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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)

2011 Interim Results Announcement

FINANCIAL HIGHLIGHTS

- The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 July 2011 with net proceeds of about HK$198,350,000.
- The Group's turnover amounted to HK$228,141,000, representing an increase of 43.6%.
- The Group's gross profit amounted to HK$97,286,000, representing an increase of 54.7%.
- The Group's net profit amounted to HK$37,674,000, representing an increase of 18.0%; excluding the one-off listing expenses amounting to HK$12,766,000, adjusted net profit would amount to HK$50,440,000, representing an increase of 58.0%.
- Earnings per share amounted to HK 10.0 cents, representing an increase of 17.6%; excluding the one-off listing expenses amounting to HK$12,766,000, adjusted earnings per share would amount to HK 13.5 cents, representing an increase of 58.8%.
- The board of directors of the Company declared an interim dividend for the six months ended 30 June 2011 of HK 2 cents per ordinary share.

The board of directors (the "Board") of Winox Holdings Limited (the "Company") is pleased to announce its unaudited interim results of the Company and its subsidiaries (collectively, the "Group") for the first six months ended 30 June 2011 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTES	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
Turnover	3	228,141	158,824
Cost of goods sold		(130,855)	(95,940)
Gross profit		97,286	62,884
Other income		2,967	601
Other losses		-	(87)
Selling and distribution expenses		(11,392)	(7,346)
Administrative expenses		(25,704)	(15,035)
Listing expenses		(12,766)	-
Finance costs		(2,775)	(2,459)
Profit before taxation	4	47,616	38,558
Taxation	5	(9,942)	(6,641)
Profit for the period		37,674	31,917
Other comprehensive income			
Exchange differences arising on translation of foreign operation		3,961	379
Total comprehensive income for the period		41,635	32,296
Earnings per share - Basic	7	HK 10.0 cents	HK 8.5 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	NOTES	30.6.2011 HK$'000 (unaudited)	31.12.2010 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		116,755	94,580
Prepaid lease payments		7,049	6,970
Prepayment for acquisition of land use right		19,112	18,687
Deposits paid for acquisition of property, plant and equipment		8,483	7,443
Deposit and prepayments for a life insurance policy		5,538	5,682
		156,937	133,362
Current assets			
Inventories		69,114	40,633
Trade and other receivables	8	103,936	97,608
Amounts due from related parties		-	538
Bank balances and cash		49,289	61,793
		222,339	200,572
Current liabilities			
Trade and other payables	9	76,425	56,119
Dividend payable		-	1,200
Taxation payable		8,538	1,125
Bank borrowings – amount due within one year		95,236	139,474
Obligations under a finance lease		-	56
		180,199	197,974
Net current assets		42,140	2,598
Total assets less current liabilities		199,077	135,960
Non-current liability			
Bank borrowings – amount due after one year		30,282	-
		168,795	135,960
Capital and reserves			
Share capital		37,500	1
Reserves		131,295	135,959
		168,795	135,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

1. BASIS OF PREPARATION

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

In preparing for the initial listing of the shares of the Company (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the companies now comprising the Company and its subsidiaries (hereinafter collectively referred to as the "Group") underwent the group reorganisation (the "Group Reorganisation") to rationalise the group structure. As a result of the Group Reorganisation, the Company became the holding company of the Group on 11 March 2011. Details of the Group Reorganisation are more fully explained in the section headed "Reorganisation" of the prospectus of the Company dated 30 June 2011. The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated financial statements have been prepared using the principles of merger accounting which are consistent with the principles as stated in Accounting Guideline 5 "Merger accounting under common control combination" issued by the HKICPA. The condensed consolidated statements of comprehensive income, the condensed consolidated statements of changes in equity and the condensed consolidated statements of cash flows of the Group for the six months ended 30 June 2011 and 30 June 2010 have been prepared on the basis as if the current group structure has been in existence throughout the periods. The condensed consolidated statement of financial position of the Group as at 31 December 2010 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence as at that date.

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

The shares of the Company are listed on the Stock Exchange on 20 July 2011.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2010 included in the Accountants’ Report in Appendix I of the prospectus of the Company dated 30 June 2011.

