WINOX

WINOX HOLDINGS LIMITED
盈利時控股有限公司

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

2012 FINAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group's turnover amounted to HKD635,275,000, representing a corresponding increase of 22.3%.
- The Group's gross profit amounted to HKD226,941,000, representing a corresponding increase of 1.0%.
- The Group's profit for the year amounted to HKD109,560,000, representing a corresponding decrease of 2.9%.
- Earnings per share amounted to HK 21.9 cents, representing a corresponding decrease of 16.4%.
- The Board proposed a final dividend of HK 7 cents per ordinary share for the year ended 31 December 2012.

CHAIRMAN'S STATEMENT

On behalf of the board ("Board") of directors ("Directors") of Winox Holdings Limited ("Company", together with its subsidiaries, "Group"), I am pleased to present the Group's annual results for the financial year ended 31 December 2012.

In 2012, our Group recorded an increase in turnover by 22.3% to HKD635,275,000. Profit for the year and earnings per share were HKD109,560,000 (2011: HKD112,885,000) and HK 21.9 cents (2011: HK 26.2 cents) respectively.

The Board recommends the payment of a final dividend of HK 7 cents per ordinary share, and is subject to the approval of shareholders of the Company ("Shareholders") at the 2013 annual general meeting. Together with the interim dividends of HK 4 cents per ordinary share paid in September 2012, the total dividend for the year ended 31 December 2012 is HK 11 cents per ordinary share.

BUSINESS

2012 was a promising year for the Group. Benefited from the sustainable economic growth of Asia, especially that of China and the continuous demand of luxury goods by consumers, the Group maintained a steady growth and achieved a double-digit percentage increase in turnover of 22.3% for the year ended 31 December 2012.

Rewarded by our continuous efforts in the past years, our product diversification strategy has achieved some remarkable results. This year, although watch bracelets product was still the largest contributor to our Group's turnover, the other product categories were picking up their momentum. In particular, costume jewellery product, being our second largest revenue contributor, had become our growth engine and achieved 1.4 times increase in turnover as compared to last year. For the segment of accessories and parts for luxury leather goods, we have been negotiating with a number of internationally renowned brands and some of them have been entered into product development stage. Part of our expansion plan in Dongfeng Village as mentioned below will be used to cope with the business development of this product segment. Our mobile phone case and parts division is still at its development stage but orders from customers have been increasing. It is expected that additional resources, including but not limited to research and development, shall be invested in this segment in order to attain to the goal of scale production in short term. With the continuous healthy and balanced development of our existing product portfolio, we are confident that the Group will establish a more stable revenue and earning base in the next few years.

In order to cope with the growth of product diversification and to expand production capacity, our Group has acquired the entire equity interest of Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited (博羅明豐廚具製造有限公司) ("Ming Fung Kitchen") during the year. Ming Fung Kitchen holds two pieces of adjacent land which locates at Dongfeng Village, Huzhen Town, Boluo County, Huizhou, PRC with a total site area of 66,666 square metres which facilitated the construction of our new factory and ancillary buildings. The acquisition was approved by independent Shareholders at an extraordinary general meeting and it was completed in November 2012. The construction work for the first phase development commenced in January 2013 and is scheduled to complete by end of 2013.

Despite the promising development in 2012, the operational environment for the Group remained challenging. The recovery of global economy was slow and the financial strengths of European countries and America remained weak. The appreciation of Renminbi, upsurge of labour and raw materials costs, keen competition and unstable global political environment were the challenges facing the Group and to some extent, had affected the Group's profit margin. In addition, customers were more prudent in placing orders given the volatile global financial condition. The Group continues to implement cautious policies to cope with and to manage the intensified commercial risk and the increasing operating costs.

