WINOX

WINOX HOLDINGS LIMITED

盈 利 時 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

2018 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HK$491,687,000, representing a corresponding increase of 43.5%.

- The Group's gross profit amounted to HK$134,408,000, representing a corresponding increase of 38.5%.

- The Group's profit for the period amounted to HK$62,832,000, representing a corresponding increase of 60.3%. Included in the Group’s profit for the period there was an one-off reversal of overprovision of profits tax in prior years of HK$6,222,000.

- Basic earnings per share amounted to HK12.6 cents, representing a corresponding increase of 61.5%.

- The Board declared an interim dividend of HK6 cents per ordinary share for the six months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal focus of Winox Holdings Limited (“**Company**”, together with its subsidiaries “**Group**”) remains on the development and manufacture of premium stainless steel products, and our major business segments are, namely, watch bracelets, mobile phone cases and parts, costume jewellery, and accessories and parts for leather goods.

During the first half of 2018, the demand for luxury goods continues to grow as the economy of the world's major economies have kept their pace of growth. The Group recorded a satisfactory growth of 43.5% in turnover for the first six months of 2018 as compared to the same period of last year, which was mainly due to the increase in sales of watch bracelets, and mobile phone cases and parts. Our gross profit margin was slightly decreased by one percentage point to 27.3% as compared to the same period of last year which was mainly due to (1) the significant appreciation of Renminbi to Hong Kong Dollars during the first four months of 2018 and (2) the increase in wages. We will continuously carry out stringent cost control policy and efficient supply chain management to maintain our profit margin level.

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2018, the Group's unaudited consolidated turnover increased by 43.5% to HK$491,687,000 (2017: HK$342,594,000) as compared to the same period of last year. Turnover attributable to watch bracelets, mobile phone cases and parts, costume jewellery, and accessories and parts for leather goods were 53.1%, 37.4%, 7.6% and 1.9% respectively (2017: 55.1%, 25.3%, 17.2% and 2.4%).

In the first six months of 2018, the export value of Swiss made watches achieved an increase of 10.5% as compared to the same period of last year. The Group's turnover of watch bracelets reported an increase of 38.3% to HK$260,922,000 (2017: HK$188,673,000).

During the period under review, sales of mobile phone cases and parts was HK$184,073,000 (2017: HK$86,685,000), representing a significant increase of 112.3%.

During the period under review, turnover of costume jewellery recorded a decrease of 36.8% to HK$37,332,000 (2017: HK$59,030,000) as compared to the same period of last year.

During the period under review, sales of accessories and parts for leather goods amounted to HK$9,360,000 (2017: HK$8,206,000), representing an increase of 14.1%.

Cost of Sales

Cost of sales included costs of production materials, labour costs, and manufacturing overhead and other costs. The following table sets forth the breakdown of our cost of sales for the six months ended 30 June 2018:

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Direct materials costs	**161,359**	95,098
Direct labour costs	**135,774**	103,907
Manufacturing overhead and other costs	**60,146**	46,568
	357,279	245,573

During the six months ended 30 June 2018, direct materials costs accounted for about 45.2% (2017: 38.7%) of the total cost of sales, while direct labour costs, and manufacturing overhead and other costs accounted for about 38.0% and 16.8% (2017: 42.3% and 19.0%) of the total cost of sales respectively.

Other Income

Other income decreased by approximately 44.5% to HK$2,431,000 for the six months ended 30 June 2018 as compared to HK$4,384,000 for the same period of last year mainly due to the decrease in government subsidies received.

Other Expenses

Selling and distribution expenses increased by approximately 31.1% to HK$15,075,000 for the first six months of 2018 as compared to HK$11,502,000 for the same period of last year mainly due to the increase in turnover.

Administrative expenses increased by 28.1% to HK$50,524,000 (2017: HK$39,448,000) during the period under review mainly due to the increase in salaries and performance bonus.

Finance costs for the six months ended 30 June 2018 amounted to HK$1,500,000 (2017: HK$1,895,000), representing a decrease of 20.8%.

