
Net gearing improved

26.2%

(2012 1H – 37.4%)

Bank Borrowings

Long term borrowing accounted for 31.8% of total debts (34.3% at December 31, 2012).

The Group's major borrowings continued to be in US Dollars and HK Dollars. Borrowings are predominantly LIBOR or Hong Kong best lending rates based. There is a natural hedge mechanism in place as the Group's major revenues are in US Dollars and currency exposure therefore is low. Currency, interest rate exposure, and cash management functions are all being closely monitored and managed by the Group's treasury team.

During the period, the Group repaid USD39 million of fixed interest rate notes, refinanced by other bank facilities with lower interest rates. This refinancing arrangement will lower our interest cost in future periods.

Working Capital

Total inventory was at USD818 million as compared to USD752 million for the same period last year. The number of days inventory was at 74 days as compared to 73 days as at June 30, 2012. When compared to the year end level, inventory at the end of the first half of the year is normally higher in preparation for the peak shipment period in the second half of the year.

Trade receivables turnover days were at 71 days as compared to 64 days as at June 30, 2012. Excluding the gross up of the receivables factored which is without recourse in nature, receivables turnover days were at 64 days as compared to 57 days as at June 30, 2012. The increase in turnover days was mainly due to the increase in trade receivables as a result of the strong sales in May and June 2013. The Group is comfortable with the quality of the receivables and will continue to exercise due care in managing credit exposure.

Trade payables days were 78 days (67 days at December 31, 2012). The increase in turnover days was mainly due to the increase in procurement in the second quarter of 2013 in preparation for peak production in second half year.

Working capital as a percentage of sales was at 18.4% as compared to 18.9% for the same period last year.

Capital Expenditure

Total capital expenditures for the period amounted to USD47 million (2012: USD37 million).

Capital Commitment and Contingent Liability

As at June 30, 2013, total capital commitments amounted to USD18 million (2012: USD19 million), and there were no material contingent liabilities or off balance sheet obligations.

Charges

None of the Group's assets are charged or subject to encumbrance.

Human Resources

The Group employed a total of 19,248 employees (2012: 18,521 employees) in Hong Kong and overseas. Total staff cost for the period under review amounted to USD290 million as compared to USD263 million in the same period last year.

The Group regards human capital as vital for the Group's continuous growth and profitability and remains committed to improve the quality, competence and skills of all employees. It provides job related training and leadership development programs throughout the organization. The Group continues to offer competitive remuneration packages, discretionary share options, share awards and bonuses to eligible staff, based on the performance of the Group and the individual employee.

Interim Dividend

The Directors have resolved to declare an interim dividend of HK10.00 cents (approximately US1.29 cents) (2012: HK6.75 cents (approximately US0.87 cent)) per share for the six months period ended June 30, 2013. The interim dividend will be paid to shareholders listed on the register of members of the Company on September 13, 2013. It is expected that the interim dividend will be paid on or about September 27, 2013.

Closure of Register of Members

The register of members of the Company will be closed from September 12, 2013 to September 13, 2013, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on September 11, 2013.