WINOX

Winox Holdings Limited
盈利時控股有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)
Stock Code 股份代號：6838

Interim Report
中期報告 2013

Contents

Corporate Information and Key Dates

BOARD OF DIRECTORS

Yiu Hon Ming *(Chairman & Managing Director)*
Au Wai Ming# *(Deputy Chairman)*
Law Wai Ping
Chau Kam Wing Donald *(Finance Director)*
Ma Weihua*
Carson Wen*
Wong Lung Tak Patrick*

Non-executive Director
* *Independent Non-executive Director*

AUDIT COMMITTEE

Wong Lung Tak Patrick *(Chairman)*
Ma Weihua
Carson Wen

REMUNERATION COMMITTEE

Wong Lung Tak Patrick *(Chairman)*
Yiu Hon Ming
Ma Weihua
Carson Wen

NOMINATION COMMITTEE

Yiu Hon Ming *(Chairman)*
Ma Weihua
Carson Wen
Wong Lung Tak Patrick

COMPANY SECRETARY

Chu Lai Shan Sammie

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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148 Connaught Road Central
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

INFORMATION OF SHARES

Place of Listing	:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	:	6838
Board Lot	:	2,000 shares
Financial Year End	:	31 December
Interim dividend	:	HK4 cents per ordinary share

KEY DATES

Closure of register of members for interim dividend	:	13 September 2013
Record date for interim dividend	:	13 September 2013
Interim dividend payment date	:	26 September 2013

Financial Highlights

	Six months ended 30 June 2013 HKD'000 (unaudited)	Six months ended 30 June 2012 HKD'000 (unaudited)	Change
RESULTS HIGHLIGHTS			
Turnover	**306,709**	264,353	16.0%
Gross profit	**99,218**	101,312	(2.1%)
Profit for the period	**41,681**	45,183	(7.8%)
Basic earnings per share (HK cents)	**8.3**	9.0	(7.8%)
Dividend per share (HK cents)	**4.0**	4.0	–

	At 30 June 2013 HKD'000 (unaudited)	At 31 December 2012 HKD'000 (audited)	Change
BALANCE SHEET HIGHLIGHTS			
Total assets	**729,577**	708,338	3.0%
Total borrowings	**126,941**	124,264	2.2%
Net assets	**519,351**	504,700	2.9%
Net assets per share (HKD)	**1.04**	1.01	3.0%
Current ratio	**1.84**	2.07	
Gearing ratio[1]	**0.17**	0.18	

Note:

1 Gearing ratio = Total borrowings/Total assets

Management Discussion and Analysis

BUSINESS REVIEW

The first half of 2013 was filled with challenges. During the six months ended 30 June 2013, Winox Holdings Limited (the "Company", together with its subsidiaries, the "Group") recorded a growth of 16.0% in turnover, which was mainly driven by the increase in sales of mobile phone cases and parts, the broadening of customer base and diversification of product mix. However, the challenges in rising production costs, cost for additional resources put in developing the mobile phone cases and parts product segment and Renminbi appreciation impacted the profit margins of the Group. We shall remain prudent in the present volatile global economy 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

Revenue

For the six months ended 30 June 2013, the Group's unaudited consolidated turnover increased by 16.0% to HKD306,709,000 (2012: HKD264,353,000) 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 68.1%, 15.4%, 4.5% and 12.0% respectively (2012: 78.5%, 16.6%, 4.8% and 0.1% respectively).

In the last six months, global demands of luxury Swiss made watches slowed down. As a result, turnover of watch bracelets reported a slight growth of 0.7% to HKD208,973,000 (2012: HKD207,497,000) during the period.

Turnover of costume jewellery maintained a constant growth of 7.7% to HKD47,193,000 (2012: HKD43,818,000) compared to the same period of last year. The Group will continue to maintain close relationship with our existing prominent customers and make every effort to absorb quality new clients.

Given that we have allocated part of our production capacity to cater for new product development, sales of accessories and parts for leather goods amounted to HKD13,665,000 (2012: HKD12,775,000), representing a constant increase of 7.0%.

Mobile phone cases and parts remained our key area of product development and we started getting orders from customers in the first half of 2013. During the period, sales of mobile phone cases and parts was HKD36,878,000 (2012: HKD263,000).