Taxation

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

Under the Law of the PRC on Enterprise Income Tax ("**EIT**") ("**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards.

During the period under review, certain subsidiaries of the Company operating in the PRC were recognised as High and New Technology Enterprise ("HNTE"). They are eligible to a tax rate of 15% with effect from the financial year ended 31 December 2017. Accordingly, overprovision in PRC EIT for prior years amounting to HK$6,222,000 was recognised during the period ended 30 June 2018. The HNTE certificates need to be renewed every three years so as to enable those subsidiaries to enjoy the reduced tax rate of 15%.

Profit for the Period

As a result of increase in sales, the Group's gross profit increased by 38.5% to HK$134,408,000 (2017: HK$97,021,000) as compared to the same period of last year. Gross profit margin for the period under review was 27.3% (2017: 28.3%). Profit for the period increased by 60.3% to HK$62,832,000 (2017: HK$39,193,000) and basic earnings per share for the period under review increased by 61.5% to HK12.6 cents (2017: HK7.8 cents).

Inventories

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Raw materials	**14,949**	10,694
Work in progress	**54,901**	50,631
Finished goods	**22,209**	20,825
	92,059	82,150

As at 30 June 2018, the Group recorded an inventory balance of HK$92,059,000 (31 December 2017: HK$82,150,000), representing an increase of 12.1% which was due to the increase in raw materials, work in progress and finished goods. The inventory turnover of the Group for the first half of 2018 was 44.1 days as compared to 47.5 days for the same period of 2017.

Trade Receivables

As at 30 June 2018, the Group recorded trade receivables of HK$145,719,000 (31 December 2017: HK$140,261,000). The credit periods granted to our customers were 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 low default risk. The trade receivables turnover of the Group for the period under review was 52.6 days (for the year ended 31 December 2017: 46.9 days).

Trade Payables

As at 30 June 2018, the Group recorded trade payables of HK$93,432,000 (31 December 2017: HK$99,416,000). The trade payables was 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 2018 was 48.8 days (for the year ended 31 December 2017: 40.9 days).

Liquidity, Indebtedness and Charges on Assets

During the period under review, the Group maintained a satisfactory liquidity level. As at 30 June 2018, net current assets of the Group was HK$225,024,000 (31 December 2017: HK$222,605,000). Besides, the Group maintained cash and bank balances of HK$160,540,000 (31 December 2017: HK$200,453,000), of which 38.3% was in Hong Kong dollars, 15.1% was in United State dollars, 41.9% was in Renminbi, and 4.7% was in Swiss Franc and other currencies.

The Group's outstanding bank borrowings as at 30 June 2018 was HK$63,536,000 (31 December 2017: HK$74,821,000), which was all in Hong Kong dollars. All of the Group's bank borrowings were arranged on floating rate basis and contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had classified all the bank borrowings as current liabilities in the condensed consolidated statement of financial position as at 30 June 2018. Despite that, amongst those bank borrowings, according to the repayment schedule, HK$22,571,000 was repayable within one year and the balance of HK$40,965,000 was repayable after one year.

Part of the bank borrowings was secured by certain of the Group's assets with an aggregate carrying value of HK$49,051,000 as at 30 June 2018. The charged assets included a piece of land in Dongguan where our factory was situated and certain properties constructed thereon, and the deposits for two keyman life insurance policies. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 30 June 2018, the Group's gearing ratio was 0.07 (31 December 2017: 0.08), 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 2018, a large amount of the Group's sales was denominated in Hong Kong dollars whereas the foreign currency sales was mainly denominated in United States dollars that was contributed to the total turnover of 37.9% (for the six months ended 30 June 2017: 29.8%). As Hong Kong dollars was pegged with United States dollars, 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 overhead were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

During the period under review, 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 2018. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments and Significant Investments

Capital expenditure contracted for by the Group but not yet provided in the unaudited condensed consolidated financial statements as at 30 June 2018 was HK$18,481,000 (31 December 2017: HK$25,774,000), which was mainly related to the acquisition of property, plant and equipment.

