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WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

2014 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HK\$250,212,000, representing a corresponding decrease of 18.4%.
- The Group's gross profit amounted to HK\$69,083,000, representing a corresponding decrease of 30.4%.
- The Group's profit for the period amounted to HK\$18,955,000, representing a corresponding decrease of 54.5%.
- Basic earnings per share amounted to HK3.8 cents, representing a corresponding decrease of 54.2%.
- The Board declared an interim dividend of HK2 cents per ordinary share for the six months ended 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the adverse effect of the slowdown in China's economy and the slow recovery of the United States and European economies, the first half of 2014 was still filled with challenges. During the six months ended 30 June 2014, Winox Holdings Limited ("Company", together with its subsidiaries "Group") recorded a decline of 18.4% in turnover, which was mainly due to the decrease in sales of watch bracelets and mobile phone cases and parts. The continuous escalated staff and labour costs further affected the Group's profit margin. In order to weather this critical operating environment, we shall remain prudent

and implement stringent cost control policy and advance our supply chain management for the sustainable development of the Group.

The principal focus of the Group is on the development and manufacture of premium stainless steel products, and our major business segments are, namely, watch bracelets, costume jewellery, accessories and parts for leather goods and mobile phone cases and parts.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2014, the Group's unaudited consolidated turnover decreased by 18.4% to HK\$250,212,000 (2013: HK\$306,709,000) as compared to the same period of last year. Turnover attributable to watch bracelets, costume jewellery, accessories and parts for leather goods and mobile phone cases and parts were 68.7%, 25.2%, 5.5% and 0.6% respectively (2013: 68.1%, 15.4%, 4.5% and 12.0% respectively).

In the last six months, export of Swiss made stainless steel watches slowed down compared to the same period of last year. As a result, turnover of watch bracelets reported a decline of 17.6% to HK\$172,101,000 (2013: HK\$208,973,000) during the period.

Turnover of costume jewellery achieved a growth of 33.5% to HK\$62,997,000 (2013: HK\$47,193,000) compared to the same period of last year which is attributable to the effort we put to maintain our close relationship with existing prominent customers.

Sales of accessories and parts for leather goods amounted to HK\$13,717,000 (2013: HK\$13,665,000), representing a slightly increase of 0.4%.

During the period, sales of mobile phone cases and parts was HK\$1,397,000 (2013: HK\$36,878,000), representing a significant decrease of 96.2%. The significant drop was due to the ongoing screening and selection of customers in order to establish a strong and quality customer base.

Profit

During the period, we encountered major stresses that on one hand the decrease in sales, and on the other hand, the rising labour and raw material costs and production overheads. As a result, gross profit dropped by 30.4% to HK\$69,083,000 (2013: HK\$99,218,000) as compared to the same period of last year. Gross profit margin for the period decreased to 27.6% (2013: 32.3%). Profit for the period decreased by 54.5% to HK\$18,955,000 (2013: HK\$41,681,000) and basic earnings per share for the period decreased by 54.2% to HK3.8 cents (2013: HK8.3 cents).

Cost of Sales

Cost of sales included costs of production materials, labour and manufacturing overhead and other costs. The following table sets forth the breakdowns of our cost of sales for the six months ended 30 June 2014:

	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Direct material costs	61,519	81,383
Direct labour costs	70,922	76,625
Manufacturing overhead and other costs	48,688	49,483
	181,129	207,491

During the six months ended 30 June 2014, direct material costs accounted for about 34.0% (2013: 39.3%) of the total cost of sales.

For the six months ended 30 June 2014, direct labour costs and manufacturing overhead and other costs accounted for about 39.1% and 26.9% (2013: 36.9% and 23.8%) of the total cost of sales respectively.

Other Income

During the first half of 2014, other income amounted to HK\$4,221,000 (2013: HK\$4,161,000) was primarily derived from the gain on disposal of scrapped materials, management fee income, government grants and bank interest income.

Expenses

Selling and distribution expenses dropped by approximately 24.1% to HK\$9,937,000 for the six months ended 30 June 2014 as compared to HK\$13,092,000 for the same period in last year which is in line with the decrease in turnover.

