



DATRONIX HOLDINGS LIMITED

連達科技控股有限公司*

(Stock Code: 889)



Interim Report

2014

* For identification purposes only

AWARDS



ASTRONICS
"Best Value Added"



LUTRON
"Customer Service"



MEDTRONIC
"Outstanding Performance"



PHYSIO CONTROL
"Supplier of the Year"



DATAFORTH
"Vendor of the Year"



LUTRON
"Outstanding New Supplier"

AWARDS



XICOM
"Outstanding Performance"



MICRO SYSTEMS
ENGINEERING
"Special Recognition Awards"



MEDTRONIC
"Supplier of the Year"



LUTRON
"Supplier of the Year"



VICOR
"Outstanding Supplier Achievement Award"



XICOM
"President's Award"

CUSTOMER RECOGNITION FOR QUALITY, SERVICE, VALUE



Polycom



Ericsson



Milwaukee



Preferred supplier
General Electric



Physio Control
(Div. of Medtronic)



Preferred supplier
Primex Aerospace



Digital Equipment corp



Xerox



United Technologies

AWARDS



Xerox



Xerox



ICL/Fujitsu



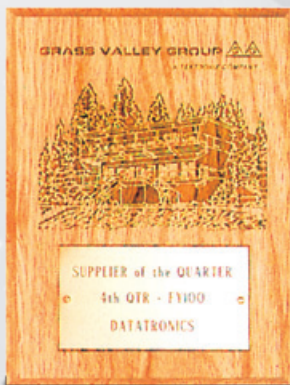
Xerox



Xerox



Xerox



Tektronix



Sola Electric



Tektronix

CUSTOMER RECOGNITION FOR QUALITY, SERVICE, VALUE



Honeywell



Honeywell



Harris



Honeywell



Honeywell



Delco



Honeywell



Hughes Aircraft
General Motors



IBM

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

SIU Paul Y. (*Chairman*)
SHUI Wai Mei (*Vice Chairman*)
SHEUNG Shing Fai
SIU Nina Margaret

Independent Non-executive Directors

CHUNG Pui Lam
CHAN Fai Yue, Leo
LEE Kit Wah

AUDIT COMMITTEE

LEE Kit Wah
CHUNG Pui Lam
CHAN Fai Yue, Leo

REMUNERATION COMMITTEE

CHUNG Pui Lam
CHAN Fai Yue, Leo
LEE Kit Wah
SIU Paul Y.

NOMINATION COMMITTEE

CHAN Fai Yue, Leo
CHUNG Pui Lam
LEE Kit Wah
SHEUNG Shing Fai

QUALIFIED ACCOUNTANT

MOK Sim Wa

COMPANY SECRETARY

LEUNG Sau Fong

AUTHORISED REPRESENTATIVES

SIU Paul Y.
SHEUNG Shing Fai

AUDITORS

BDO Limited
25/F Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

19th Floor
North Point Industrial Building
499 King's Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of Communications

WEBSITE

www.datronixhdgs.com.hk

GENERAL

The Group is principally engaged in the design, manufacture and sale of magnetics used in consumer electronics, data processing appliances and other electronics systems for coupling, isolation, filtering, interfacing and timing control applications. All of the Group's magnetics are sold under its own brandname "Datatronics". A majority of the Group's products are customized magnetics tailored-made according to the requirements and specifications of its customers. The Group also offered standard catalogue magnetics to its customers.

The Group focuses on the high-end segment of the magnetics industry. It has a customer base over 300 customers comprising manufacturers of telecommunication and data processing equipment, technology equipment, motor vehicles, military, aerospace and medical equipment.

The Group's world-class design and manufacturing capabilities, together with the breadth of its product offerings, provide her with a competitive advantage that enable her to anticipate and deliver highly customized solutions for their customers' product needs. In addition, their global presence enable them to participate in many relevant product and geographic markets and provide her with proximity to their global customer base.