Contingent Liabilities

As at 30 June 2018, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any other significant contingent liabilities.

Employment and Remuneration Policy

As at 30 June 2018, the total number of employees of the Group was approximately 3,727 (2017: 3,402). During the period under review, staff costs (including Directors' emoluments) amounted to approximately HK$168,758,000 (2017: HK$127,992,000). 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 2018, no options had been granted by the Company pursuant to the share option scheme.

OUTLOOK

Riding on the continuous growth of the global economy in the first half of 2018, we expected that our customers' demand for our products will remain stable in the second half of 2018. However, we will remain cautious towards the risks surrounding the global economy including the effect from the recent rising trade tensions and the currency depreciation of certain emerging markets. This is the Group's strategy to remain focused on the business segments that we have strengths and expertise. With the extensive experience of our core team and our advanced technology in handling precision stainless steel materials and product design, we are very optimistic on the development of stainless steel product business ahead. We are committed to improving our operation efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Notes	Six months ended 30.6.2018 HK$'000 (unaudited)	30.6.2017 HK$'000 (unaudited)
Turnover	3	**491,687**	342,594
Cost of sales		**(357,279)**	(245,573)
Gross profit		**134,408**	97,021
Other income		**2,431**	4,384
Other gains and losses		**(2,890)**	(22)
Selling and distribution expenses		**(15,075)**	(11,502)
Administrative expenses		**(50,524)**	(39,448)
Finance costs		**(1,500)**	(1,895)
Profit before taxation	4	**66,850**	48,538
Taxation	5	**(4,018)**	(9,345)
Profit for the period		**62,832**	39,193
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss			
- Exchange differences on translation of financial statements of foreign operations		**(9,692)**	14,315
Total comprehensive income for the period attributable to owners of the Company		**53,140**	53,508
Earnings per share – Basic	7	**HK12.6 cents**	HK7.8 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	**30.6.2018** **HK$'000** **(unaudited)**	31.12.2017 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**365,414**	349,617
Prepaid lease payments		**32,248**	33,083
Deposits for land use right		**21,486**	21,781
Deposits paid for acquisition of property, plant and equipment		**20,863**	19,724
Deposit and prepayment for a life insurance policy		**4,002**	4,087
		444,013	428,292
Current assets			
Inventories		**92,059**	82,150
Trade and other receivables	8	**190,227**	177,649
Taxation recoverable		**125**	1,905
Bank balances and cash		**160,540**	200,453
		442,951	462,157
Current liabilities			
Trade and other payables	9	**137,576**	143,508
Taxation payable		**16,815**	21,223
Bank borrowings		**63,536**	74,821
		217,927	239,552
Net current assets		**225,024**	222,605
		669,037	650,897
Capital and reserves			
Share capital		**50,000**	50,000
Reserves		**619,037**	600,897
		669,037	650,897

NOTES

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 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, 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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

In the current interim period, the Group has applied, for the first time, a number of new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements.

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which result in changes in accounting policies, amounts reported and/or disclosures as described below.

(a) HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018.

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of retained profits at 1 January 2018 was recognised.

(b) HKFRS 9 "Financial Instruments" and the related amendments

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No additional impairment allowance was recognised at 1 January 2018.

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 based on 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, mobile phone cases and parts, costume jewellery and accessories and parts for leather goods, and by locations of customers, including Switzerland, Taiwan, the People's Republic of China ("**PRC**"), Liechtenstein and other European countries, Hong Kong and others. 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	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Watch bracelets	**260,922**	188,673
Mobile phone cases and parts	**184,073**	86,685
Costume jewellery	**37,332**	59,030
Accessories and parts for leather goods	**9,360**	8,206
	491,687	342,594

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

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Switzerland	**248,739**	172,275
Taiwan	**121,215**	67,547
PRC	**51,267**	14,566
Liechtenstein and other European countries	**42,019**	63,817
Hong Kong	**27,615**	18,838
Others	**832**	5,551
	491,687	342,594