In the current interim period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRS"s), revised Hong Kong Accounting Standards ("HKAS"s), amendments and interpretation ("INT") (hereinafter collectively referred to as "new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2011.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related party disclosure
HKAS 32 (Amendment)	Classification of rights issues
HK(IFRIC*) - INT 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC*) - INT 19	Extinguishing financial liabilities with equity instruments

* IFRIC represents the IFRS Interpretations Committee.

2. PRINCIPAL ACCOUNTING POLICIES – continued

The application of the above new or revised 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.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRS 1 (Amendments)	Severe hyperinflation and removal of fixed dates for first-time adopters[1]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[1]
HKFRS 9	Financial instruments[2]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosures of interests in other entities[2]
HKFRS 13	Fair value measurements[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[3]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2012.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement.

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations disclosed above will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and sale of watch bracelets, costume jewellery and accessories. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief operating decision makers (the "CODM") which is the board of directors of the Company. The CODM regularly reviews revenue analysis by products, including watch bracelets, costume jewellery and accessories and by locations, including Switzerland, Hong Kong and other European and Asian countries. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products and locations. The CODM reviews the overall results of the Group as a whole to make decisions about resources allocation. 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.

3. TURNOVER AND SEGMENT INFORMATION – continued

An analysis of the Group's turnover by products is as follows:

	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
Sales of		
- watch bracelets	191,397	116,009
- costume jewellery	19,338	37,152
- accessories	17,406	5,663
	228,141	158,824

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

	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
Turnover		
- Switzerland	165,864	126,178
- Hong Kong	37,750	27,345
- other European countries	24,174	4,976
- other Asian countries	353	325
	228,141	158,824

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

	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
Customer A[1]	133,220	81,725
Customer B[1]	29,725	22,214
Customer C[2]	10,776 [3]	21,257

Notes:
[1] Turnover from sales of watch bracelets
[2] Turnover from sales of costume jewellery and accessories
[3] The corresponding turnover did not contribute over 10% of total turnover of the Group.

Substantially all of the Group's non-current assets were located in the Mainland China amounting to HK$149,511,000 as at 30 June 2011 (31 December 2010: HK$127,312,000).

4. PROFIT BEFORE TAXATION

	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses	125,055	92,275
Depreciation	3,898	3,126
Net foreign exchange loss	-	64
Finance costs		
- interests on bank borrowings wholly repayable within five years	2,766	2,448
- finance lease	9	11
	2,775	2,459
and after crediting:		
Net gain from sales of scrap	959	-
Net foreign exchange gain	197	-
Management fee income	861	-

5. TAXATION

	Six months ended 30.6.2011 HK$'000 (unaudited)	30.6.2010 HK$'000 (unaudited)
The charge comprises:		
Hong Kong Profits Tax	7,506	5,200
PRC Enterprise Income Tax ("PRC EIT")	2,436	1,441
	9,942	6,641

(i) Hong Kong Profit Tax

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period under review.

(ii) PRC EIT

On 16 March 2007, the PRC promulgated the Law on Enterprise Income Tax (the "New EIT Law") by Order No. 63 of the President of the PRC. On 6 December 2008, the State Council of the PRC issued Implementation Regulation of the EIT Law. Under the New EIT Law and Implementation Regulation, the statutory EIT rate of the group entities in the PRC has been reduced to 25% from 1 January 2008 onwards.

Notwithstanding the above, according to the approval granted by Dongguan State Administration of Taxation Office which under the old enterprise income tax system in the PRC, a subsidiary of the Company in PRC is entitled to exemptions from the PRC EIT for two years commencing from its first profit-making year and thereafter entitled to a 50% relief from PRC EIT for the next three years (the "Income Tax Holidays"). According to Guofa [2007] No. 39, the PRC enterprises which have started to enjoy the Income Tax Holidays before the effective date of the New EIT Law can continue to enjoy the remaining period of the Income Tax Holidays. For those PRC enterprises whose Income Tax Holidays has not yet started before the effective date of the New EIT Law, they are deemed to have started to enjoy them from 1 January 2008.