As a result of tightened cost control, administrative expenses decreased by 5.0% to HK\$34,290,000 (2013: HK\$36,076,000) during the period.

During the period, the Group obtained new bank borrowings of HK\$40,027,000 and repaid bank borrowings of HK\$30,986,000. Finance costs for the six months ended 30 June 2014 amounted to HK\$2,065,000 (2013: HK\$2,024,000), representing an increase of 2.0%.

Inventories

	At 30 June 2014	At 31 December 2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Raw materials	16,783	11,859
Work in progress	58,432	51,998
Finished goods	2,200	11,443
	77,415	75,300

As at 30 June 2014, the Group recorded an inventory balance of HK\$77,415,000 (31 December 2013: HK\$75,300,000), representing a slight increase of 2.8%. Inventory turnover for the first half of 2014 was 76.3 days as compared to 71.9 days for the same period of 2013.

Trade Receivables

As at 30 June 2014, the Group recorded trade receivables of HK\$93,081,000 (31 December 2013: HK\$45,375,000). The increase was mainly due to a June 2014 payment from a major customer was received in early July 2014. The credit periods granted to our customers was considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers are internationally renowned brand owners, we considered we were exposed to relatively minimal default risk. The trade receivables turnover of the Group for the period was 50.1 days due to reason as explained above (for the year ended 31 December 2013: 42.2 days).

Trade Payables

As at 30 June 2014, the Group recorded trade payables of HK\$33,313,000 (31 December 2013: HK\$19,581,000). Our trade payables were primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the six months ended 30 June 2014 was 26.4 days (for the year ended 31 December 2013: 27.3 days).

Liquidity, Indebtedness and Charges on Assets

During the period, the Group sustained a satisfactory liquidity position. As at 30 June 2014, net current assets of the Group was HK\$161,937,000 (31 December 2013: HK\$155,535,000). Besides, the Group maintained cash and bank balances of HK\$131,007,000 (31 December 2013: HK\$167,511,000), of which 44.0% was in Hong Kong dollars, 43.4% was in Renminbi, 9.2% was in Swiss Franc and 3.4% was in United State dollars and other currencies.

The Group's outstanding bank borrowings as at 30 June 2014 was HK\$132,703,000 (31 December 2013: HK\$123,915,000), of which 92.5% was in Hong Kong dollars and 7.5% was in Renminbi. All of the Group's bank borrowings were arranged on floating rate basis. Except for certain bank borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank borrowings as current and non-current liabilities in the consolidated statements of financial position as at 30 June 2014 in accordance with the settlement term. Among the total bank borrowings, HK\$9,994,000 was short-term revolving loans, HK\$44,704,000 was loans repayable within one year and the balancing of HK\$78,005,000 was repayable after one year.

Part of the bank loans was secured by certain of our Group's assets with an aggregate carrying value of HK\$56,159,000 as at 30 June 2014. The charged assets included a piece of land in Dongguan where our factory was situated, certain properties constructed thereon and the deposits for two keyman life insurance policies. The banking facilities were also secured by corporate guarantees in favour of the bank from the Company.

As at 30 June 2014, the Group's gearing ratio was 0.18 (31 December 2013: 0.18), which was calculated on the basis of outstanding borrowings over the total assets of the Group.

Treasury

The Group adopted conservative treasury policies in cash and financial management. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the six months ended 30 June 2014, a large amount of the Group's sales was denominated in Hong Kong dollars whereas the foreign currency sales were mainly denominated in United States dollars and Swiss Franc that were contributed to the total turnover of 5.3% and 3.2% respectively (for the six months ended 30 June 2013: 4.5% and 1.7% respectively). The expenses of the Group were mainly denominated in Renminbi. As Hong Kong dollar was pegged with United States dollar and the sales denominated in Swiss Franc was not material, the directors of the Company ("Directors") considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in mainland China and the labour costs and manufacturing overheads were mainly denominated in Renminbi. The appreciation of Renminbi might affect the overall production costs of the Group.

