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
2012

CONTENTS

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HK$264,353,000, representing an increase of 15.9%.
- The Group's gross profit amounted to HK$101,312,000, representing an increase of 4.1%.
- The Group's net profit amounted to HK$45,183,000, representing an increase of 19.9%.
- Earnings per share amounted to HK 9.0 cents, representing a decrease of 10.0%.
- The board of directors of the Company declared an interim dividend for the six months ended 30 June 2012 of HK 4 cents per ordinary share.

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

Chan Miu Ting

AUDITORS

Deloitte Touche Tohmatsu

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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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

KEY DATES

Closure of register of members for interim dividend	:	12 September 2012
Record date for interim dividend	:	12 September 2012
Interim dividend payment date	:	27 September 2012

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The consolidated turnover of Winox Holdings Limited (the "Company") and its subsidiaries (together the "Group") grew by about 15.9% to HK$264,353,000 in the first half of 2012. The growth was mainly due to the broadening of customer base, product mix optimization and better performance of the costume jewellery segment. However, the increase in the costs of production continued to put pressure on the margins of our products. Nevertheless, the Group was able to maintain its profitability in the first half of 2012 as supported by its motivated workforce and the Group's culture of cost consciousness.

We continued to focus on the development and manufacture of top grade stainless steel products such as watch bracelets, costume jewellery, accessories and mobile phone cases and parts. As at 30 June 2012, we had orders on hand amounting to about HK$331,161,000 of which HK$248,398,000, HK$63,331,000 and HK$19,432,000 were attributed to watch bracelets, costume jewellery, and accessories and mobile phone cases and parts respectively.

Acquisition of Ming Fung Kitchen

It has been the Group's long-term plan to expand the Group's production capacity to capture the rising demand in stainless steel products including costume jewellery and mobile phone cases and parts. In this respect, the Group has leased from 博羅明豐廚具製造有限公司 (Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited) ("Ming Fung Kitchen") the factory and ancillary buildings in Dongfeng Village, Huzhen, Boluo County, Huizhou for temporary production use and commenced the operation of its factory at Dongfeng Village since 2011; and at the same time the Group has planned to establish a new production plant at another site that is also in Huzhen, Boluo County, Huizhou (the "Huzhen Site").

As the requisite construction land quota in respect of the Huzhen Site or part thereof has not been granted, and accordingly the development of production premises at Huzhen Site would be delayed. The directors of the Company considered that the Group's existing production capacity might not be sufficient to cater for the Group's expansion needs. In view of the aforesaid delay and the production need of the Group, the Group decided to implement its expansion plan by first developing the production site at Dongfeng Village. Meanwhile, our existing factory located in Dalang Town, Dongguan will remain its current production and operations.

On 15 May 2012, Super Powerful Limited, an indirect wholly-owned subsidiary of the Company, entered into the master agreement (the "Master Agreement") with Mr. Yiu Hon Ming and Mr. Li Huizhu in relation to the acquisition of Ming Fung Kitchen. Pursuant to the Master Agreement, Super Powerful Limited conditionally agreed to acquire the entire equity capital of Ming Fung Kitchen (the "Sale Equity"), which is beneficially owned by Mr. Yiu Hon Ming, at a purchase consideration of RMB1 million, and at the same time, Super Powerful Limited would put funds in Ming Fung Kitchen for it to repay the loans in an aggregate amount of RMB28,959,096.95 owed to Mr. Yiu Hon Ming and/or his associates. Ming Fung Kitchen mainly holds the sites of an aggregate area of 66,666 sq.m. located in Dongfeng Village, Huzhen, Boluo County, Huizhou, Guangdong Province, the PRC for industrial use, and the four buildings erected thereon.

Assuming the purchase of the Sale Equity would be completed by the third quarter of 2012, the directors of the Company expected that the construction of the relevant new factory and dormitory buildings for the initial stage of development of the new factory site shall be completed by the end of 2013. It was estimated that the capital expenditure for the initial stage of development of the new factory site would amount to approximately RMB190 million, which was expected to be financed by internal resources of the Group and/or borrowings, and proceeds from the share offer made under the prospectus of the Company dated 30 June 2011. The development plan of the Group may change as it shall be subject to, among others, the obtaining of all necessary approvals from the relevant government authorities. The Group currently plans that the new factories will be assigned for the production of costume jewellery, accessories and mobile phone parts, for a long-term basis.