Profit

During the period, we encountered major stresses in the form of rising labour and raw material costs and production overheads. As a result, gross profit dropped slightly by 2.1% to HKD99,218,000 (2012: HKD101,312,000) as compared to the same period of last year. Gross profit margin for the period decreased to 32.3% (2012: 38.3%). Profit for the period decreased by 7.8% to HKD41,681,000 (2012: HKD45,183,000) and basic earnings per share for the period decreased by 7.8% to HK8.3 cents (2012: HK9.0 cents).

Cost of sales

Cost of sales included costs of production materials, labour and manufacturing overheads and other costs. The following table sets forth the breakdowns of our cost of sales for the six months ended 30 June 2013:

Six months ended 30 June (unaudited)	2013 HKD'000	2012 HKD'000
Direct material costs	81,383	69,973
Direct labour costs	76,625	58,720
Manufacturing overheads and other costs	49,483	34,348
	207,491	163,041

During the six months ended 30 June 2013, direct material costs accounted for 39.3% (2012: 42.9%) of the total cost of sales.

The prices of stainless steel rods and plates remained stable during the period. We did not engage in any hedging transactions with regard to our production materials as we considered that the fluctuations in the price of stainless steel materials were generally corresponding to the fluctuation of the selling price of our products.

For the six months ended 30 June 2013, direct labour costs and manufacturing overheads and other costs accounted for about 36.9% and 23.8% of the total cost of sales respectively (2012: 36.0% and 21.1% respectively).

Other Income

During the first half of 2013, other income amounted to HKD4,161,000 (2012: HKD2,716,000) was primarily derived from the gain on disposal of scrapped materials, management fee income and bank interest income.

Other Expenses

Selling and distribution expenses dropped by approximately 7.9% to HKD13,092,000 for the first six months of 2013 as compared to HKD14,210,000 for the same period of last year. This favourable outcome was attributable to the redefining of commission policy with both of our customers and sales executives.

Impacted primarily by the rise of salaries and appreciation of Renminbi, administrative expenses increased by 9.6% to HKD36,076,000 (2012: HKD32,925,000) during the period.

As a result of further draw down of new bank loans in the second half of 2012, finance costs for the six months ended 30 June 2013 amounted to HKD2,024,000 (2012: HKD1,767,000), representing an increase of 14.5%. During the period, the Group obtained additional banking facilities of HKD100,000,000, in which HKD20,000,000 was drawn by the Group by end of June 2013. As such, the impact on the finance costs for the period was insignificant.

Taxation

The entitlement to a 50% relief from PRC Enterprise Income Tax of a subsidiary of the Group located at Dongguan expired on 31 December 2012. As a result, the tax rate applicable to the profit of this subsidiary for the six months ended 30 June 2013 was 25.0% (2012: 12.5%).

Management Discussion and Analysis

Inventories

	At 30 June 2013 HKD'000 (unaudited)	At 31 December 2012 HKD'000 (audited)
Raw materials	**14,482**	17,479
Work in progress	**66,625**	59,648
Finished goods	**3,272**	3,296
	84,379	80,423

As at 30 June 2013, the Group recorded an inventory balance of HKD84,379,000 (31 December 2012: HKD80,423,000), representing an increase of 4.9%. Inventory turnover for the first half of 2013 was 71.9 days as compared to 74.6 days for the same period of 2012.

Trade Receivables

As at 30 June 2013, the Group recorded trade receivables of HKD68,637,000 (31 December 2012: HKD80,988,000). 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 were 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 44.1 days (for the year ended 31 December 2012: 43.4 days).

Trade Payables

As at 30 June 2013, the Group recorded trade payables of HKD42,022,000 (31 December 2012: HKD39,831,000). 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 2013 was 35.7 days (for the year ended 31 December 2012: 28.7 days).

Liquidity, Indebtedness and Charges on Assets

During the period, the Group sustained a satisfactory liquidity position. As at 30 June 2013, net current assets of the Group was HKD175,856,000 (31 December 2012: HKD218,357,000). Besides, the Group maintained cash and bank balances of HKD142,105,000 (31 December 2012: HKD189,258,000), of which 59.6% was in Hong Kong dollars, 2.6% was in Swiss Franc, 35.1% was in Renminbi, 2.7% was in United State dollars and that in other currencies was insignificant.