During the period, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2014. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments and Significant Investment

Capital expenditure contracted for by the Group but not yet provided in the unaudited condensed consolidated financial statements as at 30 June 2014 was HK\$30,668,000 (31 December 2013: HK\$30,915,000), which was mainly related to the acquisition of property, plant and equipment. Capital expenditure authorised but not contracted for as at 30 June 2014 amounted to HK\$118,955,000 (31 December 2013: HK\$139,794,000).

Use of Proceeds

The proceeds raised from the initial public offerings of the Company in 2011 (“IPO”) was approximately HK\$198,350,000.

On 15 May 2012, the Board of Directors of the Company (“Board”) resolved to change the proposed use of the un-utilised net proceeds from the IPO originally allocated for financing the development of the Huzhen Factory (such as defraying the related construction and land costs) in the amount of approximately HK\$46,773,000 to finance the development of the Dongfeng Village Factory (such as defraying the related construction and decoration/renovation costs).

The usages of net proceeds up to 30 June 2014 were as follows:

Particulars	Planned HK\$'000	Reallocated HK\$'000	Utilised HK\$'000	Un-utilised HK\$'000
Financing the development of the Huzhen Factory	49,588	(46,773)	(2,815)	–
Financing the development of the Dongfeng Village Factory	–	46,773	(46,773)	–
Acquiring equipment and machinery for the Dongfeng Village Factory and Huzhen Factory and for expansion of the production facility of our existing facilities	128,927	N/A	(128,927)	–
General working capital and other general corporate purposes of the Group	19,835	N/A	(19,835)	–
TOTAL	198,350	–	(198,350)	–

During the period, the construction work for the first phase development of our Dongfeng Village Factory was substantially completed and will be gradually equipped for production according to the pace of the business development of the Group.

Contingent Liabilities

As at 30 June 2014, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any significant contingent liabilities.

Employment and Remuneration Policy

As at 30 June 2014, the total number of employees of the Group was approximately 3,146 (2013: 3,400). During the period under review, staff costs (including Directors' emoluments) amounted to approximately HK\$90,779,000 (2013: HK\$99,245,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

The Company had adopted a share option scheme to incentivise its senior management and employees. As at 30 June 2014, no options had been granted by the Company pursuant to the share option scheme.

PROSPECTS

In view of the gradual improvements of the United States and European economies and the determination of the Chinese government to transform China into a healthier and consumption driven economy, it is expected that the luxury expenditure will be stabilising and the export volume will pick up eventually. For longer term, we still believe a steady demand on precision stainless steel products. We aim at taking advantage of utilising our strengths and expertise to explore new business opportunities in order to alleviate concentration risk. Meanwhile, we shall keep monitoring closely the potential financial challenges of global economy recovery and take steps to formulate the corresponding counter-measures.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June

	Notes	2014 HK\$'000 (<i>unaudited</i>)	2013 HK\$'000 (<i>unaudited</i>)
Turnover	3	250,212	306,709
Cost of sales		(181,129)	(207,491)
Gross profit		69,083	99,218
Other income		4,221	4,161
Other gains and losses		(1,853)	(102)
Selling and distribution expenses		(9,937)	(13,092)
Administrative expenses		(34,290)	(36,076)
Finance costs		(2,065)	(2,024)
Profit before taxation	4	25,159	52,085
Taxation	5	(6,204)	(10,404)
Profit for the period		18,955	41,681
Other comprehensive (expense) income			
- Item that may be subsequently reclassified to profit or loss			
- Exchange differences on translation of financial statements of foreign operation		(11,506)	7,970
Total comprehensive income for the period attributable to owners of the Company		7,449	49,651
Earnings per share - Basic	7	HK3.8 cents	HK8.3 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2014 HK\$'000 <i>(unaudited)</i>	At 31 December 2013 HK\$'000 <i>(audited)</i>
Non-current assets			
Property, plant and equipment		311,600	300,710
Prepaid lease payments		37,358	38,711
Deposit for land use right		22,683	23,257
Deposits paid for acquisition of property, plant and equipment		17,103	10,839
Deposit and prepayments for a life insurance policy		4,717	4,849
		393,461	378,366
Current assets			
Inventories		77,415	75,300
Trade and other receivables	8	111,392	65,797
Taxation recoverable		6,322	5,332
Bank balances and cash		131,007	167,511
		326,136	313,940
Current liabilities			
Trade and other payables	9	68,685	55,400
Taxation payable		5,192	2,423
Bank borrowings – amount due within one year	10	90,322	100,582
		164,199	158,405
Net current assets		161,937	155,535
Total assets less current liabilities		555,398	533,901
Non-current liability			
Bank borrowings – amount due after one year	10	42,381	23,333
		513,017	510,568
Capital and reserves			
Share capital		50,000	50,000
Reserves		463,017	460,568
		513,017	510,568

