205,252

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31st December, 2012, the Group continued to focus on the manufacturing and marketing of mould bases and related products.

The Group's revenue in the year ended 31st December, 2012 was approximately HK$2,402 million (2011: approximately HK$2,532 million). Profit attributable to owners of the Company in the year ended 31st December, 2012 was approximately HK$197 million (2011: approximately HK$278 million). Basic earnings per share in the year ended 31st December, 2012 was HK31.13 cents (2011: HK44.03 cents).

During the period under review, as dragged by the debt crisis burst out in Euro zone, the global economy remained in a vulnerable state. Though the Group's productivity maintained at the same level without much change, its turnover still recorded a recession.

The global economy was still clouded by the debt crisis in Europe and the United States. Some European countries were forced to adopt fiscal contraction policy, which hindered their economic development. Being confused by the uncertainties in economic outlook, global consumption and capital investment dropped substantially. As a result, some new product investment projects were compelled to withdraw or withhold. The downturn of market in Europe and the United States exerted great pressure to the growth of export business of China. On the other hand, the Chinese government tightened credit control in banks to restrain inflation that led to a shortage of cash flow in market, further suppressing the consumption desire and resulting in a slow down in consumer market. Both the domestic and export markets showed a downward trend at the same time, consequently, demand for mould product reduced. In response to the fierce competition within the mould industry, the mould product price was further suppressed. To maintain its market share and its scale of production, the Group had to cope with the prevailing market situation and flexibly adjust its product price to scramble for orders. Thus, the Group's profit margin diminished.

The Group endeavored to control the growth rate of its operation costs. Yet, as influenced by the unfavorable external environment and prevailing high inflation rate, operation costs surged continuously in view of price hiking in oil and transportation cost. Moreover, labor shortage especially skilled technical labor also pushed up the labor cost. The uprising costs burdened the Group in operating its business, as a result, the Group's profit performance was further impeded.

During the period under review, the Group continued to develop and enhance its production plants located both in the Southern and Eastern regions in order to pursue its long-term development goal. The high precision mould base production workshop located in the Heyuan factory, Guangdong Province, China concentrated on producing high precision mould base for overseas markets including Europe, the United States and Japan, gradually uplifted its productivity. To meet the need of those overseas customers, the Group had to strive for manufacturing mould products with high precision and high quality. However, due to the shortage of skilled technical labor and it also took time for the high precision machineries to be ameliorated, present outfit and production capacity of the workshop was not fully utilized and its productivity only maintained at the production level in accordance with its past production scale. Though the preliminary target set by the Group was reached, the workshop performance still had ample rooms for improvement.

The construction work of the new plant in Hangzhou city, Zhejiang Province, China was delayed in completion, in this connection; the whole production plan had been delayed. The mould steel business started at year-end of 2012 and its preliminary operation run smoothly that further strengthened the steel business in Eastern Regions in China. For mould base production, machineries have been moved continuously to the new workshop but it takes time for them to set up, fix and test, thus, the trail production can only be started at second half of this year. On the other hand, the living zone and its facilities were improved, whereas recruitment and training of manpower progressed simultaneously. Turning to the Shanghai plant in Eastern region in China, it stopped operation at January 2013 and its production lines and equipment had been successfully merged into the new plant in Hangzhou city.

The local mould steel price recorded a noticeable decrease but tending to rebound after reaching its lowest price. Regarding the imported steel, its price was relatively stable and the range of fluctuation was relatively small.

In conclusion, the Group still achieved a steady business development. Yet, owing to the slump in global economic situation and the uprising operation cost, the Group’s profit, as compared with that in last year, showed a noticeable fall and its performance fell behind expectation.

Liquidity and Capital Resources

As at 31st December, 2012, the Group had bank balances of approximately HK$805 million. The bank balances were placed in short term deposits with major banks in Hong Kong and the PRC.

The Group adopted conservative measures to hedge any exchange fluctuation if the exposure is considered significant by the management.

The Group continues to incur capital expenditure for the plant expansion and factory construction, which is financed by internal resources.

Gearing Ratio

Total debts of the Group were approximately HK$221 million, equal to approximately 9% of equity attributable to owners of the Company of approximately HK$2,413 million.

Employees and Remuneration Policies

As at 31st December, 2012, the Group employed a total of approximately 5,100 employees, including approximately 4,700 employees in its PRC production sites and approximately 400 employees in Hong Kong and other countries. The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed based on a performance related basis. Share options may also be granted to employees with reference to the individual’s performance.

PROSPECTS

Debt issues in European countries have not yet been solved completely; the economic situation in Euro zone still remains unstable. However, its negative impact relatively lessens as compared with the past years. The economy of the United States shows signs of improvement that brings hope for revival to the global economy. The Group foresees that the global economy still fluctuates in coming months but it will turn good in long term. The Group, aims to pursuing an ongoing and stable growth in business development, continues to hold a prudent and positive view towards the market fluctuation.