The Group's Product Line

The Company designs and manufactures both standard and customized magnetic components in a large variety of products:

- Transformers
- Lan Filter Modules
- Digital Delay Modules
- Inductors/Chokes
- ASDL Transformer
- Planar Magnetics
- Magnetics for Aviation Applications
- Magnetics Components for DC/DC Converters
- Magnetics for Hybrid Network Assemblies
- Magnetics for Power Conversion
- Magnetics for Energy Savings
- Magnetics for Medical Devices/Equipment
- Magnetics for Internet Equipment
- Magnetics for Data Acquisition/Transmitter and Signal Conditioning

Markets Served

The Company's products to-day find application in a wide range of state-of-the-art electronic equipment that include the following:

- Telecommunications
- Communications
- Aerospace
- Instrumentation
- Industrial Equipment
- Computers & Networking
- Internet Equipment
- Medical Devices/Equipment
- Automotive
- U.S. Military Applications

General

The Group's products meet or exceed numerous performance, safety, quality specification and standard that include the following:

- QS-9000
- CSA
- IEC950
- UL
- ISO 9001 and ISO 9002
- BABT
- VDE

The Group also specializes in meeting the rigorous requirements of the U.S. Military and Space Programs:

- MIL-T-27
- MIL-STD-981
- MIL-T-21038
- NASA Space Station Approved

The directors consider the followings to be the key factors contributing to the Group's success:

- the extensive experience and expertise of the Group's management team in the magnetics industry;
- its well-established business relationship with customers;
- its forefront technology and technical know-how to assist and bridge its customers to new technologies;
- its ability to satisfy customers' needs by offering customized products that meet their reliability, quality and delivery requirements;
- its logistic center located in Southern California, U.S. and Paris, France to support delivery and service to customers;
- the wide range of product it offers;
- "Just-in-time" delivery and "Ship-to-stock" Program certified with numerous key customers;
- its reputation for high quality and high reliability products;
- "One stop solution";
- capacity to grow due to more demands for high reliability products in U.S. and Europe;
- cost competitive;
- the barrier of entrance for competitors is very high; and
- its established relationship with major suppliers which enables the Group to obtain a stable supply of materials for the Group's products.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business momentum from last year end has continued in 2014. As the general economy continues to improve, our bookings and revenue in the first half of 2014 were satisfying. Demands in various markets have been robust, especially in the healthcare and data processing segment. New opportunities were explored and are expected to be one of the growth drivers in the following quarters. Our capital investment made last year has proven to offset the increase in labor cost and improved our efficiency and productivity.

Rejoiced by the strong bookings, for the first six months ended 2014, our revenue reached HK\$147.8 million, an increase of HK\$13.9 million, reported a 10% growth from HK\$133.9 million for same period of last year. Our gross profit was HK\$45.5 million or 31% of revenue, an increase of 19% for the first six months of 2013. Our initiatives in cost-cutting, automation and efficiency improvement were adopted and remarkably improved our operations. Excluding the effect of exchange rate and interest income, our operating profit reached HK\$8.8 million for the first half of 2014, compared to HK\$1.4 million for the comparable period in 2013. The depreciation of Renminbi since early 2014 has impacted our Group and hence reported an exchange loss of HK\$6.5 million for the first six months of 2014. As a result, our operating profit reported HK\$8.1 million, compared to HK\$8.6 million for same period of 2013. Our net profit remained flat at HK\$7.3 million. Financial position and cash flow remain strong. No debt instrument has been issued.

MARKET REVIEW

Telecommunication and Networking

For the first half of 2014, sales for the telecommunication market was HK\$43.4 million, an increase of 14% from same period of 2013. This market contributes 29% Group sales.

Data Processing

For the first half of 2014, the data-processing market reported sales of HK\$11.2 million, an increase of 60%. This market contributed 8% of Group sales.

Industrial Application

The industrial application market reported HK\$54.7 million in sales, an increase of 16%. This market contributed 37% of Group sales.

High Reliability Segment

This segment demands precise technology, advance technical know-how and good workmanship by the Group. This segment reported HK\$38.5 million for the first half in 2014 compare to HK\$41.7 million in 2013 and contributes 26% of Group sales.

FINANCIAL REVIEW

For the six months period ended 30 June 2014, Group sales reported HK\$147.8 million, an increase of HK\$13.9 million, compared to same period of 2013. Our gross profit was HK\$45.4 million, compared to HK\$38.3 million for the first half of 2013. Gross margin increased from 28% to 31% as a result of tight control on our production cost.

Management Discussion and Analysis

Operating profit of first half of 2014 decreased from HK\$8.6 million to HK\$8.1 million when compared to same period of 2013. The net profit reported HK\$7.3 million, compared to HK\$7.3 million for the six months period ended 30 June 2013. Earnings per share of the first half of 2014 was 2.3 cents which was the same as the first half of 2013.

The Group maintained a healthy financial position with sufficient cash and no debt instrument was issued.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2014, the Group had a total equity of approximately HK\$694.3 million (31 December 2013: HK\$696.9 million), and cash and cash equivalents of approximately HK\$444.6 million (31 December 2013: HK\$429.5 million), which were predominately denominated in US dollars and Renminbi.