Mr. Yiu Hon Ming is a controlling shareholder, executive director, chairman and managing director of the Company. The aforementioned acquisition constituted a discloseable and connected transaction for the Company under Chapters 14 and 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The acquisition was subject to the reporting and announcement requirements and the approval of the independent shareholders of the Company by way of poll at an extraordinary general meeting under the Listing Rules. An extraordinary general meeting was held on 25 July 2012 at which an ordinary resolution on the aforementioned acquisition was proposed to the independent shareholders of the Company. More than 50% of the independent shareholders attending the extraordinary general meeting voted in favour of the resolution, and the resolution was duly passed as an ordinary resolution. For further details of the acquisition, please refer to the circular of the Company dated 9 July 2012.

The Group would continue to negotiate with local government authorities for the grant of the construction land quota and for the approval of the conversion of the permitted land uses of Huzhen Site to industrial land uses.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2012, the Group's unaudited consolidated turnover amounted to HK$264,353,000, representing an increase of about 15.9% over HK$228,141,000 for the same period last year.

For the six months ended 30 June 2012, the turnover attributable to watch bracelets and costume jewellery accounted for about 78.5% and 16.6% of the Group's total turnover respectively. The remaining 4.9% was turnover generated from the sale of accessories and mobile phone cases and parts.

The demand of our watch bracelets product as derived from the luxury watches retail market remained steady in the first half of 2012. The turnover of watch bracelets grew by approximately 8.4% to HK$207,497,000 for the six months ended 30 June 2012 (2011: HK$191,397,000).

The turnover of costume jewellery was promising and rose by about 126.6% from HK$19,338,000 for the six months ended 30 June 2011 to HK$43,818,000 for the same period in 2012. The increase was the result of our year-long exercise to screen and select premium customers as well as our effort of re-allocating our production resources strategically.

For the six months ended 30 June 2012, turnover for accessories and others amounted to HK$13,038,000 (2011: HK$17,406,000), representing a decrease of approximately 25.1% as compared to the same period last year. Customer base of belt buckles and bag accessories were enlarged as new customers were sought; nonetheless, contributions of belt buckles and bag accessories to the total turnover of the Group dropped. It was due to the necessity to reallocate part of our production capacity to cater for the high demand of costume jewellery.

The production of mobile phone cases and parts remained our key area of development. Turnover of mobile phone cases and parts was below our expectation in the first half of 2012. It is expected that the sale would increase in the second half of 2012 in view of the orders from a new luxury mobile phone customer.

Profit

We reported gross profit of HK$101,312,000 representing an increase of about 4.1% as compared to the same period last year. Gross profit margin had decreased from about 42.6% for the six months ended 30 June 2011 to about 38.3% for the six months ended 30 June 2012 as a result of the increase in material cost mainly for the production of costume jewellery as well as the increase in labour cost and production overheads.

For the six months ended 30 June 2012, the Group's unaudited consolidated net profit attributable to shareholders amounted to HK$45,183,000 (2011: HK$37,674,000), representing an increase of about 19.9% as compared to the same period last year. The basic earnings per share was decreased from HK10.0 cents for the six months ended 30 June 2011 to HK 9.0 cents for the six months ended 30 June 2012. The drop in earnings per share was due to the increase in the number of issued shares subsequent to the share offer of the Company in July 2011.

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	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Direct material costs	**69,973**	51,945
Direct labour cost	**58,720**	51,220
Manufacturing overhead and other costs	**34,348**	27,690
	163,041	130,855

Direct material costs accounted for approximately 42.9% of the total costs of goods sold for the six months ended 30 June 2012 (2011: 39.7%). The increase in the direct material costs was a result of a rise in the use of materials for producing costume jewellery. As compared to watch bracelet and accessories such as belt buckles, the production of costume jewellery required a greater variety of non-metallic materials such as ceramics, leather and stones. Those non-metallic materials had to be processed by other manufacturers before they were used in the production of costume jewellery. These non-metallic materials generally commanded a higher purchasing price than our major production materials such as stainless steel rods and plates. Direct labour costs accounted for about 36.0% of the total costs of goods sold for the six months ended 30 June 2012 (2011: 39.1%).

The prices of stainless steel rods and stainless steel 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 cost of the aforesaid stainless steel materials were generally in line with fluctuations in the selling price of our products.

For the six months ended 30 June 2012, manufacturing overhead and other costs increased by about 24.0% over the corresponding period in 2011, as compared to about 15.9% increase in turnover over the corresponding period in 2011.

Other income

Other income for the six months ended 30 June 2012 amounted to HK$2,716,000 (2011: HK$2,770,000) was primarily due to the gain on disposal of scrapped materials, management fee income and bank interest income during the period.

Other expenses

Selling and distribution expenses increased by about 24.7% to HK$14,210,000 for the six months ended 30 June 2012 as compared to HK$11,392,000 last year. The increase was primarily due to the increase in turnover from HK$228,141,000 for the six months ended 30 June 2011 to HK$264,353,000 for the same period in 2012.