In addition, as at 30 June 2013, the Group had a time deposit in Renminbi which was equivalent to approximately HKD63,666,000 (31 December 2012: HKD49,769,000).

The Group's outstanding bank borrowings as at 30 June 2013 was HKD126,941,000 (31 December 2012: HKD124,264,000), of which 88.7% was in Hong Kong dollars and 11.3% was in Renminbi. The entire outstanding bank borrowings of the Group were interest bearing at floating rates and contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Financial Reporting Standards, all of the aforementioned bank borrowings were classified as current liabilities in the consolidated statements of financial position of the Group as at 30 June 2013. Despite that, amongst those bank borrowings, HKD14,397,000 was short-term revolving loan, HKD34,835,000 was loans repayable within one year and the balancing of HKD77,709,000 was repayable after one year.

Parts of the bank loans were secured by certain of the Group's assets with an aggregate carrying value of HKD58,494,000 as at 30 June 2013. 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 2013, the Group's gearing ratio was 0.17 (31 December 2012: 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 2013, 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 4.5% and 1.7% respectively (2012: 4.4% and 3.1% 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 2013. 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 2013 was HKD34,208,000 (31 December 2012 audited: HKD14,545,000), which was mainly related to the acquisition of property, plant and equipment. Capital expenditure authorised but not contracted for as at 30 June 2013 amounted to HKD158,203,000 (31 December 2012: HKD232,356,000).

Use of Proceeds

The proceeds raised from the initial public offerings in 2011 ("IPO") was approximately HKD198,350,000.

On 15 May 2012, the board of Directors 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 HKD46,773,000 to finance the development of the Dongfengcun Factory (such as defraying the related construction and decoration/renovation costs).

Management Discussion and Analysis

The usages of net proceeds up to 30 June 2013 were as follows:

Particulars	Planned HKD'000	Reallocated HKD'000	Utilised HKD'000	Un-utilised HKD'000
Financing the development of the Huzhen Factory	49,588	(46,773)	(2,815)	–
Financing the development of the Dongfengcun Factory	–	46,773	(30,801)	15,972
Acquiring equipment and machinery for the Dongfengcun Factory and Huzhen Factory and for expansion of the production facility of our existing facilities	128,927	N/A	(58,414)	70,513
General working capital and other general corporate purposes of the Group	19,835	N/A	(19,835)	–
TOTAL	198,350	–	(111,865)	86,485

The remaining net proceeds were deposited on short-term basis in licensed financial institutions in Hong Kong.

Contingent Liabilities

As at 30 June 2013, save for the granting of corporate guarantee 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 2013, the total number of employees of the Group was approximately 3,400. During the period under review, employees costs (including Directors' emoluments) amounted to approximately HKD99,245,000 (2012: HKD77,718,000). 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 2013, no options had been granted by the Company pursuant to the share option scheme.

Prospects

Amidst the fluctuating economic environment of the world, the Group maintained a stable results for the six months ended 30 June 2013. Having said that, the slackening of demand in Swiss watches, slowdown of the growth of Asian-Pacific economy, keen competition in the industry, inflation of labour and material costs and appreciation of Renminbi are the major challenges compressing the Group's profitability. Nevertheless, we remain cautious optimistic on the outlook of 2013. The Group will continue to take cautious measures and explore new business opportunities with the aim of optimising the value of the Group and our shareholders as a whole.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF WINOX HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Winox Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 10 to 21, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with the 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Six months ended 30 June (unaudited)	Notes	2013 HKD'000	2012 HKD'000
Turnover	3	**306,709**	264,353
Cost of sales		**(207,491)**	(163,041)
Gross profit		**99,218**	101,312
Other income		**4,161**	2,716
Other gains and losses		**(102)**	(1,406)
Selling and distribution expenses		**(13,092)**	(14,210)
Administrative expenses		**(36,076)**	(32,925)
Finance costs		**(2,024)**	(1,767)
Profit before taxation	4	**52,085**	53,720
Taxation	5	**(10,404)**	(8,537)
Profit for the period		**41,681**	45,183
Other comprehensive income (expense)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operation		**7,970**	(2,438)
Total comprehensive income for the period attributable to owners of the Company		**49,651**	42,745
Earnings per share – Basic	7	**HK8.3 cents**	HK9.0 cents