5. TAXATION – continued

Deferred taxation has not been provided for in respect of the temporary differences attributable to the undistributed retained profits earned by a subsidiary in PRC amounting to HK$4,273,000 (31 December 2010: HK$3,567,000) starting from 1 January 2008 under the Law of PRC on EIT that requires withholding tax upon the distribution of such profits to the overseas shareholders as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

In January 2011, a subsidiary of the Company, Glorify Land Management Limited ("Glorify Land"), declared and paid an interim dividend of HK$8,800,000 for the year ended 31 December 2011 to its then shareholders prior to the Group Reorganisation.

On 27 August 2011, the board of directors of the Company has resolved to declare an interim dividend of HK 2 cents per ordinary share totaling not less than HK$10,000,000 for the six months ended 30 June 2011, which is proposed on the basis of 500,000,000 ordinary shares of the Company in issue after the Listing. The interim dividend is payable on 18 October 2011 to the shareholders of the Company whose names appear on the Company's register of members on 23 September 2011.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the consolidated profit attributable to owners of the Company and on 375,000,000 ordinary shares in issue during the period which is on the assumption that the Group Reorganisation and the capitalisation issue of 374,999,000 ordinary shares of HK$0.1 each of the Company at par value on 24 June 2011 have been effective on 1 January 2010.

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

8. TRADE AND OTHER RECEIVABLES

An aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30.6.2011 HK$'000 (unaudited)	31.12.2010 HK$'000 (audited)
0 to 30 days	39,222	46,182
31 to 60 days	45,813	42,866
61 to 90 days	2,404	446
Over 90 days	343	173
	87,782	89,667

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.

9. TRADE AND OTHER PAYABLES

An aging analysis of trade payables presented based on the invoice date at the end of the reporting period is as follow:

	30.6.2011 HK$'000 (unaudited)	31.12.2010 HK$'000 (audited)
0 to 30 days	12,357	9,177
31 to 60 days	14,702	10,112
61 to 90 days	5,142	4,133
Over 90 days	2,996	3,694
	35,197	27,116

BUSINESS AND FINANCIAL REVIEW

The Board is pleased to announce the consolidated results of the Group for the six months ended 30 June 2011.

LISTING ON THE MAIN BOARD

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 July 2011 (the "Listing Date") with net proceeds of about HK$198,350,000 after deducting the expenses relating to the share offer. A total of 125,000,000 new ordinary shares of the Company, representing 25% of the total issued share capital of the Company, were issued to the public at HK$1.87 per share.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK 2 cents per ordinary share for the six months period ended 30 June 2011. The interim dividend is payable on 18 October 2011 to shareholders of the Company whose names appear on the Company's register of members on 23 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered on Thursday, 22 September 2011 and Friday, 23 September 2011 for the purpose of determining Shareholders' entitlements to the interim dividend.

To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 21 September 2011.

BUSINESS REVIEW

We continued to focus on the development and manufacture of stainless steel products such as watch bracelets, costume jewellery, accessories, and mobile phone cases and accessories. The growth, as expected, was attributable to the continued strong demand in our watch bracelets product as derived from the prosperous luxury watches retail market. For the six months ended 30 June 2011, the turnover of watch bracelets grew by 65.0% to HK$191,397,000 (2010: HK$116,009,000). Contribution from accessories was also promising as our technique for the production of belt buckles was maturing and our relationship with the customers was being stabilized. Turnover for accessories for the six months ended 30 June 2011 amounted to HK$17,406,000 (2010: HK$5,663,000), a significant increase of 207.4% as compared to the same period last year. As for the costume jewellery, turnover decreased by 47.9% from HK$37,152,000 for the six months ended 30 June 2010 to HK$19,338,000 for the same period in 2011. We had undergone a process of customers screening and devoted our resources to those prominent customers who were capable to place voluminous and stable orders. Orders for costume jewellery were expected to revive in the second half of 2011. We continued to broaden our products portfolio by commencing trial production of mobile phone cases and accessories in June 2011. As at 30 June 2011, we had order on hand amounting to about HK$330,000,000, of which 83.3%, 10.7% and 6.0% were attributed to watch bracelets, costume jewellery and accessories respectively.