4. Profit Before Taxation

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**18,912**	16,609
Release of prepaid lease payments	**410**	379
Bank interest income	**(259)**	(154)
Loss on disposal of property, plant and equipment	**2,329**	502
Net foreign exchange loss (gain)	**561**	(480)
Interests on bank borrowings	**1,500**	1,895

5. Taxation

	Six months ended	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**5,862**	5,323
PRC Enterprise Income Tax ("**EIT**")	**4,378**	4,022
	10,240	9,345
Overprovision in prior years:		
PRC EIT	**(6,222)**	-
	4,018	9,345

(i) Hong Kong Profits Tax

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

(ii) 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. During the period, certain subsidiaries of the Company operating in the PRC are recognised as High and New Technology Enterprise and eligible to a tax rate of 15% with effect from the financial year ended 31 December 2017. Accordingly, overprovision for PRC EIT in prior years amounting to HK$6,222,000 is recognised during the period ended 30 June 2018.

6. Dividends

During the current interim period, a final dividend of HK7 cents per ordinary share in respect of the year ended 31 December 2017 (2017: HK3 cents and a special dividend of HK3 cents per ordinary share in respect of the year ended 31 December 2016) was declared and paid to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to HK$35,000,000 (2017: HK$30,000,000).

On 29 August 2018, the board of directors of the Company has resolved to declare an interim dividend of HK6 cents per ordinary share, totalling HK$30,000,000, for the six months ended 30 June 2018 (six months ended 30 June 2017: HK4 cents per ordinary share, totalling HK$20,000,000). The interim dividend is payable on 28 September 2018 to the shareholders of the Company whose names appear on the register of members of the Company on 14 September 2018.

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	
	30.6.2018	30.6.2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**62,832**	39,193
	Number of Shares	
Number of shares for the purpose of calculating basic earnings per share	**500,000,000**	500,000,000

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:

	30.6.2018	31.12.2017
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**100,096**	89,738
31 to 60 days	**37,285**	44,328
61 to 90 days	**7,959**	5,875
Over 90 days	**379**	320
	145,719	140,261

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$789,000 (31 December 2017: HK$800,000), 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:

	30.6.2018 **HK$'000** **(unaudited)**	31.12.2017 HK$'000 (audited)
0 to 30 days	**39,842**	36,707
31 to 60 days	**37,844**	41,521
61 to 90 days	**13,674**	17,772
Over 90 days	**2,072**	3,416
	93,432	99,416

The credit period granted by suppliers ranges from 30 to 90 days.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company is committed to establishing and maintaining high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximize shareholders' interests.

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 and complied with all the applicable code provisions of the CG Code throughout the six months ended 30 June 2018, save and except for the deviations from code provisions A.2.1 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) of the Company 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 Group. 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 Company.

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. An Independent Non-executive Director was unable to attend the Company's annual general meeting held on 28 May 2018 due to his other business engagement.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's 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 the securities of the Company by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared an interim dividend of HK6 cents per ordinary share, totaling HK$30,000,000, for the six months ended 30 June 2018. The interim dividend will be payable on Friday, 28 September 2018 to shareholders of the Company whose names appear on the Company's register of members on Friday, 14 September 2018.

For the purpose of ascertaining the shareholders' entitlement to the interim dividend, the Company's register of members will be closed on Friday, 14 September 2018 on which no transfer of shares of the Company will be registered. In order to be entitled to the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company 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, 13 September 2018.

REVIEW OF INTERIM RESULTS

The interim results of the Group for the six months ended 30 June 2018 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 HKICPA, by Messrs. Deloitte Touche Tohmatsu whose unmodified review report will be included in the interim report to be sent to the Company's shareholders. The interim results of the Group for the six months ended 30 June 2018 have also been reviewed by the Audit Committee of the Company.

APPRECIATION

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

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

Hong Kong • 29 August 2018

As at the date of this announcement, the Board comprises (a) five executive Directors, namely, Mr. Yiu Hon Ming, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald, Mr. Li Chin Keung and Ms. Yiu Ho Ting; (b) one non-executive Director, namely, Mr. Au Wai Ming; and (c) three independent non-executive Directors, namely, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.