For the six months ended 30 June 2014, the Group had not arranged for any banking facilities and other resources for financing. With the above cash on hand, the Group has adequate resources to meet its working capital needs in the near future.

Capital expenditure for the period under review amounted to approximately HK\$0.7 million (six months ended 30 June 2013: HK\$1.2 million).

The Group had limited exposure to foreign exchange fluctuations as most of its accounts receipts and payments are in US dollars.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed approximately 1,195 personnel around the world, with approximately 124 in Hong Kong, 1,006 in the People's Republic of China and 65 overseas. The Group has a staff education sponsorship program and also provides training courses to staff on operational system, product and technology development, and product safety.

CAPITAL COMMITMENTS

The Group did not have any capital commitment outstanding at the period end, contracted but not provided for in the financial statements in respect of property, plant and equipment (31 December 2013: nil).

CONTINGENT LIABILITIES

The Group did not have any material contingent liability as at 30 June 2014 (31 December 2013: Nil).

LOOKING AHEAD

Datronix has enjoyed a sustain growth as the economy recovered. Margin improvement has proven management has taken up proactive action on cost reduction to alleviate the impact against rising labor cost year over year.

We appreciate our staff for their dedication and contributions to the Group's growth and profitability. This led Datronix to position for stronger growth in the future.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	<i>Note</i>	Six months ended 30 June	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover	3	147,787	133,926
Cost of sales		(102,314)	(95,646)
Gross profit		45,473	38,280
Other revenue	3	5,506	6,304
Distribution and selling expenses		(9,272)	(9,452)
Administrative expenses		(33,617)	(26,577)
Profit before income tax expense	5	8,090	8,555
Income tax expense	6	(810)	(1,243)
Profit for the period and attributable to owners of the Company		7,280	7,312
Other comprehensive income, net of tax			
Item that may reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(1,917)	265
Other comprehensive income for the period and attributable to owners of the Company, net of tax		(1,917)	265
Total comprehensive income for the period and attributable to owners of the Company		5,363	7,577
Earnings per share			
– Basic and diluted	8	HK\$0.023	HK\$0.023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

<i>Note</i>	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
NON-CURRENT ASSETS		
	186,633	189,521
	4,142	4,310
	9,486	9,486
	200,261	203,317
CURRENT ASSETS		
	76,532	87,839
	51	51
	94	94
	788	1,348
	5,655	3,984
<i>9</i>	33,355	34,513
	444,561	429,460
	561,036	557,289
CURRENT LIABILITIES		
<i>10</i>	21,308	17,655
	1,501	1,436
	22,809	19,091
NET CURRENT ASSETS		
	538,227	538,198
TOTAL ASSETS LESS CURRENT LIABILITIES		
	738,488	741,515
NON-CURRENT LIABILITIES		
	19,092	18,397
	25,121	25,121
	44,213	44,603
NET ASSETS		
	694,275	696,912
CAPITAL AND RESERVES		
<i>11</i>	32,000	32,000
	662,275	664,912
TOTAL EQUITY		
	694,275	696,912

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Equity attributable to owners of the Company						
	Issued capital	Share premium	Capital reserve	Property revaluation reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	32,000	57,099	(23,724)	128,399	14,456	448,719	656,949
Profit for the period	–	–	–	–	–	7,312	7,312
Other comprehensive income for the period							
Exchange differences on translating foreign operations	–	–	–	–	265	–	265
Total comprehensive income for the period	–	–	–	–	265	7,312	7,577
Dividend paid	–	–	–	–	–	(4,480)	(4,480)
At 30 June 2013	32,000	57,099	(23,724)	78,498	14,721	451,551	660,046
At 1 January 2014	32,000	57,099	(23,724)	141,666	15,491	474,380	696,912
Profit for the period	–	–	–	–	–	7,280	7,280
Other comprehensive income for the period							
Exchange differences on translating foreign operations	–	–	–	–	(1,917)	–	(1,917)
Total comprehensive income for the period	–	–	–	–	(1,917)	7,280	5,363
Dividend paid	–	–	–	–	–	(8,000)	(8,000)
At 30 June 2014	32,000	57,099	(23,724)	141,666	13,574	473,660	694,275

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash generated from operating activities	20,133	8,321
Net cash generated from investing activities	4,667	2,460
Net cash used in financing activities	(7,999)	(4,480)
Net increase in cash and cash equivalents	16,801	6,301
Effect of foreign exchange rate changes	(1,700)	261
Cash and cash equivalents at beginning of the period	429,460	404,539
Cash and cash equivalents at end of the period	444,561	411,101

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” and other relevant HKASs, Interpretations and Hong Kong Financial Reporting Standards (hereinafter collectively referred to as the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Accounting policies

The accounting policies and basis of preparation adopted in these condensed consolidated interim financial statements are consistent with those adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2013 except as described below.

