WINOX

WINOX HOLDINGS LIMITED
盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 6838)

2014 FINAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HKD543,666,000, representing a corresponding decrease of 0.5%.
- The Group's gross profit amounted to HKD154,666,000, representing a corresponding increase of 3.5%.
- The Group's profit for the year amounted to HKD45,670,000, representing a corresponding decrease of 1.4%.
- Earnings per share amounted to HK9.1 cents, representing a corresponding decrease of 2.2%.
- The Board proposed a final dividend of HK2 cents per ordinary share for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Due to the adverse effect of the slowdown in China's economy and the slow recovery of the United States and European economies, the year of 2014 was still filled with challenges. During the year ended 31 December 2014, Winox Holdings Limited ("Company", together with its subsidiaries "Group") recorded a slightly decline of 0.5% in turnover, which was mainly due to the decrease in sales of mobile phone cases and parts. The shortage of workers and continuous escalated staff and labour costs were still the most critical factor that affect the Group's manufacturing cost. In order to weather this critical operating environment, we have remained prudent and implemented stringent cost control policy and advanced our supply chain management for the sustainable development of the Group.

The principal focus of the Group is on the development and manufacture of premium stainless steel products, and our major business segments are, namely, watch bracelets, costume jewellery, accessories and parts for leather goods and mobile phone cases and parts.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2014, the Group's audited consolidated turnover slightly dropped by 0.5% to HKD543,666,000 (2013: HKD546,218,000) as compared to last year. Turnover attributable to watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts were 71.6%, 23.3%, 4.0% and 1.1% (2013: 68.8%, 18.4%, 4.0% and 8.8%) respectively.

During the year, export of Swiss made stainless steel watches slightly increased compared to last year. As a result, turnover of watch bracelets reported an increase of 3.5% to HKD389,120,000 (2013: HKD375,875,000) during the year.

Turnover of costume jewellery achieved a growth of 25.8% to HKD126,498,000 (2013: HKD100,576,000) compared to last year which is attributable to the effort we put to maintain our close relationship with existing prominent customers.

During the year, sales of mobile phone cases and parts was HKD6,237,000 (2013: HKD48,196,000), representing a significant decrease of 87.1%. The significant drop was due to the keen competition and ongoing screening and selection of high quality customers.

Sales of accessories and parts for leather goods amounted to HKD21,811,000 (2013: HKD21,571,000), representing a slight increase of 1.1%.

Profit

During the year, we encountered major stress from the continuous rising labour costs but it was well even out by our stringent cost control. As a result, gross profit increased by 3.5% to HKD154,666,000 (2013: HKD149,407,000) as compared to last year. Gross profit margin for the year increased to 28.4% (2013: 27.4%). Despite the increase in gross profit, profit for the year decreased by 1.4% to HKD45,670,000 (2013: HKD46,326,000), which was mainly due to the decrease in other income and basic earnings per share for the year decreased by 2.2% to HK9.1 cents (2013: HK9.3 cents).

Cost of sales

Cost of sales included costs of production materials, labour and manufacturing overhead and other costs. The following table sets forth the breakdowns of our cost of sales for the year ended 31 December 2014:

	2014 **HKD'000**	2013 HKD'000
Direct material costs	**119,850**	160,304
Direct labour costs	**175,090**	136,714
Manufacturing overhead and other costs	**94,060**	99,793
	389,000	396,811

During the year ended 31 December 2014, direct material costs accounted for about 30.8% (2013: 40.4%) of the total cost of sales, the decrease was mainly due to the decrease in sales of mobile phone cases and parts, the manufacture of which requires higher proportion of material costs.

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

For the year ended 31 December 2014, direct labour costs accounted for about 45.0% (2013: 34.5%) of the total cost of sales, the increase was mainly due to the continuous rising in wages. Manufacturing overhead and other costs accounted for about 24.2% (2013: 25.1%) of the total cost of sales.

Other Income

Other income decreased by approximately 39.6% to HKD5,444,000 for the year as compared to HKD9,011,000 for last year which is mainly due to the decrease in income from the selling of scrapped materials.

Expenses

Selling and distribution expenses decreased by approximately 4.3% to HKD22,583,000 for the year as compared to HKD23,588,000 for last year which is in line with the decrease in turnover.

With stringent cost control, administrative expenses only increased slightly by 0.4% to HKD71,575,000 (2013: HKD71,302,000) during the year.

During the year, the Group obtained new bank borrowings of HKD70,053,000 and repaid bank borrowings of HKD61,069,000. Finance costs for the year ended 31 December 2014 amounted to HKD4,390,000 (2013: HKD4,228,000), representing an increase of 3.8%.