Condensed Consolidated Statement of Financial Position

	Notes	**At 30 June 2013 HKD'000 (unaudited)**	At 31 December 2012 HKD'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**261,879**	197,696
Prepaid lease payments		**38,568**	38,423
Deposit for land use right		**22,948**	22,586
Deposits paid for acquisition of property, plant and equipment		**15,118**	22,520
Deposit and prepayments for a life insurance policy		**4,982**	5,118
		343,495	286,343
Current assets			
Inventories		**84,379**	80,423
Trade and other receivables	*9*	**95,932**	102,545
Time deposits		**63,666**	49,769
Bank balances and cash		**142,105**	189,258
		386,082	421,995
Current liabilities			
Trade and other payables	*10*	**74,674**	74,863
Taxation payable		**8,611**	4,511
Bank borrowings	*11*	**126,941**	124,264
		210,226	203,638
Net current assets		**175,856**	218,357
		519,351	504,700
Capital and reserves			
Share capital	*12*	**50,000**	50,000
Reserves		**469,351**	454,700
		519,351	504,700

Condensed Consolidated Statement of Changes in Equity

	Share capital HKD'000	Share premium HKD'000	Translation reserve HKD'000	Retained profits HKD'000	Total HKD'000
At 1 January 2012 (audited)	50,000	213,244	16,179	162,162	441,585
Profit for the period	–	–	–	45,183	45,183
Exchange differences on translation of financial statements of foreign operation	–	–	(2,438)	–	(2,438)
Total comprehensive income for the period	–	–	(2,438)	45,183	42,745
Dividend	–	–	–	(30,000)	(30,000)
At 30 June 2012 (unaudited)	50,000	213,244	13,741	177,345	454,330
At 1 January 2013 (audited)	**50,000**	**213,244**	**19,734**	**221,722**	**504,700**
Profit for the period	**–**	**–**	**–**	**41,681**	**41,681**
Exchange differences on translation of financial statements of foreign operation	**–**	**–**	**7,970**	**–**	**7,970**
Total comprehensive income for the period	**–**	**–**	**7,970**	**41,681**	**49,651**
Dividend	**–**	**–**	**–**	**(35,000)**	**(35,000)**
At 30 June 2013 (unaudited)	**50,000**	**213,244**	**27,704**	**228,403**	**519,351**

Condensed Consolidated Statement of Cash Flows

Six months ended 30 June (unaudited)	**2013 HKD'000**	2012 HKD'000
Net cash from operating activities	**62,183**	31,470
Net cash used in investing activities		
Placement of time deposits	**(184,643)**	–
Purchases of property, plant and equipment	**(46,039)**	(14,764)
Deposits paid for acquisition of property, plant and equipment	**(14,669)**	(11,903)
Withdrawal of time deposits	**170,746**	–
Other investing cash flows	**(1,757)**	595
	(76,362)	(26,072)
Net cash used in financing activities		
Dividend paid to shareholders	**(35,000)**	(45,000)
Repayment of bank borrowings	**(31,853)**	(25,177)
Interest paid	**(2,024)**	(1,767)
Bank borrowings raised	**34,297**	40,000
	(34,580)	(31,944)
Net decrease in cash and cash equivalents	**(48,759)**	(26,546)
Cash and cash equivalents at beginning of the period	**189,258**	245,881
Effect of foreign exchange rate changes	**1,606**	(81)
Cash and cash equivalents at end of the period, representing bank balances and cash	**142,105**	219,254

Notes to the Condensed Consolidated Financial Statements

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 ("HKD"), 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 2013 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 – 2011 cycle
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of the relevant standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have assessed the impact of the application of HKFRS 10 and concluded that it has had no material effect on the Group's financial performance and positions for the current interim period and prior year.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported 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 and other countries. During the year ended 31 December 2012, revenue from mobile phone cases and parts (originally included in accessories and parts for leather goods) was separately presented and in the current interim period, revenue from the People's Republic of China ("PRC") was separately presented as the CODM believes these products and PRC were parts of the Group's key area of revenue. The comparative figures of turnover by products and by location of customers have been represented for the purpose of revenue analysis to conform with the current interim period's presentation. 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 year.