OUTLOOK

In 2012, China was ranked one of the world's top consumer markets of luxury goods and the total Swiss watch export value recorded an annual growth of 10.9%. Given the new objectives proclaimed in the 18th National Congress of the Communist Party of China, we believe China will develop into one of the most encouraging markets in the world. In addition, the China's official 2013 target economic growth rate is 7.5%. All of these favourable factors will strengthen the consumers' confidence. The rising pattern of Chinese spending power will enable them to spend on mid- to high-end personal items such as luxury watches, leather goods and advanced technological products. As a seasoned and reputable stainless steel products manufacturer for internationally renowned luxury brands, the Group is well-positioned to capture this opportunity and is believed to be benefited from this upward spending trend driven by the Chinese consumers.

Albeit the manufacturing industry remains challenging, the Board maintains a cautiously optimistic outlook for 2013. In future, we continue to improve our operational efficiency and leverage our resources to enhance our Company's profitability and sustainability. We aim at taking advantage of utilising our strengths and expertise and balancing the commercial risk to explore new business opportunities that achieve a sustainable growth of the Group and create values for our shareholders and investors.

CORPORATE SUSTAINABILITY

The Group adopts a product diversification model which provides a significant platform for us to broaden our customer base and expand our market share in the industry. The Group utilises its resources strategically to advance its skills and technology so as to enrich our product variety and sophistication. We commit to work closely with our customers to deliver quality and cost-effective products efficiently. This enables us to maintain long-term business relationship with our stakeholders. Our goal is to put continuous efforts to reinforce our operational efficiency so as to achieve long-term business sustainability and drive improvement.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow directors, our senior management and staff and stakeholders for their continuing contributions to facilitate the growth of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2012, the Group recorded an encouraging results by achieving a double-digit percentage growth of about 22.3% in turnover. The growth was mainly due to the broadening of customer base, product mix optimisation and better performance of the costume jewellery product segment. However, the increase in costs of production and on-going appreciation of Renminbi continued to put pressure on the margins of our products. We shall continue to pay extra attention to the changes in external environment and strive to advance our cost control and supply chain management so as to maintain a sustainable development for the Group.

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

Acquisition of Ming Fung Kitchen and Change of Use of Proceeds

On 15 May 2012, Super Powerful Limited ("Super Powerful"), an indirect wholly-owned subsidiary of the Company, entered into the master agreement ("Master Agreement") with Mr. Yiu Hon Ming and Mr. Li Huizhu in relation to the acquisition of the entire equity interest of Ming Fung Kitchen. Pursuant to the Master Agreement, Super Powerful conditionally agreed to (a) acquire the entire equity interest of Ming Fung Kitchen ("Sale Equity"), which is beneficially owned by Mr. Yiu Hon Ming, at a purchase consideration of RMB1,000,000 and (b) put funds in Ming Fung Kitchen for it to repay the loans in the amount of approximately RMB28,959,000 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.

This transaction was approved by independent Shareholders at an extraordinary general meeting held on 25 July 2012 and was completed on 30 November 2012. The construction of new factory and dormitory buildings for the initial stage of development commenced in January 2013 and shall be completed in phases by the end of 2013. The Group expects that the completion of the initial stage of the development will enhance the Group's existing production capacity in general by about 50%. The estimated capital expenditure for the initial stage of development of the new factory site is approximately RMB190,000,000, 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 ("IPO"). The new factory and dormitory buildings are planned for the production of costume jewellery, accessories and parts for leather goods and mobile phone cases and parts, for a long-term basis.

With respect to the site situated at Huzhen, Boluo County, Huizhou ("Huzhen Site"), the Group would continue to negotiate with the local government authorities for the granting of the construction land quota and approval of the conversion of permitted land uses of Huzhen Site to industrial use.

In this connection, the Group has changed the purpose of utilising the proceeds from IPO to finance the development of the Dongfeng Village production facilities during the year, in place of the original plan to develop the Huzhen Site. Details of the use of proceeds shall be elaborated in the section entitled "Use of Proceeds" below.

The Group obtained the building ownership certificates for the three buildings in the Dongguan Dalang factory issued by the relevant government authority during the year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2012, the Group's audited consolidated turnover amounted to HKD635,275,000 (2011: HKD519,470,000), representing an increase of approximately 22.3%. Turnover attributable to watch bracelets, costume jewellery, accessories and parts for leather goods and mobile phone cases and parts were about 73.7%, 21.1%, 4.1% and 1.1% respectively (2011: 81.9%, 10.6%, 7.0% and 0.5% respectively).