NOTES

1. Basis of Preparation

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

The condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities;
Amendments to HKAS 32	Offsetting financial assets and financial liabilities;
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets;
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting; and
HK(IFRIC) - Int 21	Levies.

The application of the above new Interpretation and 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

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and trading of stainless steel products. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs, that are regularly reviewed by the chief operating decision makers (the "CODM"), who are the members of executive directors of the Company. The CODM regularly reviews revenue analysis by products, including watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts, and by locations of customers, including Switzerland, Liechtenstein, Hong Kong, the People's Republic of China ("PRC") and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance by respective products and locations of customers. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, no analysis of this single reporting segment is presented.

Turnover represents the fair value of the consideration received or receivable for goods sold to outside customers during the period.

Turnover by products are as follows:

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Watch bracelets	172,101	208,973
Costume jewellery	62,997	47,193
Accessories and parts for leather goods	13,717	13,665
Mobile phone cases and parts	1,397	36,878
	<u>250,212</u>	<u>306,709</u>

3. Turnover and Segment Information - continued

Turnover from external customers based on locations of customers attributed to the Group by geographical areas are as follows:

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Switzerland	168,305	197,594
Liechtenstein	49,766	39,938
Hong Kong	15,867	17,677
PRC	1,553	36,748
Other countries	14,721	14,752
	<u>250,212</u>	<u>306,709</u>

Turnover from customers of the corresponding period contributing over 10% of the total turnover of the Group are as follows:

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Customer A ¹	141,700	180,197
Customer B ²	49,766	39,938
Customer C ³	- ⁴	35,523

Notes:

¹ Turnover from sales of watch bracelets

² Turnover from sales of costume jewellery and accessories and parts for leather goods

³ Turnover from sales of mobile phone cases and parts

⁴ Turnover did not contribute over 10% of total turnover of the Group

4. Profit Before Taxation

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses	174,767	198,835
Depreciation of property, plant and equipment	12,047	10,299
Release of prepaid lease payments	410	410
Bank interest income	256	1,872
Loss on disposal of property, plant and equipment	222	35
Net foreign exchange loss	1,631	58
Write off of trade receivables	2,494	-
	<hr/>	<hr/>

5. Taxation

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	3,491	8,220
PRC Enterprise Income Tax ("PRC EIT")	2,713	2,184
	<hr/>	<hr/>
	6,204	10,404
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Hong Kong Profit Tax

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

PRC EIT

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the group entities in the PRC is 25% from 1 January 2008 onwards.

6. Dividends

During the current interim period, a final dividend of HK1 cent per ordinary share in respect of the year ended 31 December 2013 (2013: HK7 cents per ordinary share in respect of the year ended 31 December 2012) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK\$5,000,000 (2013: HK\$35,000,000).

On 22 August 2014, the board of directors of the Company has resolved to declare an interim dividend of HK2 cents per ordinary share totalling not less than HK\$10,000,000 for the six months ended 30 June 2014 (six months ended 30 June 2013: HK4 cents per ordinary share totalling not less than HK\$20,000,000). The interim dividend is payable on 25 September 2014 to the shareholders of the Company whose names appear on the register of members on 12 September 2014.

7. Earnings Per Share

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

	Six months ended	
	<u>30.6.2014</u>	<u>30.6.2013</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to owners of the Company)	<u>18,955</u>	<u>41,681</u>
	Number of Shares	
Number of shares for the purpose of calculating basic earnings per share	<u>500,000,000</u>	<u>500,000,000</u>

No dilutive earnings per share is presented as there are no potential dilutive ordinary shares during both periods.