Administration expenses also increased by approximately 28.1% to HK$32,925,000 for the six months ended 30 June 2012 (2011: HK$25,704,000). 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 after its listing on The Stock Exchange of Hong Kong Limited.

Finance costs were HK$1,767,000 for the six months ended 30 June 2012, as compared to HK$2,775,000 for the same period last year. Such decrease was mainly due to the repayment of part of the Renminbi bank loan and hence a reduction in interest payment during the period under review. The Group obtained additional banking facilities of HK$70,000,000 in May 2012 whereby part of the banking facilities which amounted to HK$30,000,000 and HK$10,000,000 were drawn by the Group in May and June 2012 respectively. As such, their impact on the finance costs for the period under review was not significant.

Inventories

	30.06.2012 HK$'000 (unaudited)	31.12.2011 HK$'000 (audited)
Raw materials	**17,056**	11,836
Work in progress	**95,200**	66,201
Finished goods	**1,051**	7,992
	113,307	86,029

As at 30 June 2012, the Group recorded an inventory balance of HK$113,307,000 (31 December 2011: HK$86,029,000), an increase of about 31.7% as compared to 31 December 2011. The increase in work-in-progress inventories and raw material was mainly due to the expected increase in turnover for the second half of 2012.

Trade receivables

As at 30 June 2012, the Group recorded trade receivables balances of HK$ HK$76,818,000 (31 December 2011: HK$69,734,000). The credit periods granted to our customers was considered on a case-by-case basis ranging from 30 days to 90 days. Generally, no credit would be granted to new customers, short-term customers and customers with relatively small sales volume. As most of our customers are internationally renowned brand owners, we consider the default risk faced by us is relatively minimal. Trade receivables turnover days of the Group for the period under review was about 50.4 days (for the year ended 31 December 2011: 56.0 days).

Trade payables

As at 30 June 2012, the Group recorded trade payables balances of HK$36,184,000 (31 December 2011: HK$24,188,000). Our trade payables mainly related to the purchase of raw materials from our suppliers with credit terms generally between 30 days to 60 days. Trade payables turnover days of the Group for the period under review was about 33.7 days (for the year ended 31 December 2011: 31.8 days).

Liquidity, indebtedness and charges on assets

The Group continued to sustain a satisfactory liquidity position. The Group's net current assets decreased from HK$264,590,000 (as at 31 December 2011) to HK$233,471,000 (as at 30 June 2012). Further, as at 30 June 2012, the Group maintained cash and bank balances of approximately HK$219,254,000 (as at 31 December 2011: HK$245,881,000), of which approximately 35.5% was in Hong Kong dollars, 2.1% was in Swiss Franc, 60.3% was in Renminbi and 2.1% was in United State dollars.

The Group's outstanding bank borrowings as at 30 June 2012 amounted to HK$111,489,000 (31 December 2011: HK$96,838,000), of which about 86.9% was in Hong Kong dollars and about 13.1% was in Renminbi, all carried floating interest rates. All bank borrowings of the Group contain a repayment on demand clause at any time, except for certain bank borrowings of the Group which contain a repayment on demand clause at any time after 31 March 2013 at the discretion of the bank. Under the Hong Kong Financial Reporting Standards, all these bank borrowings of the Group were classified as current liabilities in the unaudited condensed consolidated statements of financial position of the Group as at 30 June 2012. Despite that, according to the repayment schedule of such bank loans, HK$14,647,000 was short term revolving loan, HK$30,235,000 was loans repayable within one year and the balancing HK$66,607,000 was repayable after one year.

Part of the bank loans amounting to HK$98,389,000 were secured by certain of our Group's assets with an aggregate carrying value of HK$54,115,000 as at 30 June 2012. 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 bank facilities were also guaranteed by the Company by the execution of corporate guarantees in favour of the bank.

The Group's gearing ratio as at 30 June 2012, which was calculated on the basis of outstanding borrowings as a percentage of total assets of the Group, was about 0.17 (as at 31 December 2011: 0.16).

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.

During the period under review, 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 2012 of around 4.4% and 3.1% 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, as the Group's production plants were located in mainland China, most of our labour costs and manufacturing overheads were denominated in Renminbi, the appreciation of Renminbi might affect the overall cost of production of the Group.

During the period under review, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 30 June 2012. We would continue to monitor closely the 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

During the period under review, the Group entered into an agreement for the acquisition of the entire equity capital of Ming Fung Kitchen which is a company with limited liability established in the People's Republic of China on 31 December 2010. Details of the acquisition have been disclosed in the Company's circular to shareholders dated 9 July 2012.