Turnover of watch bracelets recorded a growth of approximately 10.2% to HKD468,505,000 in 2012 as compared to HKD425,202,000 in 2011. The growth was mainly derived from the steady demand for internationally renowned Swiss made watches. We catered to the demands of our customers with reliable quality, flexible design and manufacturing process, and on-time delivery. The well-established business relationship with our major customers enabled us to secure our orders and generate a stable income flow.

As a result of our year-long exercise to screen and select premium customers, together with our strategic re-allocation of our production resources, turnover of costume jewellery recorded a remarkable growth of 142.6% to HKD134,043,000 as compared to HKD55,255,000 in 2011. The Group will continue to develop our relationships with the existing prominent customers who place sizeable orders.

For the year ended 31 December 2012, turnover of accessories and parts for leather goods amounted to about HKD26,149,000 (2011: HKD36,185,000), representing a decrease of approximately of 27.7%. 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 as one of our key areas of product development. In 2012, this business is still at its initial development stage and the turnover was HKD6,578,000 (2011: HKD2,828,000), representing an increase of 132.6%. Taking into account the development of relationship with our customers, we expect the sale would improve in the coming year.

Profit

For the year ended 31 December 2012, gross profit of the Company was HKD226,941,000 (2011: HKD224,600,000) representing a slight increase of approximately 1.0% as compared to last year. Gross profit margin for the year decreased to about 35.7% (2011: 43.2%). The major pressure on profit margin was derived from the increase in material costs mainly for the production of costume jewellery as well as the increase in labour costs and production overheads.

The Group's consolidated net profit attributable to Shareholders for the year decreased slightly by approximately 2.9% to HKD109,560,000 (2011: HKD112,885,000). Basic earnings per share for the year was HK 21.9 cents (2011: HK 26.2 cents), representing a decrease of approximately 16.4%. The drop in earnings per share was partly 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

Cost of goods sold included costs of production materials, labour and manufacturing overhead and other costs. The following table sets forth the breakdowns of our cost of goods sold for the year ended 31 December 2012:

	2012	2011
	HKD'000	HKD'000
Direct material costs	**170,271**	110,945
Direct labour costs	**138,571**	121,491
Manufacturing overhead and other costs	**99,492**	62,434
	408,334	294,870

In 2012, direct material costs accounted for approximately 41.7% (2011: 37.6%) of the total cost of goods sold as a result of the increase in material costs of costume jewellery. Compared to watch bracelets and accessories and parts for leather goods such as belt buckles, the manufacturing of costume jewellery required a greater variety of non-metallic materials such as ceramics, leather and stones which were processed by other manufacturers prior to putting them into our production. These non-metallic materials generally commanded a higher purchasing price than our major production materials such as stainless steel rods and plates.

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

For the year ended 31 December 2012, direct labour costs and manufacturing overhead and other costs accounted for about 33.9% and 24.4% of the total cost of goods sold respectively (2011: 41.2% and 21.2% respectively).

The Group would continue to monitor the direct production cost by imposing stringent cost control and sourcing measures.

Other Income

For the year ended 31 December 2012, other income amounted to HKD4,899,000 (2011: HKD5,618,000) was primarily derived from the gain on disposal of scrapped materials, management fee income and bank interest income.

Other Expenses

Selling and distribution expenses increased by approximately 18.3% to HKD31,526,000 in 2012 as compared to HKD26,652,000 last year. The increase was primarily in line with the approximately 22.3% increase in turnover from HKD519,470,000 in 2011 to HKD635,275,000 in 2012.

Administrative expenses increased by approximately 31.0% to HKD67,106,000 in 2012 as compared to HKD51,244,000 last year. The difference was mainly due to the increase in salaries, appreciation of Renminbi and increase of professional fees, and salaries and allowance of administration and management personnel 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 ("Exchange").