We strived to expand our production capacity to cater for the strong demand of our products. The renovation of our Dongfengcun factory had been completed. We had also set about for the planned development of our production facilities in Huzhen, Huizhou. Negotiation with local land administrative authorities had been underway for converting part of the current permitted land uses of the Huzhen site to state-owned land for industrial use.

We remained keenly focus our strategy on strengthening and expanding our customer base. During the period, we were not only capable to maintain fabulous relationship with our existing customers but managed to solicit five new international renowned brands engaging in various product categories of our group. We were also firmly committed to being a global leader in the development and manufacturing of stainless steel products and would continue to broaden our products portfolio in the future.

FINANCIAL REVIEW

Results

For the six months ended 30 June 2011, the Group's consolidated turnover amounted to HK$228,141,000, representing an increase of 43.6% over HK$158,824,000 for the same period last year. We also reported gross profit of HK$97,286,000 representing an increase of 54.7% as compared to the same period last year. Gross profit margin had also increased from about 39.6% for the six months ended 30 June 2010 to about 42.6% for the six months ended 30 June 2011 as a result of the continuing improvement in our production efficiency and economies of scale in operation.

For the six months ended 30 June 2011, the Group's unaudited consolidated net profit attributable to shareholders amounted to HK$37,674,000 (2010: HK$31,917,000), representing an increase of 18.0% as compared to the same period last year. The basic earnings per share was HK 10.0 cents (2010: HK 8.5 cents), an increase of 17.6% over the same period last year. Excluding the one-off listing expenses amounting to HK$12,766,000 (2010: Nil), the adjusted net profit for the period would amount to HK$50,440,000, an increase of 58.0% as compared to the same period last year.

The increase in both turnover and profit during the period was primarily attributable to the booming luxury products market globally, in particular, the China and other Asian luxury markets in the first half of 2011.

Product selling prices

The average selling prices of our products during the period were as follows:

	Six months ended		Percentage increase/ (decrease)
	30.6.2011 HK$	30.6.2010 HK$	
Watch bracelets	252.84	254.96	(0.8%)
Costume jewellery	76.64	56.12	36.6%
Accessories	50.50	37.60	34.3%

The selling price of our products to a large extent depended on the selling price and demand of their end products which in turn was affected by the global economic environment. During the period, the average selling price of our watch bracelets had been slightly decreased by 0.8% whilst the average selling prices for other products increased by more than 30%. As said above, we had focused our resources on the more prominent customers for our costume jewellery and accessories products; as such, we managed to obtain a higher selling price for these products. As for the watch bracelets, we had obtained three new customers and their product price ranges were slightly lower than our existing customers. With the inclusion of these new customers, the number of watch bracelets sold during the period increased from approximately 455,000 units to approximately 757,000 units, an increase of 66.4% as compared to the same period last year.

Cost of goods sold

Our cost of goods sold included costs of production materials, labour and manufacturing overhead and other costs. The following table set forth the breakdown of our cost of goods sold during the period:

	Six months ended	
	30.6.2011	30.6.2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Direct material costs	51,945	39,182
Direct labour cost	51,220	33,730
Manufacturing overhead and other costs	27,690	23,028
	130,855	95,940

Costs of material accounted for 39.7% of the total costs of goods sold for the six months ended 30 June 2011 (2010: 40.8%). Costs of labour accounted for 39.1% of the total costs of goods sold for the six months ended 30 June 2011 (2010: 35.2%). As a result of the increase in minimum wage in Dongguan city and the continued appreciation of Renminbi, it was expected that the direct labour cost would account for a larger share in the overall cost of goods sold. Nonetheless, our customers were mainly international renowned brands who were more susceptible to the improvement in labour welfare. We expected that part of the increase in labour cost would be absorbed in the adjusted selling price of our products.