Turnover by products are as follows:

Six months ended 30 June (unaudited)	2013 HKD'000	2012 HKD'000
Watch bracelets	208,973	207,497
Costume jewellery	47,193	43,818
Mobile phone cases and parts	36,878	263
Accessories and parts for leather goods	13,665	12,775
	306,709	264,353

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

Six months ended 30 June (unaudited)	2013 HKD'000	2012 HKD'000
Switzerland	197,594	195,245
Liechtenstein	39,938	33,090
PRC	36,748	263
Hong Kong	17,677	23,824
Other European and Asian countries	14,752	11,931
	306,709	264,353

Turnover from customers of the corresponding period contributing over 10% (except otherwise stated) of the total turnover of the Group are as follows:

Six months ended 30 June (unaudited)	2013 HKD'000	2012 HKD'000
Customer A[1]	180,197	164,584
Customer B[2]	39,938	33,090
Customer C[3]	35,523	–[4]

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 The corresponding turnover did not contribute over 10% of total turnover of the Group

4. PROFIT BEFORE TAXATION

Six months ended 30 June (unaudited)	**2013** **HKD'000**	2012 HKD'000
Profit before taxation has been arrived at after charging:		
Cost of inventories recognised as expenses	**198,835**	156,816
Depreciation of property, plant and equipment	**10,299**	6,671
Release of prepaid lease payments	**410**	82
Net exchange loss	**58**	1,406

5. TAXATION

Six months ended 30 June (unaudited)	**2013** **HKD'000**	2012 HKD'000
The charge comprises:		
Hong Kong Profits Tax	**8,220**	5,840
PRC Enterprise Income Tax ("PRC EIT")	**2,184**	2,697
	10,404	8,537

(i) Hong Kong Profit Tax

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

(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, 盈利時錶業(東莞)有限公司 (Winox Watch Manufactory (Dongguan) Limited)* is entitled to exemptions from the PRC EIT for two years commencing from 2008 to 2009 and thereafter entitled to a 50% relief from PRC EIT for the next three years from 2010 to 2012 (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. Accordingly, PRC EIT is calculated at 25% of the estimated assessable profit for all PRC enterprises within the Group for the current interim period.

* for identification purposes only

Notes to the Condensed Consolidated Financial Statements

6. DIVIDENDS

During the current interim period, a final dividend of HK7 cents per share in respect of the year ended 31 December 2012 (2012: HK6 cents per ordinary share of final dividend for the year ended 31 December 2011) 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 HKD35,000,000 (2012: HKD30,000,000).

On 23 August 2013, the board of directors of the Company has resolved to declare an interim dividend of HK4 cents per ordinary share totalling not less than HKD20,000,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: HK4 cents per ordinary share totalling not less than HKD20,000,000). The interim dividend is payable on 26 September 2013 to the shareholders of the Company whose names appear on the Company's register of members on 13 September 2013.

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 June (unaudited)	**2013 HKD'000**	2012 HKD'000
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**41,681**	45,183
	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 is no potential ordinary share during both periods.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately HKD71,101,000 (six months ended 30 June 2012: HKD36,870,000) mainly for additions to manufacturing plants in PRC for upgrading and expanding its manufacturing capacity.

9. 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 2013 HKD'000 (unaudited)	At 31 December 2012 HKD'000 (audited)
0 to 30 days	52,269	62,745
31 to 60 days	7,945	12,527
61 to 90 days	2,938	1,115
Over 90 days	5,485	4,601
	68,637	80,988

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.

10. TRADE AND OTHER PAYABLES

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

	At 30 June 2013 HKD'000 (unaudited)	At 31 December 2012 HKD'000 (audited)
0 to 30 days	10,565	15,258
31 to 60 days	12,385	16,532
61 to 90 days	7,886	3,717
Over 90 days	11,186	4,324
	42,022	39,831

Notes to the Condensed Consolidated Financial Statements

11. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings of HKD34,297,000 (six months ended 30 June 2012: HKD40,000,000) and repaid bank borrowings of HKD31,853,000 (six months ended 30 June 2012: HKD25,177,000). The new borrowings carry variable interest at (i) 3% over 1-month HIBOR; and (ii) 2.7% over the People's Bank of China Standard Loan Interest Rate, and were repayable based on repayment schedule up to a period of 3 years. The proceeds were used to finance the Group's operation and the acquisition of property, plant and equipment. All bank borrowings of the Group contain a repayment on demand clause at any time. At 30 June 2013 and 31 December 2012, all of these bank borrowings were included under current liabilities accordingly.