Other than the above, the Group had not acquired or disposed any subsidiaries or associated companies during the period under review.

Capital commitments and significant investment

Capital expenditure contracted for by the Group but not yet provided for in the unaudited condensed consolidated financial statements as at 30 June 2012 was HK$49,144,000 (31 December 2011: HK$24,539,000), which was mainly related to the acquisition of property, plant and equipment and a subsidiary. Capital expenditure authorized but not contracted for as at 30 June 2012 amounted to HK$250,023,000 (31 December 2011: HK$250,789,000).

Other than the above, the Group did not have any other significant investment.

Contingent liabilities

As at 30 June 2012 and 31 December 2011, other than corporate guarantee given by the Company for its wholly-owned subsidiaries as described above, the Group did not have any significant contingent liabilities.

Employment and remuneration policy

As at 30 June 2012, the number of employees of the Group was about 3,800 (2011: about 3,600). Staff cost (including but not limited to directors' emoluments) amounted to about HK$77,718,000 for the six months ended 30 June 2012 (2011: HK$65,445,000). 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 2012, no options had been granted by the Company pursuant to the share option scheme.

PROSPECTS

As stated in the Company's 2011 annual report issued in April this year, we expected that the provisionally stablised economy in Europe and the preliminary recovery of the economy of the United States would facilitate the Group to map out and develop its business. For the past few months, the global market conditions remained volatile. The Asia-Pacific region, mainly driven by China, once was the fastest-growing luxury market in the world has now showed signs of slowdown. The rise in labour cost in China, together with the continued appreciation in Renminbi will inevitably increase our operating costs. Nevertheless, we will monitor the situation and through streamlining our production and broadening our product portfolio, strive to maintain the profitability of the Group.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF WINOX HOLDINGS LIMITED

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 11 to 22 which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of 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
24 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended	
		30.6.2012	30.6.2011
		HK$'000	HK$'000
	Notes	**(unaudited)**	(unaudited)
Turnover	*3*	**264,353**	228,141
Cost of sales		**(163,041)**	(130,855)
Gross profit		**101,312**	97,286
Other income		**2,716**	2,770
Other gains and losses		**(1,406)**	197
Selling and distribution expenses		**(14,210)**	(11,392)
Administrative expenses		**(32,925)**	(25,704)
Listing expenses		**–**	(12,766)
Finance costs		**(1,767)**	(2,775)
Profit before taxation	*4*	**53,720**	47,616
Taxation	*5*	**(8,537)**	(9,942)
Profit for the period		**45,183**	37,674
Other comprehensive income			
Exchange differences arising on translation of foreign operation		**(2,438)**	3,961
Total comprehensive income for the period attributable to owners of the Company		**42,745**	41,635
Earnings per share – Basic	*7*	**HK 9.0 cents**	HK 10.0 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	**30.6.2012 HK$'000 (unaudited)**	31.12.2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	*8*	**174,788**	146,241
Prepaid lease payments		**6,983**	7,130
Deposit for land use right		**22,163**	22,369
Deposits paid for acquisition of property, plant and equipment		**11,669**	21,638
Deposit and prepayments for a life insurance policy		**5,256**	5,396
		220,859	202,774
Current assets			
Inventories		**113,307**	86,029
Trade and other receivables	*9*	**93,706**	85,929
Bank balances and cash		**219,254**	245,881
		426,267	417,839
Current liabilities			
Trade and other payables	*10*	**70,473**	59,154
Dividend payable		**–**	15,000
Taxation payable		**10,834**	8,036
Bank borrowings – amounts due within one year	*11*	**111,489**	71,059
		192,796	153,249
Net current assets		**233,471**	264,590
Total assets less current liabilities		**454,330**	467,364
Non-current liabilities			
Bank borrowings – amounts due after one year	*11*	**–**	25,779
		454,330	441,585
Capital and reserves			
Share capital	*12*	**50,000**	50,000
Reserves		**404,330**	391,585
		454,330	441,585

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000 *(Note)*	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2011 (audited)	1	–	7,200	6,909	121,850	135,960
Profit for the period	–	–	–	–	37,674	37,674
Exchange differences arising on translation of foreign operation	–	–	–	3,961	–	3,961
Total comprehensive income for the period	–	–	–	3,961	37,674	41,635
Dividend	–	–	–	–	(8,800)	(8,800)
Capitalisation issue by a subsidiary before group reorganisation	7	–	–	–	(7)	–
Issue of shares by the Company on group reorganisation	–	45,974	–	–	–	45,974
Elimination on group reorganisation	(8)	–	(7,200)	–	(38,766)	(45,974)
Capitalisation issue	37,500	(37,500)	–	–	–	–
At 30 June 2011 (unaudited)	37,500	8,474	–	10,870	111,951	168,795
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 arising on translation 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**