In the current period, the Group has adopted, for the first time, the new/revised Hong Kong Financial Reporting Standards, which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by HKICPA, that are effective for accounting periods beginning on 1 January 2014 and which are relevant to its operations. The new/revised HKFRSs adopted by the Group in the unaudited condensed consolidated interim financial statements are set out below:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non- Financial Assets

The adoption of the new/revised HKFRSs had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new/revised HKFRSs that have been issued but not yet effective for the current accounting period.

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions ¹
HKFRSs (Amendments)	Annual Improvements to 2010-2012 Cycle ²
HKFRSs (Amendments)	Annual Improvements to 2011-2013 Cycle ¹

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group’s financial statements.

Notes to the Interim Financial Statements

3. Turnover and other revenue**a) Turnover**

Turnover represents the net invoiced value of goods sold.

b) Other revenue

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Bank interest income	4,978	3,656
Exchange gain, net	–	2,287
Income from disposal of scrap materials	166	268
Profit on disposal of fixed assets	341	–
Sundry income	21	93
	5,506	6,304

4. Segment information

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group is principally engaged in manufacturing and trading electronic components in both Hong Kong and overseas markets. The Group's chief operating decision maker regularly reviews the consolidated financial information to assess the performance. Accordingly, there is only one operating segment for the Group.

Geographical information

The Group comprises the following main geographical segments:

	Revenue from external customers Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Hong Kong (place of domicile)	492	714
The PRC	15,259	9,211
The United States	123,028	116,843
Europe	6,026	4,193
Other countries	2,982	2,965
	147,295	133,212
	147,787	133,926

Notes to the Interim Financial Statements

5. Profit before income tax expense

Profit before income tax expense is stated after charging the following:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Cost of inventories recognized as expenses	102,314	95,646
Amortisation of payment for leasehold land held for own use under operating leases	61	61
Depreciation of property, plant and equipment	3,024	3,519

6. Income tax expense

The amount of income tax charged to the condensed consolidated statement profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current tax – Hong Kong profits tax		
– provision for the period	295	760
Current tax – Overseas		
– provision for the period	467	402
– under provision in respect of prior years	48	81
	810	1,243

Hong Kong profits tax was calculated at the rate of 16.5% on the estimated assessable profits arising in or derived from Hong Kong during the period. Overseas taxation was calculated at the rates applicable in the respective jurisdictions.

Notes to the Interim Financial Statements

6. Income tax expense (Continued)

The charge for the period can be reconciled to the profit per the condensed consolidated income statement as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit before taxation	8,090	8,555
Effect of tax at Hong Kong profits tax rate of 16.5%	1,335	1,411
Effect of different tax rates of subsidiaries operating in other jurisdictions	467	402
Tax effect on non-taxable income	(1,423)	(1,150)
Tax effect of unused tax losses	383	499
Under provision in prior periods	48	81
	810	1,243

7. Interim dividend

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interim dividend declared, HK\$0.02 (2013: HK\$0.01) per ordinary share	6,400	3,200

On 14 August 2014, the Board has resolved to declare an interim dividend of HK\$0.02 (2013: HK\$0.01) per share in respect of the six months ended 30 June 2014, to shareholders whose names appear on the register of members of the Company on Monday, 8 September 2014.

8. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2014 was based on the profit attributable to the owners of the Company of approximately HK\$7,280,000 (six months ended 30 June 2013: HK\$7,312,000) and on the weighted average number of 320,000,000 (2013: 320,000,000) shares in issue during the period.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for both periods presented.

Notes to the Interim Financial Statements

9. Property, plant and equipment

The total cost of additions to property, plant and equipment of the Group during the six months ended 30 June 2014 was HK\$704,000 (six months ended 30 June 2013: HK\$1,195,000). There were no material disposals and write-offs of fixed assets during the six months ended 30 June 2014 and 30 June 2013.