The price of our major production materials such as stainless steel rods and stainless steel plates remained stable during the period amid mild price increase immediately after the Japanese natural disasters in March this year. We did not engage in any hedging transactions with regard to our production materials as we considered that the fluctuations in the cost of our production materials were generally in line with fluctuations in the selling price of our products.

For the six months ended 30 June 2011, manufacturing overhead and other costs increased by 20.2% over the corresponding period in 2010, as compared to the 43.6% increase in turnover over the corresponding period in 2010.

Other expenses

Selling and distribution expenses increased by 55.1% to HK$11,392,000 for the six months ended 30 June 2011 as compared to HK$7,346,000 last year. The increase was primarily due to the increase in turnover from HK$158,824,000 for the six months ended 30 June 2010 to HK$228,141,000 for the same period in 2011.

Administration expenses also increased by 71.0% to HK$25,704,000 for the six months ended 30 June 2011 (2010: HK$15,035,000). The difference was the resultant from the significant increase in professional fees, and salaries and allowance of administration and management staff of the Group in connection with the day-to-day operations of the Company for its listing on the Stock Exchange.

Finance costs was HK$2,775,000 for the six months ended 30 June 2011, as compared to HK$2,459,000 for the same period last year. Such increase was mainly due to the increased interest rate for the PRC bank loans during the period under review.

Inventories

	30.06.2011 HK$'000 (unaudited)	31.12.2010 HK$'000 (audited)
Raw materials	12,515	9,563
Work in progress	56,137	30,647
Finished goods	462	423
	69,114	40,633

As at 30 June 2011, the Group recorded an inventory balance of HK$69,114,000 (31 December 2010: HK$40,633,000), an increase of 70.1% as compared to 31 December 2010. The increase in work-in-progress inventories was mainly due to the expected significant increase in turnover for the year 2011. The increased stock of raw material such as stainless steel plates and rods served as a precautionary measure to combat the possible shortage of supply due to the Japanese natural disasters in March 2011. Upon smoothing of supply, the Group would adhere to its procurement policy and maintain a normal stock level.

Liquidity, indebtedness and charges on assets

The Group continued to sustain a satisfactory liquidity position. The Group's net current assets improved from HK$2,598,000 (as at 31 December 2010) to HK$42,140,000 (as at 30 June 2011). Further, as at 30 June 2011, the Group maintained cash and bank balances of approximately HK$49,289,000 (as at 31 December 2010: HK$61,793,000), of which 50.0% was in Hong Kong dollars, 19.1% was in Swiss Franc, 17.1% was in Renminbi and 13.8% was in United State dollars.

The Group's outstanding borrowings as at 30 June 2011 represented bank loans amounting to HK$125,518,000 (31 December 2010: HK$139,474,000), of which 66.4% was in Hong Kong dollars and 33.6% was in Renminbi, all carried floating interest rates. Of these outstanding borrowings, HK$95,236,000 and HK$30,282,000 was respectively classified as current liabilities and non-current liability in the Condensed Consolidated Statement of Financial Position as required under the Hong Kong Financial Reporting Standard. Despite that, according to the terms of repayment of the bank loan agreements, HK$42,141,000 was short term revolving loan, HK$26,035,000 was loans repayable within one year and the balancing HK$57,342,000 was repayable after one year. Part of the bank loan, amounting to HK$107,618,000 was secured by certain of our Group's assets with an aggregate carrying value of HK$54,543,000 as at 30 June 2011. Those charged assets included the piece of land where our factory in Dongguan was located, certain properties located in our factory in Dongguan and deposits for two keyman life insurance policies.

The Group's gearing ratio as at 30 June 2011, which was calculated on the basis of outstanding borrowings as a percentage of total assets of the Group, was 33.1% (as at 31 December 2010: 41.8%).

The Company was listed on the Stock Exchange on 20 July 2011 with net proceeds of about HK$198,350,000 after deducting the expenses relating to the share offer. This would further improve the liquidity position of the Group. The net proceeds would be mainly applied in financing the expansion plan of our Dongfengcun and Huzhen factories.

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.