Note: The special reserve represented 12% of the issued share capital of a subsidiary of the Company, Winox Enterprise Company Limited, which was contributed by one of the shareholders of the Company directly before the group reorganisation. The reserve was being eliminated pursuant to the group reorganisation on 11 March 2011.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2012

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**31,470**	35,298
Net cash used in investing activities		
Purchases of property, plant and equipment	**(14,764)**	(20,510)
Deposits paid for acquisition of property, plant and equipment	**(11,903)**	(841)
Other investing cash flows	**595**	567
	(26,072)	(20,784)
Net cash used in financing activities		
Dividend paid to shareholders	**(45,000)**	(10,000)
Repayment of bank borrowings	**(25,177)**	(14,893)
Interests paid	**(1,767)**	(2,775)
Bank borrowings raised	**40,000**	–
Other financing cash flows	**–**	(56)
	(31,944)	(27,724)
Net decrease in cash and cash equivalents	**(26,546)**	(13,210)
Cash and cash equivalents at beginning of the period	**245,881**	61,793
Effect of foreign exchange rate changes	**(81)**	706
Cash and cash equivalents at end of the period, representing bank balances and cash	**219,254**	49,289

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.

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 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 "Prospectus"). The Group resulting from the Group Reorganisation is regarded as a continuing entity under the common control of the controlling parties, details of which are disclosed in the Prospectus, collectively prior to and after the Group Reorganisation, and that collective control is not transitory. The condensed consolidated financial statements for the six months ended 30 June 2011 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. Accordingly, the comparative condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2011 and the relevant explanatory notes disclosed in these condensed consolidated financial statements have been prepared on the basis as if the current group structure has been in existence throughout the prior period.

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and method of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2011.

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

- Amendments to HKFRS 7 Financial instruments: Disclosures – Transfers of financial assets; and
- Amendments to HKAS 12 Deferred tax: Recovery of underlying assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and trading of stainless steel products. 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. Accordingly, no analysis of this single reporting segment is presented.

Turnover by products are as follows:

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Watch bracelets	**207,497**	191,397
Costume jewellery	**43,818**	19,338
Accessories and others	**13,038**	17,406
	264,353	228,141

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

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Switzerland	**195,245**	165,864
Liechtenstein	**33,090**	7,411
Hong Kong	**23,824**	37,750
Other European and Asian countries	**12,194**	17,116
	264,353	228,141

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Customer A[1]	**164,584**	133,220
Customer B[2]	**33,090**	7,411[3]
Customer C[1]	**14,396**[3]	29,725

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.

4. PROFIT BEFORE TAXATION

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging (crediting):		
Cost of inventories recognised as expenses	**156,816**	125,055
Depreciation of property, plant and equipment	**6,671**	3,898
Release of prepaid lease payments	**82**	79
Net exchange loss (gain)	**1,406**	(197)

5. TAXATION

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The charge comprises:		
Hong Kong Profits Tax	**5,840**	7,506
PRC Enterprise Income Tax ("PRC EIT")	**2,697**	2,436
	8,537	9,942

(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 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.

6. DIVIDENDS

During the current interim period, a final dividend of HK6 cents per share in respect of the year ended 31 December 2011 (six months ended 30 June 2011: Nil) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$30,000,000 (six months ended 30 June 2011: Nil).

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 24 August 2012, the board of directors of the Company has resolved to declare an interim dividend of HK 4 cents per ordinary share totalling not less than HK$20,000,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: HK 2 cents per ordinary share totalling HK$10,000,000). The interim dividend is payable on 27 September 2012 to the shareholders of the Company whose names appear on the Company's register of members on 12 September 2012.

7. EARNINGS PER SHARE

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

	Six months ended	
	30.6.2012	30.6.2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to owners of the Company)	**45,183**	37,674

	Number of shares	
Number of shares for the purpose of calculating basic earnings per share	**500,000,000**	375,000,000

The calculation of the basic earnings per share for the six months ended 30 June 2011 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 are on the assumptions 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 2011.