Taxation

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

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Inventories

	2014	2013
	HKD'000	HKD'000
Raw materials	**12,714**	11,859
Work in progress	**50,408**	51,998
Finished goods	**12,272**	11,443
	75,394	75,300

As at 31 December 2014, the Group recorded an inventory balance of HKD75,394,000 (31 December 2013: HKD75,300,000), representing a slight increase of 0.1%. The inventory turnover of the Group for 2014 was 70.7 days as compared to 71.6 days for 2013.

Trade Receivables

As at 31 December 2014, the Group recorded trade receivables of HKD49,039,000 (31 December 2013: HKD45,375,000). The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers were internationally renowned brand owners, we considered we were exposed to relatively minimal default risk. The trade receivables turnover of the Group for the year ended 31 December 2014 was 31.7 days (for the year ended 31 December 2013: 42.2 days).

Trade Payables

As at 31 December 2014, the Group recorded trade payables of HKD31,238,000 (31 December 2013: HKD19,581,000). Our trade payables were primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the year ended 31 December 2014 was 23.8 days (for the year ended 31 December 2013: 27.3 days).

Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2014, net current assets of the Group was HKD172,153,000 (31 December 2013: HKD155,535,000). Besides, the Group had cash and bank balances of HKD177,653,000 (31 December 2013: HKD167,511,000), of which 33.2% was in Hong Kong dollars, 5.7% was in Swiss Franc, 57.6% was in Renminbi, 3.5% was in United State dollars and other currencies.

As at 31 December 2014, the Group's outstanding bank borrowings totalled HKD132,683,000 (31 December 2013: HKD123,915,000), of which 97.2% was in Hong Kong dollars and 2.8% was in Renminbi. All of the Group's bank borrowings were arranged on floating rate basis. Except for certain bank borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank borrowings as current and non-current liabilities in the consolidated statements of financial position as at 31 December 2014 in accordance with the settlement term. Of the total bank borrowings, HKD3,747,000 was short-term revolving loans, HKD45,947,000 was loans repayable within one year and the balancing of HKD82,989,000 was repayable after one year.

Part of the bank loans were secured by certain of the Group's assets with an aggregate carrying value of HKD55,044,000 as at 31 December 2014. The charged assets included a piece of land in Dongguan where our factory was situated, certain properties constructed thereon and the deposits for two keyman life insurance policies. The banking facilities were also secured by corporate guarantees in favour of the bank from the Company.

As at 31 December 2014, the Group's gearing ratio was 0.18 (31 December 2013: 0.18), which was calculated on the basis of outstanding borrowings over the total assets of the Group.

Treasury

The Group adopted conservative treasury policies in cash and financial management. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the year ended 31 December 2014, a large amount of the Group's sales was denominated in Hong Kong dollars whereas the foreign currency sales were mainly denominated in United States dollars and Swiss Franc that were contributed to the total turnover of 2.9% and 2.7% respectively (2013: 3.9% and 2.5% respectively). The expenses of the Group were mainly denominated in Renminbi. As Hong Kong dollar was pegged with United States dollar and the sales denominated in Swiss Franc was not material, the Directors considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in mainland China and the labour costs and manufacturing overheads were mainly denominated in Renminbi. The appreciation of Renminbi might affect the overall production costs of the Group.

During the year, the Group did not use any financial instruments for hedging purposes and the Group did not have any hedging instruments outstanding as at 31 December 2014. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments and Significant Investment

Capital expenditure contracted for by the Group but not yet provided in the audited consolidated financial statements as at 31 December 2014 was HKD30,909,000 (31 December 2013: HKD30,915,000), which was mainly related to the acquisition of property, plant and equipment. Capital expenditure authorised but not contracted for as at 31 December 2014 amounted to HKD117,917,000 (31 December 2013: HKD139,794,000).

Use of Proceeds

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

On 15 May 2012, the Board resolved to change the proposed use of the un-utilised net proceeds from the IPO originally allocated for financing the development of the Huzhen Factory (such as defraying the related construction and land costs) in the amount of approximately HKD46,773,000 to finance the development of the Dongfeng Village Factory (such as defraying the related construction and decoration/renovation costs).