10. Trade receivables

Customers are usually offered a credit period ranging from 30 days to 90 days. The aging analysis of trade receivables is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 30 days	20,135	24,035
31 to 60 days	9,227	7,225
61 to 90 days	3,831	2,555
Over 90 days	464	981
	33,657	34,796
Less: Allowance for doubtful debts	(302)	(283)
	33,355	34,513

11. Trade and other payables

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Trade payables	12,231	11,755
Other payables and accruals	9,077	5,900
	21,308	17,655

Notes to the Interim Financial Statements

11. Trade and other payables (Continued)

The aging analysis of trade payables is as follows:

	30 June 2014 (Unaudited) HK\$'000	31 December 2013 (Audited) HK\$'000
Within 30 days	7,301	5,107
31 to 60 days	2,872	4,105
61 to 90 days	2,058	2,077
Over 90 days	–	466
	12,231	11,755

12. Share capital

	Number of shares	Amount HK\$'000
Authorised ordinary shares of HK\$0.1 each At 1 January 2014 and 30 June 2014	1,000,000,000	100,000
Issued and fully paid ordinary shares of HK\$0.1 each At 1 January 2014 and 30 June 2014	320,000,000	32,000

13. Related party transactions

During the six months ended 30 June 2014, the Group's sales to Datatronics Romoland, Inc., a company in which Mr. Siu Paul Y., a director, has beneficial interest, amounted to HK\$28,979,000 (six months ended 30 June 2013: HK\$28,951,000). The transactions constituted a continuing connected transaction under Chapter 14A of the Listing Rules and were carried out in the ordinary course of business and on normal commercial terms.

14. Contingent liabilities

The Group did not have any material contingent liability as at 30 June 2014 (31 December 2013: Nil).

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2014, the directors had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company pursuant to Section 352 of the SFO:

Long positions

(a) The Company

	Ordinary shares of HK\$0.1 each			Total
	Personal interests	Family interests	Corporate interests	
Mr. Siu Paul Y.	–	–	230,632,000	230,632,000
			(Note 1)	

(b) Associated corporation

	Name of corporation	Non-voting deferred shares of HK\$1 each			Total
		Personal interests	Family interests	Corporate interest	
Mr. Siu Paul Y.	Datatronic Limited	1	–	199,999	200,000
				(Note 2)	

Notes:

1. These shares are held by Onboard Technology Limited, a company incorporated in the British Virgin Islands, and in which Mr. Siu Paul Y. and Ms. Shui Wai Mei beneficially own 90% and 10% of its issued share capital respectively, representing 72.07% of the issued share capital of the Company.
2. These shares are held by Data Express Limited, a company incorporated in the Republic of Liberia, whose entire issued share capital is beneficially owned by Mr. Siu Paul Y..

Save as disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or chief executives of the Company or their respective associates in the shares and underlying shares of the Company or its associated corporations which were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors and chief executives (including their spouses and children under the age of 18), had, as at 30 June 2014, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Other Information

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the Company has not been notified by any persons (other than the directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

INTERIM DIVIDEND

At the board meeting held on 14 August 2014, the Board has resolved to declare an interim dividend of HK\$0.02 (2013: HK\$0.01) per share, totaling HK\$6,400,000 (2013: HK\$3,200,000) in respect of the six months ended 30 June 2014 to shareholders whose names appear on the register of members of the Company on Monday, 8 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 September 2014 to Thursday, 11 September 2014, both dates inclusive, during which period no transfer of shares will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with Hong Kong Registrars Limited, the Company's branch share registrar in Hong Kong, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 8 September 2014. The cheques for dividend payment will be sent on about Friday, 19 September 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2014.

NOMINATION COMMITTEE

For the year ended 31 December 2013, the nomination committee had reviewed the structure, size and the composition of the Board and reviewed the board diversity policy of the Company.

Board Diversity Policy

For the year ended 31 December 2013, the Board adopted a board diversity policy. All Board appointments will continue to be made on meritocracy and selection of candidate 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. The nomination committee will review the board diversity policy, as appropriate, to ensure its continued effectiveness from time to time.

Other Information

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim results and discussed with the Board the financial reporting process and internal control system of the Group.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the interim report, except for the following deviations:

Code Provision A.2.1

Under the provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company have been performed by Mr. Siu Paul Y.. The Board considered that the non-segregation has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

Code Provision A.4.1

The non-executive directors were not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Bye-laws of the Company.

Code Provision A.4.2

Under the provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Bye-laws of the Company, the chairman of the Company will not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY 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. All directors have confirmed, following specific enquiry of all directors, that they have fully complied with the required standard set out in the Model Code throughout the period under review.

By order of the Board

SIU Paul Y.

Chairman

Hong Kong, 14 August 2014