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 HK$36,870,000 (six months ended 30 June 2011: HK$23,979,000) 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:

	30.6.2012	31.12.2011
	HK$'000	HK$'000
	(unaudited)	(audited)
0 to 30 days	**58,142**	56,901
31 to 60 days	**13,801**	10,733
61 to 90 days	**4,118**	1,327
Over 90 days	**757**	773
	76,818	69,734

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:

	30.6.2012 HK$'000 (unaudited)	31.12.2011 HK$'000 (audited)
0 to 30 days	15,137	9,427
31 to 60 days	14,461	9,975
61 to 90 days	3,138	2,912
Over 90 days	3,448	1,874
	36,184	24,188

11. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings of HK$40,000,000 (six months ended 30 June 2011: Nil) and repaid bank borrowings of HK$25,177,000 (six months ended 30 June 2011: HK$14,893,000). The new borrowings carry interest at variable interest rate of 3% over 1 month HIBOR and are repayable based on repayment schedule over a period of 5 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, except for certain bank borrowings of the Group which contain a repayment on demand clause at any time after 31 March 2013 at the discretion of the bank. At 30 June 2012, all of these bank borrowings were included under current liabilities (31 December 2011: HK$25,779,000 included under non-current liabilities).

12. SHARE CAPITAL

	Number of shares of the Company	Amount HK$
Authorised:		
At 1 January 2011	50,000	390,000
Share cancelled on 10 March 2011	(50,000)	(390,000)
Increased pursuant to the Group Reorganisation	4,000,000,000	400,000,000
At 30 June 2011, 1 January 2012 and 30 June 2012	4,000,000,000	400,000,000
Ordinary shares, issued and fully paid:		
At 1 January 2011	1	8
Share repurchased and cancelled on 10 March 2011	(1)	(8)
Issued pursuant to the Group Reorganisation	1,000	100
Issued by capitalisation of share premium account	374,999,000	37,499,900
At 30 June 2011	375,000,000	37,500,000
At 1 January 2012 and 30 June 2012	500,000,000	50,000,000

The share capital of the Group at 1 January 2011 represented the aggregate issued share capital of the Company and the subsidiaries of the Company, Feng Cai Limited, Glorify Land and Winox Holdings Limited (BVI).

13. COMMITMENTS

	30.6.2012 HK$'000 (unaudited)	31.12.2011 HK$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the:		
– acquisition of property, plant and equipment	**12,577**	24,539
– acquisition of a subsidiary *(note 14(c))*	**36,567**	–
	49,144	24,539
Capital expenditure authorised but not contracted for in the condensed consolidated financial statements in respect of the:		
– acquisition of property, plant and equipment	**223,512**	224,304
– acquisition of land use right	**26,511**	26,485
	250,023	250,789

14. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30.6.2012 HK$'000 (unaudited)	30.6.2011 HK$'000 (unaudited)
Management and administrative services fee received from a related company controlled by Mr. Yiu	**900**	861
Rental expenses fee paid to Mr. Yiu	**201**	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	**405**	–
Transportation services fee paid to a company controlled by a close family member of Mr. Yiu	**71**	53
Purchase of staff quarters from a company controlled by Mr. Yiu	**–**	7,188

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 HK$2,490,000 and post-employment benefits of HK$22,000 (six months ended 30 June 2011: HK$1,356,000 and HK$15,000).

14. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Pursuant to the Company's announcement dated 15 May 2012, a subsidiary of the Company entered into the agreement (the "Agreement") that the Group conditionally agreed to acquire the entire equity interest of Ming Fung Kitchen, a related company of the Group established in PRC principally engaged in property investment in which Mr. Yiu has control on it (the "Transaction"). The purchase consideration is RMB1,000,000 (equivalent to HK$1,221,000) which has taken into account, among others, the net assets value of Ming Fung Kitchen and the valuation of the property interests held by Ming Fung Kitchen. Meanwhile, the Group agreed to contribute funds in Ming Fung Kitchen to repay its loans in the approximate aggregate amount of RMB28,959,000 (equivalent to HK$35,346,000) owing to Mr. Yiu and his related companies. The Transaction is accounted as purchase of assets and the related liabilities. At the end of the interim period, the completion of the Transaction is mainly subject to the approval from its independent shareholders at an extraordinary general meeting and the approvals of PRC government authorities. The purchase consideration and funds for Ming Fung Kitchen to repay its outstanding loans will be satisfied in cash. Details of the Transaction are set out in the circular of the Company dated 9 July 2012.

15. SUBSEQUENT EVENT

Subsequent to the end of the current interim period, the Group obtained the approval from its independent shareholders to confirm and ratify the Transaction (details are disclosed in note 14(c)) at an extraordinary general meeting of the Company on 25 July 2012. The directors of the Company expect that the Transaction will be completed upon the approvals of PRC authorities before the end of 2012.