The usages of net proceeds up to 31 December 2014 were as follows:

Particulars	Planned HKD'000	Reallocated HKD'000	Utilised HKD'000	Un-utilised HKD'000
Financing the development of the Huzhen Factory	49,588	(46,773)	(2,815)	–
Financing the development of the Dongfeng Village Factory	–	46,773	(46,773)	–
Acquiring equipment and machinery for the Dongfeng Village Factory and Huzhen Factory and for expansion of the production facility of our existing facilities	128,927	N/A	(128,927)	-
General working capital and other general corporate purposes of the Group	19,835	N/A	(19,835)	–
TOTAL	**198,350**	**–**	**(198,350)**	**-**

During the year, the construction work for the first phase development of our Dongfeng Village Factory was substantially completed and will be gradually equipped for production according to the pace of the business development of the Group.

Contingent Liabilities

As at 31 December 2014, save for the granting of corporate guarantee by the Company to its wholly-owned subsidiaries as described above, the Group did not have any significant contingent liabilities.

Employment and Remuneration Policy

As at 31 December 2014, the total number of employees of the Group was approximately 3,201 (2013: 2,915). During the year, employees costs (including Directors' emoluments) amounted to approximately HKD215,765,000 (2013: HKD179,877,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

The Company had adopted a share option scheme to incentivise its senior management and employees. As at 31 December 2014, no options had been granted by the Company pursuant to the share option scheme.

PROSPECTS

Even though the recovery of the world's economy is still slow, for longer term, we still believe that there is a steady and increasing demand on precision stainless steel products. We aim at taking advantage of utilising our strengths and expertise to explore new business opportunities in order to alleviate concentration risk.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Notes	**2014** **HKD'000**	2013 HKD'000
Turnover	3	**543,666**	546,218
Cost of goods sold		**(389,000)**	(396,811)
Gross profit		**154,666**	149,407
Other income		**5,444**	9,011
Other gains and losses		**(3,876)**	(2,321)
Selling and distribution costs		**(22,583)**	(23,588)
Administrative expenses		**(71,575)**	(71,302)
Finance costs	4	**(4,390)**	(4,228)
Profit before taxation	5	**57,686**	56,979
Taxation	6	**(12,016)**	(10,653)
Profit for the year		**45,670**	46,326
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
– exchange differences on translation of financial statement of foreign operation		**(11,825)**	14,542
Total comprehensive income for the year		**33,845**	60,868
Earnings per share - Basic	7	**HK9.1 cents**	HK9.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December

	Notes	**2014** **HKD'000**	2013 HKD'000
Non-current assets			
Property, plant and equipment		**337,560**	300,710
Prepaid lease payments		**36,952**	38,711
Deposit for land use right		**22,685**	23,257
Deposits paid for acquisition of property, plant and equipment		**13,689**	10,839
Deposit and prepayments for a life insurance policy		**4,588**	4,849
		415,474	378,366
Current assets			
Inventories		**75,394**	75,300
Trade and other receivables	9	**69,515**	65,797
Taxation recoverable		**-**	5,332
Bank balances and cash		**177,653**	167,511
		322,562	313,940
Current liabilities			
Trade and other payables	10	**72,388**	55,400
Taxation payable		**3,552**	2,423
Bank borrowings – amount due within one year		**74,469**	100,582
		150,409	158,405
Net current assets		**172,153**	155,535
Total assets less current liabilities		**587,627**	533,901
Non-current liability			
Bank borrowings – amount due after one year		**58,214**	23,333
		529,413	510,568
Capital and reserves			
Share capital		**50,000**	50,000
Reserves		**479,413**	460,568
		529,413	510,568

NOTES

1. General

The Company is a public limited company incorporated in Cayman Island and its shares are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). Its ultimate holding company is Ming Fung Holdings (Hong Kong) Limited, a company with limited liability incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yiu Hon Ming, who is also the Chairman and Managing Director of the Company. The Company is an investment holding company and the principal activities of its principal subsidiaries are the manufacture and trading in stainless steel products.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) - Int 21	Levies

The application of the amendments to the HKFRSs and the new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[6]
HKFRS 14	Regulatory deferral accounts[4]
HKFRS 15	Revenue from contracts with customers[5]
Amendments to HKAS 1	Disclosure initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[1]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[5]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle[3]

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

3 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 9 "Financial instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company are in the process of assessing the impact of application of HKFRS 9 in the future on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from contracts with customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are in the process of assessing the impact of application of HKFRS 15 in the future on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than described above, the directors of the Company consider the application of other new and revised HKFRSs would not have any material impact on the consolidated financial statements.