Finance costs were HKD3,876,000 in 2012 (2011: HKD4,892,000). The decrease was mainly the result of the reduction in interests expenses after the repayment of certain Renminbi bank loan. The Group obtained additional banking facilities of HKD70,000,000 in May 2012 whereby these banking facilities were drawn by the Group mainly in the second half of 2012. As such, their impact on the finance costs during the year was not significant.

Inventories

	31.12.2012	31.12.2011
	HKD'000	HKD'000
Raw materials	**17,479**	11,836
Work in progress	**59,648**	66,201
Finished goods	**3,296**	7,992
	80,423	86,029

As at 31 December 2012, the Group recorded an inventory balance of HKD80,423,000 (31 December 2011: HKD86,029,000), representing a slight decrease of approximately 6.5%. The overall reduction of inventories was attributable to the improved production efficiency. Inventory turnover for the year 2012 was 74.6 days as compared to 78.4 days in 2011.

Trade Receivables

Taking into account the surge in turnover, the Group recorded trade receivables balances of HKD80,988,000 as at 31 December 2012 (31 December 2011: HKD69,734,000). The credit period 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. The trade receivables turnover of the Group for the year was about 43.4 days (for the year ended 31 December 2011: 56.0 days).

Trade Payables

As at 31 December 2012, the Group recorded trade payables balance of HKD39,831,000 (31 December 2011: 24,188,000). Our trade payables mainly related to the purchase of raw materials from our suppliers with credit periods between 30 days to 90 days generally. Trade payables turnover of the Group for the year 2012 was 28.7 days (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 was HKD218,357,000 as at 31 December 2012 (31 December 2011: HKD264,590,000). Furthermore, the Group maintained cash and bank balances of approximately HKD189,258,000 (31 December 2011: HKD245,881,000), of which approximately 38.6% was in Hong Kong dollars, 4.6% was in Swiss Franc, 48.2% was in Renminbi, 8.5% was in United State dollars and 0.1% was in other currencies.

In addition, as at 31 December 2012, the Group had a time deposit in Renminbi which is equivalent to approximately HKD49,769,000 (31 December 2011: Nil).

The Group's outstanding bank borrowings as at 31 Decemebr 2012 amounted to HKD124,264,000 (31 Dec 2011: HKD96,838,000), of which about 88.0% was in Hong Kong dollars and about 12.0% was in Renminbi. All of the Group's outstanding bank borrowings were interest bearing at floating rates and 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 audited consolidated statements of financial position of the Group as at 31 December 2012. Despite that, according to the repayment schedule of such bank loans, HKD14,926,000 was short term revolving loan, HKD32,336,000 was loans repayable within one year and the balancing HKD77,002,000 was repayable after one year.

Part of the bank loan was secured by certain of our Group's assets with an aggregate carrying value of HKD58,769,000 as at 31 December 2012. Those charged assets included a 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 secured by corporate guarantees in favour of the bank from the Company.

As at 31 December 2012, the Group's gearing ratio was 0.18 (31 December 2011: 0.16), 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 2012, a majority 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 were contributed to the total turnover of approximately 3.8% and 3.6% respectively (2011: 5.1% and 3.8% 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 Group had limited exposure in this aspect. Despite that, the Group's production plants were located in mainland China and our labour costs and manufacturing overheads were mainly denominated in Renminbi, the appreciation of Renminbi might have effect on the overall production cost 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 2012. We will continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in 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 year, the Group entered into an agreement for the acquisition of the entire equity interest of Ming Fung Kitchen which is a company with limited liability established in the People's Republic of China ("PRC") on 31 December 2010. Details of the acquisition have been disclosed in the Company's circular to Shareholders dated 9 July 2012 and in the section "BUSINESS REVIEW" above.

Save as disclosed above, the Group had not acquired or disposed of any subsidiaries or associated companies during the year.