12. SHARE CAPITAL

	At 30 June 2013 and 31 December 2012 HKD
Authorised:	
4,000,000,000 ordinary shares of HKD0.1 each	**400,000,000**
Issued and fully paid:	
500,000,000 ordinary shares of HKD0.1 each	**50,000,000**

13. COMMITMENTS

	At 30 June 2013 HKD'000 (unaudited)	At 31 December 2012 HKD'000 (audited)
Capital expenditure authorised but not contracted for in respect of:		
– acquisition of property, plant and equipment	**131,791**	205,845
– acquisition of land use right	**26,412**	26,511
	158,203	232,356
Capital expenditure contracted for but not provided in respect of:		
– acquisition of property, plant and equipment	**34,208**	14,545

14. RELATED PARTY TRANSACTIONS

(a) During the current interim period, the Group had entered into the following related party transactions:

Six months ended 30 June (unaudited)	**2013 HKD'000**	2012 HKD'000
Management and administrative services fee received from a related company controlled by Mr. Yiu	**600**	900
Rental expenses fee paid to Mr. Yiu	**224**	201
Rental expenses fee paid to 博羅明豐廚具製造有限公司 Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited ("Ming Fung Kitchen"), a company controlled by Mr. Yiu, before the acquisition by the Group (note 14(c))	**–**	405
Transportation services fee paid to a company controlled by a close family member of Mr. Yiu	**–**	71

Note: Mr. Yiu Hon Ming ("Mr. Yiu") is the ultimate controlling shareholder and a director of the Company.

(b) The key management personnel are the directors of the Company. During the period, the remuneration of the key management personnel includes short-term employee benefits of HKD2,070,000 and post-employment benefits of HKD23,000 (six months ended 30 June 2012: HKD2,490,000 and HKD22,000).

(c) During the prior interim period, pursuant to the Company's announcement dated 15 May 2012, a subsidiary of the Company entered into an agreement to acquire the entire equity interest of Ming Fung Kitchen, a related company of the Group established in PRC principally engaged in properties holding in which Mr. Yiu, the ultimate controlling shareholder and a director of the Company, has control (the "Transaction"). The purchase consideration is RMB1,000,000 (equivalent to HKD1,253,000), which has taken into account, among others, the carrying values of assets and liabilities of Ming Fung Kitchen and the fair value of the buildings and leasehold lands held by Ming Fung Kitchen assessed by an independent valuer. Accordingly, the directors of the Company consider that assets acquired and liabilities recognised approximate their fair values at the date of acquisition.

Before the Transaction, the Group leased from Ming Fung Kitchen all its manufacturing buildings which are situated on the leasehold lands acquired in the Transaction for the Group's production. Such buildings and leasehold lands remain to be used for the Group's production after the Transaction was completed in November 2012. As Ming Fung Kitchen did not carry out any active operations, the Transaction is accounted as purchase of assets and the related liabilities. Details of the Transaction are set out in the circular of the Company dated 9 July 2012.

Corporate Governance

CORPORATE GOVERNANCE PRACTICES

Winox Holdings Limited (the "Company", together with its subsidiaries, the "Group") is committed to establish and maintain 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 maximise shareholders' interests.

The Company has applied the principles of Corporate Governance Code ("CG Code") as set out in Appendix 14 to Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Exchange") and complied with all applicable code provisions of the CG Code throughout the six months ended 30 June 2013, 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 of the Company ("Directors") consider this structure is conducive to strong and consistent leadership, effective and efficient planning and implementation of business decisions and strategies of the Company. The board of Directors of the Company ("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 be held between the Chairman and Non-executive Directors without the Executive Directors present.

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Non-executive Directors (including Independent Non-executive Directors) were unable to attend the annual general meeting of the Company held on 16 May 2013 due to their other business engagements.