3. Turnover and Segment Information

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and trading of stainless steel products. This reportable segment has been identified on the basis of internal management reports prepared in accordance with accounting policies that conform to HKFRSs, that are regularly reviewed by the chief operating decision makers ("**CODM**"), who are the members of executive directors of the Company. The CODM regularly reviews revenue analysis by products, including watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts, and by locations of customers, including Switzerland, Liechtenstein, Hong Kong, and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance by respective products and locations of customers. The CODM reviews the results of the Group as a whole to make decisions. Accordingly, no analysis of this single reporting segment is presented.

Turnover represents the fair value of the consideration received or receivable for goods sold to outside customers during the year.

Turnover by products are as follows:

	2014	2013
	HKD'000	HKD'000
Watch bracelets	**389,120**	375,875
Costume jewellery	**126,498**	100,576
Accessories and parts for leather goods	**21,811**	21,571
Mobile phone cases and parts	**6,237**	48,196
	543,666	546,218

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

	2014	2013
	HKD'000	HKD'000
Switzerland	**366,627**	348,876
Liechtenstein	**103,625**	87,350
PRC	**6,672**	47,733
Hong Kong	**43,486**	39,372
Other countries	**23,256**	22,887
	543,666	546,218

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

	2014 HKD'000	2013 HKD'000
Customer A[1]	**315,408**	310,979
Customer B[2]	**103,625**	87,350

Notes:
[1] Turnover from sales of watch bracelets.
[2] Turnover from sales of costume jewellery and accessories.

At 31 December 2014, substantially all of the non-current assets of the Group were located in the Mainland China amounting to HKD407,553,000 (2013: HKD369,266,000).

4. Finance Costs

	2014 HKD'000	2013 HKD'000
Interests on bank borrowings:		
- wholly repayable within five years	**3,594**	4,228
- not wholly repayable within five years	**796**	-
	4,390	4,228

5. Profit Before Taxation

	2014 HKD'000	2013 HKD'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**3,161**	3,855
Other staff's retirement benefits scheme contributions	**13,662**	13,167
Other staff costs	**198,942**	162,855
	215,765	179,877
Auditor's remuneration	**1,220**	1,250
Cost of inventories recognised as expenses	**374,882**	381,953
Depreciation on property, plant and equipments	**24,998**	22,270
Release of prepaid lease payments	**823**	826
Operating lease rentals in respect of rented premises	**2,203**	3,898
Write-off of trade receivables	**2,500**	-

6. Taxation

	2014	2013
	HKD'000	HKD'000
The tax charge comprises:		
Current tax – Hong Kong Profits Tax		
Current year	**9,238**	7,592
Overprovision in prior years	**(65)**	(20)
	9,173	7,572
Current tax – PRC Enterprise Income Tax ("**PRC EIT**")		
Current year	**2,688**	3,048
Underprovision in prior years	**155**	33
	2,843	3,081
	12,016	10,653

Hong Kong Profits Tax

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

PRC EIT

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

Tax charge for the year is reconciled to profit before taxation as follows:

	2014	2013
	HKD'000	HKD'000
Profit before taxation	**57,686**	56,979
Tax charge at the domestic income tax rate at 16.5% (2013: 16.5%)	**9,518**	9,402
Tax effect of income not taxable for tax purposes	**(368)**	(429)
Tax effect of expenses not deductible for tax purposes	**185**	168
Tax effect of tax losses not recognised	**2,117**	674
Tax effect of different tax rates applied to certain subsidiaries regarded as foreign enterprises in the PRC	**474**	825
Underprovision in prior years	**90**	13
Taxation for the year	**12,016**	10,653

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:

	2014	2013
	HKD'000	HKD'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**45,670**	46,326

	2014	**2013**
	'000	**'000**
Number of shares for the purpose of calculating basic earnings per share	**500,000**	**500,000**

No dilutive earnings per share is presented as there were no potential dilutive shares in both years.

8. Dividends

	2014	2013
	HKD'000	HKD'000
Dividends recognised as distribution during the year:		
2012 final dividend – HK7 cents per ordinary share	**–**	35,000
2013 interim dividend – HK4 cents per ordinary share	**–**	20,000
2013 final dividend – HK1 cent per ordinary share	**5,000**	–
2014 interim dividend – HK2 cents per ordinary share	**10,000**	–
	15,000	55,000

On 23 March 2015, a final dividend of HK2 cents in respect of the year ended 31 December 2014 per ordinary share, totalling HKD10,000,000, has been proposed by the board of directors of the Company. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. Trade and Other Receivables

	2014 **HKD'000**	2013 HKD'000
Trade receivables	**49,039**	45,375
Prepayments and deposits	**8,716**	9,918
Prepaid lease payments	**818**	838
VAT receivables	**6,937**	6,571
Others	**4,005**	3,095
	69,515	65,797

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-estimated customers with good payment history. The following is an aged analysis of trade receivables at the end of each reporting period based on the invoice date, which approximated the respective revenue recognition dates.