INTERESTS AND SHORT POSITION OF DIRECTORS AND THE CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2012, the interests and short positions of the directors and the chief executive of Winox Holdings Limited (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 (the "SFO")) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock 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 were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), were as follows:

Interests in the shares, underlying shares and debentures of the Company

Name of director	Nature of interest	Class of securities interested or deemed to be interested	Number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of the Company as at 30 June 2012
Yiu Hon Ming	Interest in a controlled corporation *(Note 1)*	Ordinary shares (long position)	330,000,000 shares	66%
Law Wai Ping	Interest in a controlled corporation *(Note 2)*	Ordinary shares (long position)	330,000,000 shares	66%
	Beneficial owner	Ordinary shares (long position)	1,700,000 shares	0.34%
Au Wai Ming	Beneficial owner	Ordinary shares (long position)	3,776,000 shares	0.76%

Notes:

1. Mr. Yiu Hon Ming was the legal and beneficial owner of 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn was the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment Limited, and Ming Fung Investment Limited was the legal and beneficial owner of 330,000,000 shares. As such, Mr. Yiu Hon Ming was deemed to be interested in the 330,000,000 shares held by Ming Fung Investment Limited. Mr. Yiu Hon Ming was the husband of Ms. Law Wai Ping.

2. Ms. Law Wai Ping was the legal and beneficial owner of 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn was the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment Limited, and Ming Fung Investment Limited was the legal and beneficial owner of 330,000,000 shares. As such, Ms. Law Wai Ping was deemed to be interested in the 330,000,000 shares held by Ming Fung Investment Limited. Ms. Law Wai Ping was the wife of Mr. Yiu Hon Ming.

Interests in the shares of associated corporations of the Company

Name of director	Name of associated corporations	Nature of interest	Class and number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of the associated corporations as at 30 June 2012
Yiu Hon Ming *(Note 1)*	Ming Fung Holdings (Hong Kong) Limited	Beneficial interest	60 ordinary shares (long position)	60%
	Ming Fung Investment Limited	Interest in a controlled corporation	765 ordinary shares (long position)	86.93%
Law Wai Ping *(Note 2)*	Ming Fung Holdings (Hong Kong) Limited	Beneficial interest	40 ordinary shares (long position)	40%
	Ming Fung Investment Limited	Interest in a controlled corporation	765 ordinary shares (long position)	86.93%

Notes:

1. Mr. Yiu Hon Ming was the legal and beneficial owner of 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn was the legal and beneficial owner about 86.93% of the entire issued share capital of Ming Fung Investment Limited. Mr. Yiu Hon Ming was the husband of Ms. Law Wai Ping.

2. Ms. Law Wai Ping was the legal and beneficial owner of 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn was the legal and beneficial owner of about 86.93% of the entire issued share capital of Ming Fung Investment Limited. Ms. Law Wai Ping was the wife of Mr. Yiu Hon Ming.

Save as disclosed above, as at 30 June 2012, none of the directors or 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 notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 30 June 2012, so far as is known to the directors or the chief executive of the Company, the following persons (not being a director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register kept by the Company pursuant to section 336 of the SFO:

Name	Nature of interest	Class of securities interested or deemed to be interested	Number of securities interested or deemed to be interested	Approximate percentage interest in the entire issued share capital of the Company as at 30 June 2012
Ming Fung Investment Limited	Beneficial owner	Ordinary shares (long position)	330,000,000 shares	66%
Winholme Holdings Limited	Beneficial owner	Ordinary shares (long position)	42,500,000 shares	8.5%
Ming Fung Holdings (Hong Kong) Limited	Interest in a controlled corporation	Ordinary shares (long position)	330,000,000 shares	66%
Tang Wai Fong	Interest in a controlled corporation *(Note 1)*	Ordinary shares (long position)	42,500,000 shares	8.5%
Chan Kai Ming	Interest in a controlled corporation *(Note 2)*	Ordinary shares (long position)	42,500,000 shares	8.5%
Leung Wai Yin Edith	Interest of spouse *(Note 3)*	Ordinary shares (long position)	42,500,000 shares	8.5%

Notes:

1. Ms. Tang Wai Fong was the legal and beneficial owner of about 44.12% of the entire issued share capital of Winholme Holdings Limited.

2. Mr. Chan Kai Ming was the legal and beneficial owner of about 35.29% of the entire issued share capital of Winholme Holdings Limited.

3. Ms. Leung Wai Yin Edith was the wife of Mr. Chan Kai Ming, and thus, she was deemed to be interested in the same amount of shares in which Mr. Chan Kai Ming was interested.