8. Trade and Other Receivables

The following is an aging analysis of trade receivables presented based on the invoice date, which approximated the revenue recognition date:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
0 to 30 days	55,243	35,525
31 to 60 days	37,036	5,672
61 to 90 days	160	212
Over 90 days	642	3,966
	93,081	45,375

The Group allows a credit period ranging from 30 to 90 days to its trade customers. A longer credit period may be granted to large or long-established customers with good payment history.

Included in other receivables is an amount of HK\$818,000 (31 December 2013: HK\$838,000, representing the current portion of the Group's prepaid lease payments.

9. Trade and Other Payables

The following is an aging analysis of trade payables presented based on the invoice date:

	At 30 June 2014 HK\$'000 (unaudited)	At 31 December 2013 HK\$'000 (audited)
0 to 30 days	18,719	9,938
31 to 60 days	10,978	7,590
61 to 90 days	1,793	1,039
Over 90 days	1,823	1,014
	33,313	19,581

10. Bank Borrowings

During the current interim period, the Group obtained new bank borrowings of HK\$40,027,000 (six months ended 30 June 2013: HK\$34,297,000) and repaid bank borrowings of HK\$30,986,000 (six months ended 30 June 2013: HK\$31,853,000). The new borrowings carry variable interest rate at (i) 3.25% over Hong Kong Interbank Offered Rate, which is repayable up to a period of 7 years based on the repayment schedule and contains a repayment on demand clause at any time after 2 years from the drawdown date at the discretion of the bank; and (ii) 2.7% over the People's Bank of China Standard Loan interest rate, which contains a repayment on demand clause at any time. The proceeds were used to finance the Group's operation and the acquisition of property, plant and equipment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2014, the Company has applied the principles of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and complied with all the applicable code provisions of the CG Code, save and except for the deviations from code provisions A.2.1, A.2.7 and A.6.7.

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yiu Hon Ming is the Chairman and Managing Director (being defined as Chief Executive under the CG Code) who is responsible for overseeing the overall operations of the Group. Mr. Yiu is the founder of the Group who possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group’s overall operations. The Directors consider this structure is conducive to strong and consistent leadership, and effective and efficient planning and implementation of business decisions and strategies of the Company. The Board meets regularly to discuss major matters affecting the Group’s operations and considers this structure does not impair the balance of power and authority between the Board and the management of the Group.

Under code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Taking into account Mr. Yiu Hon Ming, the Chairman and Managing Director, is also an Executive Director, no meeting shall therefore be held between the Chairman and Non-executive Directors without the Executive Directors present.

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All Independent Non-executive Directors were unable to attend the Company’s annual general meeting held on 19 May 2014 due to their other business engagements.

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

For the six months ended 30 June 2014, the Company or any of its subsidiaries had not purchased, sold or redeemed any of its listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry to all Directors, all Directors confirmed that they complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2014 and up to the date of this announcement.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK2 cents per ordinary share for the six months ended 30 June 2014 (2013: HK4 cents per ordinary share), payable on Thursday, 25 September 2014 to shareholders of the Company whose names appear on the Company’s register of members (“Register of Members”) on Friday, 12 September 2014.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Friday, 12 September 2014, on which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 11 September 2014.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 30 June 2014 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, by Messr. Deloitte Touche Tohmatsu whose unmodified review report is included in the interim report to be sent to the Company’s Shareholders. The interim results have also been reviewed by the Audit Committee of the Company.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our customers, suppliers and shareholders for their continuous support. We would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the period.

By Order of the Board
Yiu Hon Ming
Chairman and Managing Director

Hong Kong • 22 August 2014

As at the date of this announcement, the Board comprises (a) three executive directors, namely, Mr. Yiu Hon Ming, Ms. Law Wai Ping and Mr. Chau Kam Wing Donald; (b) one non-executive director, namely, Mr. Au Wai Ming; and (c) three independent non-executive directors, namely, Mr. Ma Weihua, Mr. Carson Wen and Professor Wong Lung Tak Patrick.