Use of Proceeds

The proceeds raised from the IPO was approximately HKD198,350,000. The usages of net proceeds up to 31 December 2012 were as follows:

Particulars	Note	Planned HKD'000	Reallocated HKD'000	Utilised HKD'000	Un-utilised HKD'000
Financing the development of the Huzhen Factory	1	49,588	(46,773)	(2,815)	–
Financing the development of the Dongfengcun Factory	1	–	46,773	-	46,773
Acquiring equipment and machinery for the Dongfengcun Factory and Huzhen Factory and for expansion of the production facility of our existing facilities		128,927	N/A	(47,716)	81,211
General working capital and other general corporate purposes of the Group		19,835	N/A	(19,835)	–
TOTAL		**198,350**	**–**	**(70,366)**	**127,984**

Note

1 Given that the Group planned to acquire the entire equity capital of Ming Fung Kitchen and to expand its production site at Dongfeng Village, the Board resolved to change the proposed use of the un-utilised net proceeds from the Initial Public Offerings originally allocated for financing the development of the Huzhen Factory (such as defraying the related construction and land costs) in the amount of approximately HKD46,773,000 to finance the development of the Dongfengcun Factory (such as defraying the related construction and decoration/renovation costs) effective from 15 May 2012.

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

Capital Commitments and Significant Investment

Capital expenditure contracted for by the Group but not yet provided for in the audited consolidated financial statements as at 31 December 2012 was HKD14,545,000 (31 December 2011: HKD24,539,000), which was mainly related to the acquisition of property, plant and equipment. Capital expenditure authorised but not contracted for as at 31 December 2012 amounted to HKD232,356,000 (31 December 2011: HKD250,789,000).

Save as disclosed above, the Group did not have any other significant investment.

Contingent Liabilities

As at 31 December 2012, 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 2012, the total number of employees of the Group was approximately 3,476 (2011: approximately 3,542). Employees cost (including Directors' emoluments) amounted to approximately HKD177,443,000 (2011: HKD151,601,000). 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 2012, no options had been granted by the Company pursuant to the share option scheme.

PROSPECTS

Whilst the Group has recorded satisfactory results for the year ended 31 December 2012, we recognise the challenges and opportunities in the year to come. Even though the economy in Europe was stablised provisionally, the recovery of the global economy was slow and the Western financials remain volatile. The economic growth of Asian-Pacific region, mainly driven by China has shown sign of slowdown. The inflation of labour and material cost in China, together with the appreciation of Renminbi will inevitably burden our operating costs. Nevertheless, with the acquisition of the new piece of land at Dongfeng Village for our expansion of our production capacity and the strengthened relationship with our broadened customers base of internationally renowned luxury brands, we stay cautious optimistic about the Group's business in the year of 2013. The Group will continue to adopt stringent cost control measures in order to optimise our productivity to strive to maintain the profitability of the Group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER

	Notes	**2012** **HKD'000**	2011 HKD'000
Turnover	3	**635,275**	519,470
Cost of goods sold		**(408,334)**	(294,870)
Gross profit		**226,941**	224,600
Other income		**4,899**	5,618
Other gains and losses		**98**	2,065
Selling and distribution costs		**(31,526)**	(26,652)
Administrative expenses		**(67,106)**	(51,244)
Listing expenses		**-**	(13,484)
Finance costs	4	**(3,876)**	(4,892)
Profit before taxation	5	**129,430**	136,011
Taxation	6	**(19,870)**	(23,126)
Profit for the year		**109,560**	112,885
Other comprehensive income			
- exchange differences arising on translation		**3,555**	9,270
Total comprehensive income for the year		**113,115**	122,155
Earnings per share - Basic	7	**HK 21.9 cents**	HK 26.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER

	Notes	2012 HKD'000	2011 HKD'000
Non-current assets			
Property, plant and equipment		**197,696**	146,241
Prepaid lease payments		**38,423**	7,130
Deposit for land use right		**22,586**	22,369
Deposits paid for acquisition of property, plant and equipment		**22,520**	21,638
Deposit and prepayments for a life insurance policy		**5,118**	5,396
		286,343	202,774
Current assets			
Inventories		**80,423**	86,029
Trade and other receivables	9	**102,545**	85,929
Time deposits		**49,769**	-
Bank balances and cash		**189,258**	245,881
		421,995	417,839
Current liabilities			
Trade and other payables	10	**74,863**	59,154
Dividend payables		**-**	15,000
Taxation payables		**4,511**	8,036
Bank borrowings - amounts due within one year		**124,264**	71,059
		203,638	153,249
Net current assets		**218,357**	264,590
Total assets less current liabilities		**504,700**	467,364
Non-current liability			
Bank borrowings - amounts due after one year		**-**	25,779
		504,700	441,585
Capital and reserves			
Share capital		**50,000**	50,000
Reserves		**454,700**	391,585
		504,700	441,585

NOTES

1. Basis of Presentation of Financial Statements

The Company is an exempted company incorporated in the Cayman Islands under the Companies Law of the Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited ("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. The Company is an investment holding company and the principal activities of its principal subsidiaries are the manufacture and trading in stainless steel products.

In preparing for the initial listing of the shares of the Company on the Main Board of the Stock Exchange, the companies now comprising the Company and its subsidiaries (hereinafter collectively referred to as the "Group") underwent group reorganisation ("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 ("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 consolidated financial statements for the year ended 31 December 2011 have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger accounting under common control combination" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Accordingly, the comparative consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the year ended 31 December 2011 and the relevant explanatory notes disclosed in these consolidated financial statements have been prepared on the basis as if the group structure as at the date of the Group Reorganisation has been in existence from the date when the combining entities first came under the control of the controlling party.

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

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

2. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA.

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

The application of the amendments to HKFRSs 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:

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2011 cycle[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[1]
HKFRS 11	Joint arrangements[1]
HKFRS 12	Disclosure of interests in other entities[1]
HKFRS 13	Fair value measurement[1]
HKAS 19 (as revised in 2011)	Employee benefits[1]
HKAS 27 (as revised in 2011)	Separate financial statements[1]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[2]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

The followings are the directors' anticipation on the above new and revised HKFRSs that have been issued but are not yet effective which may have potential impact on the Group's consolidated financial statements after the application:

Amendments to HKAS 1 "Presentation of items of other comprehensive income"
The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income". The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Turnover and Segment Information

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

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

Turnover by products are as follows:

	2012	2011
	HKD'000	HKD'000
Watch bracelets	**468,505**	425,202
Costume jewellery	**134,043**	55,255
Accessories and parts for leather goods	**26,149**	36,185
Mobile phone cases and parts	**6,578**	2,828
	635,275	519,470

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

	2012	2011
	HKD'000	HKD'000
Switzerland	**434,837**	371,334
Liechtenstein	**108,919**	34,151
Hong Kong	**60,176**	86,136
Other countries	**31,343**	27,849
	635,275	519,470

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

	2012	2011
	HKD'000	HKD'000
Customer A[1]	**368,171**	311,300
Customer B[2]	**108,919**	34,151[3]
Customer C[1]	**37,766**[3]	56,814

Notes:
1 Turnover from sales of watch bracelets
2 Turnover from sales of costume jewellery and accessories
3 The corresponding revenue did not contribute over 10% of total turnover of the Group.

At 31 December 2012, substantially all of the non-current assets of the Group were located in the Mainland China amounting to HKD277,610,000 (2011: HKD193,298,000).