Recently, the economic performance of European countries and the United States turns better and it is anticipated the export business of China continues to be improved. Furthermore, it is believed the policy and measures put forward by the new leadership of the Central Government of China will have indirect impact on the Group's business development in China. Following the urbanization and the uplift of average wage in China, the consumption market of automobile and household electrical appliances experiences continued boom and domestic consumption is still a major economic driver for the economic growth in China. As sales of automobile in China has topped the world in terms of volume, the Group will target further to the large sized automobile parts and components market in the hope to promote its business in high-end mould market. Furthermore, market development opportunity for household electrical appliances is enormous in views of the increasing demand for technical products such as computer, tablet personal computer and mobile phone as well as the energy-saving and environmental friendly products, thus it is expected that the market in China will revive gradually. However, disputes between China and Japan have not stopped and the tense relation between the two countries will hinder the Japan manufacturers' decision to invest in China, which, consequently, will have direct impact on the mould production and demand in China. The Group will monitor closely the ever-changing market situation and flexibly devise its market strategy and set its long-term development direction, in order to fortify its market leading position.

The Group continues to adopt effective measures to enhance its operation effectiveness in the hope to achieve stable and favorable business growth. Regarding the production in the Heyuan factory, Guangdong Province, China, through streamlining its production flow, discarding low efficient equipment, achieving a higher level of automation and reducing its reliance on manpower, the Group aims at uplifting its production capacity and reinforcing its product precision. It is expected that the precision mould base production workshop will continue to meliorate its production efficiency and technical skill, which will eventually reduce the operation cost. Furthermore, it helps the Group to explore into the in-depth machining services for the medium to high-end mould market and sustains its competitiveness. At the same time, for the new plant in Hangzhou city, Zhejiang Province, China, besides promoting and exploring its steel distribution business, full effort will be put in executing a smooth commencement of its mould base production by better coordinating its manpower, machineries and equipments in order to further extend its market share in the Eastern, Central and Northern region of China.

As influenced by inflation, the operation cost is expected to follow an upward trend. Owing to the skilled labor shortage, labor cost will be unavoidably increased in order to retain talents and recruit new competent members. In light of this, the Group endeavors to monitor its operation cost by implementing automation system and devising a time and labor saving production process; by promoting "green production" which advocates effective resources utilization and waste reduction, seeking to lower its operating cost as well as to uplift operation effectiveness.

Following the sluggish economic development, the Group expects that the cost of both imported and local mould steel will fluctuate according to the market situation but its range tends to be narrowed. The Group closely monitors the market situation and steel price changes and flexibly regulates its inventory level in order to lower its material cost.

Looking ahead, the operating environment is full of challenge and opportunity. The Group still upholds a positive attitude in facing every challenge. Resorted to the ample experience and the adoption of pragmatic policy, the Group will maintain continuous and long-term stable business growth.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the consolidated financial statements.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

FINAL DIVIDEND

The Directors have resolved to recommend to shareholders at the annual general meeting of the Company to be held on 13th May, 2013 (the "AGM") the payment of a final dividend of HK12 cents per share (2011: HK13 cents per share) for the year ended 31st December, 2012 to shareholders whose names appear on the Register of Members on 22nd May, 2013. Subject to the approval by the shareholders at the AGM, the proposed final dividend will be despatched to shareholders on or about 4th June, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9th May, 2013 to 13th May, 2013, both days inclusive, during which period no share transfer will be effected. In order to qualify for attending and voting at the AGM, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 8th May, 2013.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 8th May, 2013 will be entitled for attending and voting at the AGM.

The register of members of the Company will also be closed from 21st May, 2013 to 22nd May, 2013, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all share certificates accompanied by the completed transfer forms either overleaf or separate or standard transfer form, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong

Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 20th May, 2013.

Shareholders whose securities accounts with The Central Depository (Pte) Limited in Singapore are credited with shares in the Company as at 5:00 p.m. on 20th May, 2013 will be entitled for the proposed final dividend.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of shares or other securities of the Company by the Company or any of its subsidiaries during the year ended 31st December, 2012.

CORPORATE GOVERNANCE

During the year ended 31st December, 2012, the Company complied with all code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) and the Corporate Governance Code (the new edition of the Code on Corporate Governance Practices, which is applicable to financial reports covering a period after 1st April, 2012).

By order of the Board
Siu Tit Lung
Chairman

Hong Kong, 22nd March, 2013

As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Mak Koon Chi, Mr. Wai Lung Shing, Mr. Fung Wai Hing and Mr. Ting Chung Ho; and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.