On 23 August 2013, the Board adopted a "Board Diversity Policy" in order to comply with a new code provision of the CG Code which will be effective on 1 September 2013. The objective of the "Board Diversity Policy" is to ensure selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Corresponding amendments to the "Terms of Reference of Nomination Committee" as well as the "Director Nomination Procedures" were adopted by the Board of even date.

At the annual general meeting of the Company held on Thursday, 16 May 2013, Ms. Law Wai Ping, Mr. Ma Weihua and Mr. Carson Wen retired and were re-elected as Directors. As at the date of this report, the Board comprises:

Executive Directors
Mr. Yiu Hon Ming *(Chairman and Managing Director)*
Ms. Law Wai Ping
Mr. Chau Kam Wing Donald *(Finance Director)*

Non-executive Director
Mr. Au Wai Ming *(Deputy Chairman)*

Independent Non-executive Directors
Mr. Ma Weihua
Mr. Carson Wen
Professor Wong Lung Tak Patrick

The audit committee of the Company ("Audit Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Exchange and the Company. The Audit Committee comprised three Independent Non-executive Directors. The Audit Committee has reviewed with senior management and external auditor the accounting principles and practices adopted by the Group and also discussed internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2013.

The remuneration committee of the Company ("Remuneration Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Exchange and the Company. The Remuneration Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director. The Remuneration Committee is responsible for advising the Board on the emolument policies towards Directors and senior management.

The nomination committee of the Company ("Nomination Committee") was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the websites of the Exchange and the Company. The Nomination Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director. The Nomination Committee has endorsed the "Board Diversity Policy" and its amended "Terms of Reference" and the "Director Nomination Procedures" during the period under review.

CHANGES IN INFORMATION OF DIRECTORS

The following information is set out pursuant to the requirements of Rule13.51B(1) of the Listing Rules:

Mr. Ma Weihua ceased to be the executive director, president and chief executive officer of China Merchants Bank Co., Ltd. (Stock Code: 3968) with effect from 31 May 2013. He also ceased to be the director of China Merchants Group Ltd. with effect from 31 May 2013. On 5 July 2013, Mr. Ma was appointed the independent non-executive director of China Resources Land Limited (Stock Code: 1109), which shares are listed on the Exchange. He is also a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE 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, 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 2013.

Corporate Governance

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were required to be (i) notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Exchange pursuant to the Model Code, were as follows:

(a) The Company

Director	*Note*	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Yiu Hon Ming	*1*	Interest in controlled corporation and interest of spouse	331,700,000	66.34%
Law Wai Ping	*2*	Beneficial owner and interest in controlled corporation	331,700,000	66.34%
Au Wai Ming		Beneficial owner	3,776,000	0.76%

Notes:

1. Mr. Yiu Hon Ming ("Mr. Yiu") is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is the legal and beneficial owner of approximately 86.93% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping ("Ms. Law"). By virtue of SFO, Mr. Yiu is deemed to be interested in the same block of shares of the Company in which Ms. Law is interested.

2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is the legal and beneficial owner of approximately 86.93% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. In addition, Ms. Law is directly and beneficially interested in 1,700,000 shares. Ms. Law is the wife of Mr. Yiu. By virtue of SFO, Ms. Law is deemed to be interested in the same block of shares of the Company in which Mr. Yiu is interested.

(b) Associated Corporations

Director	*Note*	Associated corporation	Capacity	Total number of securities interested in associated corporation (Long positions)	Approximate percentage of total issued share capital of associated corporation
Yiu Hon Ming	*1*	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	60 ordinary shares	60%
		Ming Fung Investment Limited	Interest in controlled corporation	765 ordinary shares	86.93%
Law Wai Ping	*2*	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	40 ordinary shares	40%
		Ming Fung Investment Limited	Interest in controlled corporation	765 ordinary shares	86.93%

Notes:

1. Mr. Yiu is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is the legal and beneficial owner of approximately 86.93% of the entire issued share capital of Ming Fung Investment Limited.

2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is the legal and beneficial owner of approximately 86.93% of the entire issued share capital of Ming Fung Investment Limited.

Save as disclosed above, as at 30 June 2013, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Exchange pursuant to the Model Code.