A large portion of the Group's sales was denominated in Hong Kong dollars and the Group's foreign currency sales were mainly denominated in United States dollars and Swiss Franc that contributed to the total turnover for the six months ended 30 June 2011 of 7.9% and 5.5% respectively. Yet, most expenses of the Group were denominated in Renminbi. As the Hong Kong dollar was pegged with the United States dollar and the sales amount in Swiss Franc was not material, the Group had limited exposure in this aspect. Nonetheless, the appreciation of Renminbi might affect the overall cost of production of the Group. Such an increase in production cost was expected to be absorbed by the increase in the adjusted selling price of our products.

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 2011. We would continue to monitor closely all possible exchange rate risk arising from the Group's existing operations and new investments in the future and would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk if required.

Acquisition and disposal of subsidiaries and associated companies

Other than the group reorganization as disclosed in the Company's prospectus dated 30 June 2011, the Group had not acquired or disposed any subsidiaries or associated companies during the period under review.

Capital expenditure

During the six months ended 30 June 2011, the Group incurred approximately HK$23,979,000 (six months ended 30 June 2010: HK$15,193,000) on acquisition of items of property, plant and equipment.

Contingent liabilities

As at 30 June 2011 and 31 December 2010, the Group did not have any significant contingent liabilities.

Employment and remuneration policy

As at 30 June 2011, the number of employees of the Group was about 3,600 (31 December 2010: about 3,100). Employees cost (including Directors' emoluments) amounted to about HK$65,445,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: HK$41,249,000). Remuneration of the employees included salary and discretionary bonus which 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 incentivize its senior management and employees. As at 30 June 2011, no options had been granted by the Company pursuant to the share option scheme.

PROSPECTS

The outlook for the Group for the second half of 2011 is mixed. On the one hand, it is expected that the China and Asian luxury products market will maintain its momentum in the second half of 2011. Demand for the Group's products remains strong as evident by the satisfactory level of order on hand of the Group as at 30 June 2011. On the other hand, the recent down-graded credit rating of the United States and the intensified European sovereign debt crisis may have an adverse impact on the global economic and market conditions, the general consumer confidence as well as the consumer purchasing power, which in turn may impede the growth of luxury products market. The management of the Group will cautiously monitor the operations of the Group to adapt itself to the challenging economic environment.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Since the Listing Date and up to the date of this announcement, the Company or any of its subsidiaries had not purchased, sold or redeemed any of the listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 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 the directors of the Company, all the directors confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the period from the Listing Date of the Company's shares on the Stock Exchange and up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was not yet listed on the Stock Exchange during the period under review and therefore the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules was not applicable to the Company for the period under review. Since the Listing Date and up to the date of this announcement, the Company was in compliance with the code provisions of the CG code, save and except for the following derivation:

Code Provision A.2.1

Under Code Provision A.2.1, the roles of chairman and managing director should be separated and should not be performed by the same individual. During the period from the Listing Date to the date of this announcement, the Company had not separated the roles of chairman and managing director. Mr. Yiu Hon Ming is the chairman and also managing director of the Company responsible for overseeing the operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company and is conducive to strong and consistent leadership, enabling the Group to operate efficiently.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written term of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Group and to provide advice and comments to the Board, overseeing the audit process and performing other duties and responsibilities as may be assigned by the Board from time to time. The Audit Committee consists of three independent non-executive directors of the Company, namely Professor Wong Lung Tak Patrick, Mr. Ma Weihua and Mr. Carson Wen. Professor Wong Lung Tak Patrick is the chairman of the Audit Committee.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim consolidated financial statements and the interim report of the Group for the six months ended 30 June 2011. In addition, the Company's auditors, Deloitte Touche Tohmatsu have also reviewed the aforesaid unaudited interim consolidated financial statements for the six months ended 30 June 2011, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of the Company (www.winox.com) and of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). An interim report of the Company for the six months ended 30 June 2011 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and make available on the abovementioned websites in due course.

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

Hong Kong, 27 August 2011

As at the date of this announcement, the Board of the Company comprises (a) four executive directors, namely Mr. Yiu Hon Ming, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald and Ms. Zhou Hui Elizabeth; (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.