4. Finance Costs

	2012 HKD'000	2011 HKD'000
Interests on		
- bank borrowings wholly repayable within five years	**3,876**	4,883
- finance lease	**-**	9
	3,876	4,892

5. Profit Before Taxation

	2012 HKD'000	2011 HKD'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**4,275**	4,678
Other staff's retirement benefits scheme contributions	**12,280**	9,735
Other staff costs	**160,888**	137,188
	177,443	151,601
Auditor's remuneration	**1,250**	1,200
Cost of inventories recognised as expenses	**394,251**	281,817
Depreciation on property, plant and equipments	**14,895**	8,734
Release of prepaid lease payments	**217**	160
Operating lease rentals in respect of rented premises	**4,893**	3,515

6. Taxation

	2012 HKD'000	2011 HKD'000
The charge comprises:		
Current tax - Hong Kong Profits Tax		
Current year	**13,746**	14,435
(Over)underprovision in previous year	**(33)**	12
	13,713	14,447
Current tax - PRC Enterprise Income Tax ("PRC EIT")		
Current year	**6,223**	8,679
Overprovision in previous year	**(66)**	-
	6,157	8,679
	19,870	23,126

Hong Kong Profit Tax

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

PRC EIT

On 16 March 2007, the PRC promulgated the Law on Enterprise Income Tax ("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, a PRC subsidiary of the Group 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.

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

	2012	2011
	HKD'000	HKD'000
Profit before taxation	**129,430**	136,011
Tax charge at the domestic income tax rate at 16.5% (2011: 16.5%)	**21,356**	22,442
(Over)underprovision in previous year	**(99)**	12
Tax effect of expenses not deductible for tax purposes	**484**	3,305
Tax effect of tax losses not recognised	**718**	674
Tax effect of income not taxable for tax purposes	**(371)**	(319)
Tax effect of tax concession for a subsidiary	**(5,806)**	(8,434)
Utilisation of tax losses previously not recognised	**(674)**	-
Effect of different tax rates of subsidiaries operating in PRC	**4,262**	5,446
Taxation for the year	**19,870**	23,126

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:

	2012	2011
	HKD'000	HKD'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**109,560**	112,885

	Number of Shares	
	2012	2011
	'000	'000
Number of shares for the purpose of calculating basic earnings per share	**500,000**	431,352

The calculation of the basic earnings per share for the year ended 31 December 2011 is based on the consolidated profits attributable to owners of the Company and on the weighted average number at 431,352,459 ordinary shares in issue during the year which are on the assumption that the Group Reorganisation and the capitalisation issue of 374,999,000 ordinary shares of HKD0.1 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 were no potential dilutive shares in both years.

8. Dividends

	2012	2011
	HKD'000	HKD'000
Dividends recognised as distribution during the year:		
2011 interim dividends – HK5 cents per ordinary share	**-**	25,000
2011 final dividend – HK6 cents per ordinary share	**30,000**	-
2012 interim dividend - HK4 cents per ordinary share	**20,000**	-
	50,000	25,000

On 25 March 2013, a final dividend of HK 7 cents in respect of the year ended 31 December 2012 per ordinary share, totalling HKD35,000,000, 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.

In January 2011, a subsidiary of the Company, Glorify Land Management Limited ("Glorify Land"), declared and paid an interim dividend of HKD8,800,000 for the year ended 31 December 2011 to its then shareholders prior to the Group Reorganisation.

9. Trade and Other Receivables

	2012 HKD'000	2011 HKD'000
Trade receivables	**80,988**	69,734
Bill receivables	**574**	3,017
Prepayments and deposits	**6,611**	3,713
Prepaid lease payments	**813**	164
VAT receivables	**10,668**	6,589
Others	**2,891**	2,712
	102,545	85,929

Payment terms with customers are mainly on credit. Invoices are normally payable in 30 to 90 days by the customers from date of issuance. 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):

	2012 HKD'000	2011 HKD'000
0 to 30 days	**62,745**	56,901
31 to 60 days	**12,527**	10,733
61 to 90 days	**1,115**	1,327
Over 90 days	**4,601**	773
	80,988	69,734

All bill receivables of the Group are aged within 30 days at the end of the reporting period.