Corporate Governance

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2013, each of the following persons and entities, other than a Director or chief executive of the Company, had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	*Note*	**Capacity**	**Total number of ordinary shares interested or deemed to be interested (Long positions)**	**Approximate percentage of total issued share capital of the Company**
Ming Fung Investment Limited	*1*	Beneficial Owner	330,000,000	66%
Ming Fung Holdings (Hong Kong) Limited	*1*	Interest in controlled corporation	330,000,000	66%
Winholme Holdings Limited		Beneficial owner	42,500,000	8.5%
Tang Wai Fong	*2*	Interest in controlled corporation	42,500,000	8.5%
Chan Kai Ming	*3*	Interest in controlled corporation	42,500,000	8.5%
Leung Wai Yin Edith	*4*	Interest of spouse	42,500,000	8.5%

Notes:

1. Ming Fung Holdings (Hong Kong) Limited is the legal and beneficial owner of approximately 86.93% of the entire issued share capital of Ming Fung Investment Limited.

2. Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.

3. Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.

4. Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming. By virtue of SFO, she is deemed to be interested in the same block of shares of the Company in which Mr. Chan Kai Ming is interested.

Save as disclosed above, as at 30 June 2013, the Company has not been notified by any person or entity who had or was deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of SFO.

SHARE OPTIONS

During the six months ended 30 June 2013, the Group has no share option being granted, outstanding, lapsed or cancelled pursuant to the share option scheme adopted by the Company on 25 June 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 24 February 2011, Winox Enterprise Company Limited ("Winox Enterprise"), an indirectly wholly-owned subsidiary of the Company, as borrower, entered into certain revised facilities letters with the financial institution to supersede the then facilities letters in order to facilitate the listing of the Group on the Exchange in July 2011. These loan facilities (a) are interest bearing and secured, (b) are repayable by instalments ranging from a period of three quarters to 80 months commencing on 24 February 2011; and (c) contain repayment on demand clause at the discretion of the financial institution (the repayment on demand clause for certain committed loans became effective after 31 March 2013).

On 7 May 2012, Winox Enterprise, as borrower, entered into another facilities letter with the financial institution in relation to two 5-year term loans at an aggregate amount of HKD70,000,000. These loan facilities (a) are interest bearing and secured, (b) are repayable by 60 monthly instalments commencing one month after each drawdown, and (c) contain repayment on demand clause at the discretion of the financial institution.

On 21 June 2013, Winox Enterprise, as borrower, entered into another facilities letter with the financial institution in relation to two term loans at an aggregate amount of HKD100,000,000. These loan facilities (a) are interest bearing and secured, (b) are repayable by 12 and 28 quarterly equal instalments commencing three months after 30 September 2013 and 31 March 2014 respectively, and (c) contain repayment on demand clause at the discretion of the financial institution.

Pursuant to these facilities letters, the controlling shareholder of the Company, Mr. Yiu Hon Ming and his family are required, at all times, to hold not less than 50% of the issued shares of the Company ("Specific Performance Obligations"). The breach of the Specific Performance Obligations will cause a default in respect of these loan facilities and the financial institution shall have the right to terminate the commitments and declare all outstanding amounts together with interests accrued thereon and all other sums payable under these loan facilities be immediately due and payable.

As at 30 June 2013, the amount of loan outstanding under these loan facilities was approximately HKD104,245,000 and the unutilised facilities available for drawdown was amounted to HKD82,000,000.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4 cents per ordinary share for the six months ended 30 June 2013. The interim dividend is payable on or about Thursday, 26 September 2013 to the shareholders whose names appear on the Company's register of members on Friday, 13 September 2013.

Corporate Governance

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered on Friday, 13 September 2013 for the purpose of determining shareholders' entitlements to the interim dividend.

To qualify for the interim dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the branch share registrar of the Company in Hong Kong, 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 Thursday, 12 September 2013.

REVIEW OF INTERIM RESULTS

The interim results of the Company for the six months ended 30 June 2013 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 set out on page 9 of this report. The interim results have also been reviewed by Audit Committee.

SHAREHOLDERS' COMMUNICATIONS

The Board recognises the importance of maintaining an effective mutual communication with its stakeholders. Designated management staff meets with research analysts and institutional investors on an on-going basis and provides them with the latest and comprehensive information about the corporate developments of the Group. In addition, the Company utilises its website (www.winox.com) as a channel to provide updated information in a timely manner in order to strengthen the communication with our stakeholders.