Save as disclosed above, as at 30 June 2012, the directors of the Company were not aware of any person (not being a director or chief executive of the Company) who had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has declared an interim dividend of HK 4 cents per ordinary share for the six months ended 30 June 2012. The interim dividend is payable on 27 September 2012 to shareholders of the Company whose names appear on the Company's register of members on 12 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed and no transfer of shares will be registered on Wednesday, 12 September 2012 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 and transfer office, 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 Tuesday, 11 September 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY 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 of the Company. Having made specific enquiry to all the directors of the Company, all directors of the Company confirmed that they complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2012.

CORPORATE GOVERNANCE CODE

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

Save and except for the following deviations, the Company applied the principles and was in compliance with the code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012, and of the Corporate Governance Code ("CG Code") during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Listing Rules.

Code Provision A.2.1

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the six months ended 30 June 2012, the Company has not separated the roles of chairman and chief executive. Mr. Yiu Hon Ming is the Chairman and also Managing Director of the Company responsible for overseeing the operations of the Group. The Board which meets regularly to consider major matters affecting the operations of the Group, considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. On the other hand, this structure is conducive to strong and consistent leadership, enabling the Group to operate efficiently.

Code Provision A.2.7

Under Code Provision A.2.7 of the CG Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. As Mr. Yiu Hon Ming, the Chairman and Managing Director of the Company, is an executive director of the Company, the Company cannot hold such a meeting where no executive director shall be present.

Code Provision A.6.7

Under Code Provision A.6.7 of the CG 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 director and independent non-executive directors were unable to attend the Company's annual general meeting held on 15 May 2012 and the Company's extraordinary general meeting held on 25 July 2012 due to other business commitments.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") in June 2011. The terms of reference, which detailed the authority and duties of the Audit Committee, are in compliance with the CG Code. The Audit Committee comprises the three independent non-executive directors of the Company, namely Professor Wong Lung Tak Patrick (chairman of the Audit Committee), Mr. Ma Weihua and Mr. Carson Wen. The main duties of the Audit Committee include reviewing the accounting policies and supervising the Company's financial reporting process, monitoring the performance of both the internal and external auditors, reviewing and examining the effectiveness of internal control measures, and ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company has reviewed the unaudited interim condensed consolidated financial statements and the interim report of the Group for the six months ended 30 June 2012. In addition, the Company's auditors, Deloitte Touche Tohmatsu have also reviewed the aforesaid unaudited interim condensed consolidated financial statements for the six months ended 30 June 2012, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN DIRECTORS' INFORMATION

Mr. Carson Wen was appointed as an independent non-executive director of Phoenix New Media Limited, which is listed on the New York Stock Exchange. He was also appointed as a member of the Advisory Board of International Mining and Infrastructure Corporation Plc., whose shares are listed on the Alternative Investment Market (AIM) in London.

Professor Wong Lung Tak Patrick was appointed as member of The Society of Chinese Accountants and Auditors, Hong Kong, Certified Tax Advisor (Hong Kong) and fellow of Hong Kong Institute of Directors.

Apart from the above, there is no information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

To cope with the development of the Company for its listing on the Main Board of the Hong Kong Stock Exchange in July 2011, previous banking facilities that were available by a financial institution to Winox Enterprise Company Limited ("Winox Enterprise"), a wholly-owned subsidiary of the Company, were revised. Pursuant to certain facilities letters all dated 24 February 2011, specific performance obligation which required Mr. Yiu Hon Ming, a director and a controlling shareholder of the Company, and his family to hold not less than 50% of the issued shares of the Company at any time during the term of the banking facilities (the "Specific Performance Obligation") were imposed. The Group was due to repay such banking facilities by instalments for varying periods of time, from three quarters to 80 months commencing from 24 February 2011.

Additional banking facilities in an aggregate amount of HK$70,000,000 comprising two 5-year loans were granted to Winox Enterprise by the same financial institution under a facility letter dated 7 May 2012. According to the repayment clause of the facility letter, these additional banking facilities are repayable by 60 monthly instalments commencing one month after each drawdown. The Specific Performance Obligation was also applicable to these additional banking facilities.

The above banking facilities contain a repayment on demand clause at any time, except for certain banking facilities which contain a repayment on demand clause at any time after 31 March 2013 at the discretion of the financial institution.

As at 30 June 2012, the aggregate outstanding balance owing by the Group to the said financial institution under the banking facilities which were subject to the Specific Performance Obligation was approximately HK$83,742,000; whereas the aggregate amount of banking facilities which were subject to the Specific Performance Obligation and were unutilized and available for drawing by the Group amounted to HK$32,000,000

Such requirement as to the level of ownership in the Company imposed on the controlling shareholder of the Company under the financing arrangements resulted in the disclosure requirements under Rules 13.18 and 13.21 of the Listing Rules.

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

Hong Kong, 24 August 2012

WINOX

Winox Holdings Limited
盈利時控股有限公司