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 2012, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HKD15,579,000 (2011: HKD9,652,000) 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:

	2012 HKD'000	2011 HKD'000
Overdue:		
Within 60 days	**11,004**	9,107
61 to 90 days	**1,472**	485
Over 90 days	**3,103**	60
	15,579	9,652

10. Trade and Other Payables

	2012 HKD'000	2011 HKD'000
Trade payables	**39,831**	24,188
Payroll and welfare payable	**14,634**	12,891
Commissions and other payables to intermediary agents	**11,470**	10,962
Payables for acquisition of property, plant and equipment	**3,148**	6,415
Others	**5,780**	4,698
	74,863	59,154

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:

	2012 HKD'000	2011 HKD'000
Age		
0 to 30 days	**15,258**	9,427
31 to 60 days	**16,532**	9,975
61 to 90 days	**3,717**	2,912
Over 90 days	**4,324**	1,874
	39,831	24,188

CORPORATE GOVERNANCE

Throughout the year ended 31 December 2012, the Company has applied the principles of the Corporate Governance Code ("CG Code") and complied with all the applicable code provisions of the CG Code, save and except for the deviations from code provisions A.2.1, A.2.7 and A.6.7.

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yiu Hon Ming is the Chairman and Managing Director (being defined as Chief Executive under the CG Code) who is responsible for overseeing the overall operations of the Group. Mr. Yiu is the founder of the Group and possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group's overall operations. 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 therefore be held between the Chairman and Non-executive Directors without the Executive Directors present.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain Non-executive Directors and Independent Non-executive Directors were unable to attend the Company's annual general meeting held on 15 May 2012 and extraordinary general meeting held on 25 July 2012 due to their other business engagements.

The audit committee of the Company ("Audit Committee") comprises wholly Independent Non-executive Directors of the Company ("INEDs"). The Audit Committee has reviewed with the management of the Company and the external auditors, 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 audited consolidated financial statements for the year ended 31 December 2012 of the Group.

The remuneration committee of the Company ("Remuneration Committee") comprises three INEDs and one Executive Director. It is responsible for advising the Board on the emolument policies towards Directors and senior management. To facilitate the compliance with the amended Listing Rules taking effect on 1 April 2012, Mr. Yiu Hon Ming, the Chairman, Managing Director and Executive Director, ceased to be chairman of the Remuneration Committee and remains as its member; and Professor Wong Lung Tak Patrick, an INED was appointed as chairman of the Remuneration Committee on 30 March 2012.

The nomination committee of the Company ("Nomination Committee") comprises three INEDs and one Executive Director. It is responsible for reviewing board structure and composition as well as recommending the Board on the appointment and re-appointment of Directors (including Independent Non-executive Directors).

The terms of reference of each of the Audit Committee, Remuneration Committee and Nomination Committee, explaining their roles and the authorities delegated to them by the Board, are available on request and included on the website of the Company.

At an annual general meeting of the Company held on Tuesday, 15 May 2012, Mr. Yiu Hon Ming, Mr. Au Wai Ming and Mr. Chau Kam Wing Donald retired and were re-elected as Directors.

As from 15 May 2012 and up to the date of this announcement, the Board comprises:

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

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

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

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

For the year ended 31 December 2012, 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 Rules Governing the Listing of Securities on the Exchange ("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 2012 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 comprehensive income and the related notes thereto for the year ended 31 December 2012 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 HK 7 cents per ordinary share (2011: HK 6 cents per ordinary share), payable on or about Thursday, 30 May 2013 to Shareholders whose names appear on the register of members of the Company ("Register of Members") at the close of business on Thursday, 23 May 2013. The payment of dividend is subject to the approval of Shareholders at the forthcoming annual general meeting of the Company to be held at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong on Thursday, 16 May 2013 at 2:30 p.m. ("2013 AGM").

BOOK CLOSURE

For the purpose of ascertaining Shareholders' right to attend and vote at the 2013 AGM, the Register of Members will be closed from Wednesday, 15 May 2013 to Thursday, 16 May 2013 (both days inclusive), during which no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the 2013 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong ("Branch Share Registrar") for registration not later than 4.30 p.m. on Tuesday, 14 May 2013.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Thursday, 23 May 2013, 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 Wednesday, 22 May 2013.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Company (www.winox.com) and the Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2012 containing all information required by the Listing Rules will be despatched to 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 • 25 March 2013