	2014 **HKD'000**	2013 HKD'000
Age		
0 to 30 days	**35,572**	35,525
31 to 60 days	**8,678**	5,672
61 to 90 days	**3,092**	212
Over 90 days	**1,697**	3,966
	49,039	45,375

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period. The directors considered that the trade receivables that are neither past due nor impaired have a good credit quality.

At 31 December 2014, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HKD7,731,000 (2013: HKD8,573,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired is as follows:

	2014 **HKD'000**	2013 HKD'000
Overdue		
Within 60 days	**6,392**	5,099
61 to 90 days	**772**	94
Over 90 days	**567**	3,380
	7,731	8,573

10. Trade and Other Payables

	2014	2013
	HKD'000	HKD'000
Trade payables	**31,238**	**19,581**
Payroll and welfare payable	**15,816**	**13,091**
Other tax payables	**4,236**	**9,192**
Commissions and other payables to intermediary agents	**7,094**	**5,558**
Payables for acquisition of property, plant and equipment	**10,581**	**5,020**
Others	**3,423**	**2,958**
	72,388	**55,400**

The Group normally receives credit terms of 30 to 90 days from its suppliers. The following is an aged analysis of trade payables at the end of the reporting period based on invoice date:

	2014	2013
	HKD'000	HKD'000
Age		
0 to 30 days	**11,566**	9,938
31 to 60 days	**10,899**	7,590
61 to 90 days	**6,425**	1,039
Over 90 days	**2,348**	1,014
	31,238	19,581

CORPORATE GOVERNANCE

The Company has applied the principles of Corporate Governance Code ("**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("**Listing Rules**") on the Stock Exchange and complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2014, save and except for the deviations from code provisions A.2.1, A.2.7 and A.6.7.

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yiu Hon Ming is the Chairman and Managing Director of the Company (being defined as Chief Executive under the CG Code) who is responsible for overseeing the overall operations of the Group. Mr. Yiu is the founder of the Group who possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group's overall operations. The Directors consider this structure is conducive to strong and consistent leadership, effective and efficient planning and implementation of business decisions and strategies of the Company. The Board meets regularly to discuss major matters affecting the Group's operations and considers this structure does not impair the balance of power and authority between the Board and the management of the Group.

Under code provision A.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Taking into account Mr. Yiu Hon Ming, the Chairman and Managing Director, is also an Executive Director, no meeting shall be held between the Chairman and Non-executive Directors without the Executive Directors present.

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. All Independent Non-executive Directors were unable to attend the Company's annual general meeting held on 19 May 2014 due to their other business engagements.

The audit committee of the Company ("**Audit Committee**") comprises wholly Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the management of the Company and the external auditor, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the Group's audited consolidated financial statements for the year ended 31 December 2014.

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

For the year ended 31 December 2014, the Company or any of its subsidiaries had not purchased, sold or redeemed any of its listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2014 and up to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF THE GROUP'S RESULTS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PROPOSED FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board recommended a final dividend of HK2 cents per ordinary share (2013: HK1 cent per ordinary share) in respect of the year ended 31 December 2014, payable on or about Friday, 12 June 2015 to the shareholders of the Company ("**Shareholders**") whose names appear on the register of members of the Company ("**Register of Members**") at the close of business on Friday, 29 May 2015. The payment of final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Tuesday, 26 May 2015 ("**2015 AGM**").

BOOK CLOSURE

For the purpose of ascertaining the Shareholders' right to attend and vote at the 2015 AGM, the Register of Members will be closed from Friday, 22 May 2015 to Tuesday, 26 May 2015 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2015 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong ("**Branch Share Registrar**") for registration not later than 4.30 p.m. on Thursday, 21 May 2015.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Friday, 29 May 2015, on which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Thursday, 28 May 2015.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company (www.winox.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2014 containing all information required by the Listing Rules will be despatched to the Shareholders and make available on the abovementioned websites in due course.

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

Hong Kong • 23 March 2015

As at the date of this announcement, the Board of the Company comprises (a) three executive directors, namely, Mr. Yiu Hon Ming, Ms. Law Wai Ping and Mr. Chau Kam Wing Donald; (b) one non-executive director, namely, Mr. Au Wai Ming; and (c) three independent non-executive directors, namely, Mr. Ma Weihua, Mr. Carson Wen and Professor Wong Lung Tak Patrick.