WINOX

Winox Holdings Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code : 6838

ANNUAL REPORT

2013

Contents

Corporate Information and Key Dates

BOARD OF DIRECTORS
Yiu Hon Ming *(Chairman & Managing Director)*
Au Wai Ming# *(Deputy Chairman)*
Law Wai Ping
Chau Kam Wing Donald *(Finance Director)*
Ma Weihua*
Carson Wen*
Wong Lung Tak Patrick*

Non-Executive Director
* *Independent Non-Executive Director*

AUDIT COMMITTEE
Wong Lung Tak Patrick *(Chairman)*
Ma Weihua
Carson Wen

REMUNERATION COMMITTEE
Wong Lung Tak Patrick *(Chairman)*
Yiu Hon Ming
Ma Weihua
Carson Wen

NOMINATION COMMITTEE
Yiu Hon Ming *(Chairman)*
Ma Weihua
Carson Wen
Wong Lung Tak Patrick

COMPANY SECRETARY
Chu Lai Shan Sammie

AUDITORS
Deloitte Touche Tohmatsu

PRINCIPAL BANKER
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Units 2 & 3, 1/F., Sunray Industrial Centre
610 Cha Kwo Ling Road, Yau Tong
Kowloon, Hong Kong

Telephone: (852) 23493776
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Website: http://www.winox.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INFORMATION OF SHARES

Place of Listing	:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code	:	6838
Board Lot	:	2,000 shares
Financial Year End	:	31 December
Final dividend	:	HK1 cent per ordinary share

KEY DATES

Closure of register of members for AGM	:	16 May – 19 May 2014 (both days inclusive)
Record date for voting at AGM	:	19 May 2014
Annual general meeting	:	19 May 2014
Closure of register of members for final Dividend	:	23 May 2014
Record date for final dividend	:	23 May 2014
Final dividend payment date	:	6 June 2014

Financial Highlights

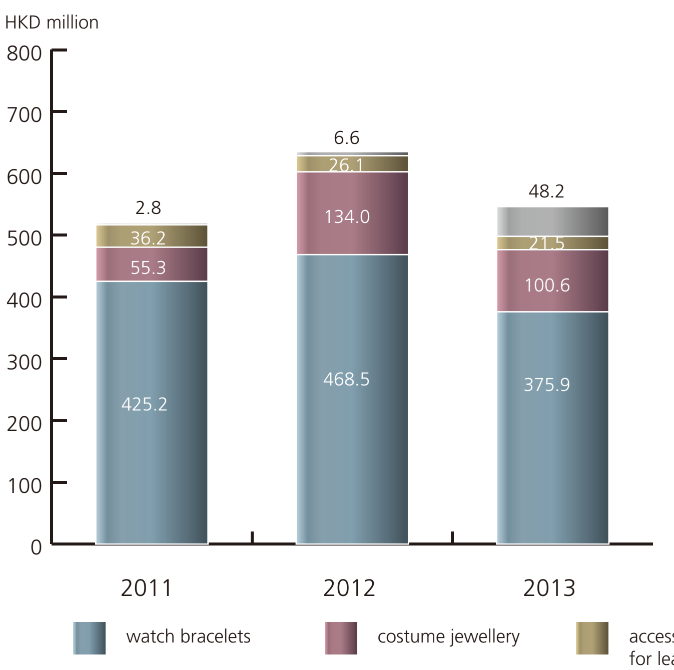
	2013	2012	Change
RESULTS HIGHLIGHTS			
Turnover (HKD'000)	**546,218**	635,275	↓14.0%
Gross profit (HKD'000)	**149,407**	226,941	↓34.2%
Profit for the year (HKD'000)	**46,326**	109,560	↓57.7%
Basic earnings per share (HK cents)	**9.3**	21.9	↓57.5%
Total dividend per share (HK cents)	**5.0**	11.0	↓54.5%
– Interim dividend (HK cents)	**4.0**	4.0	–
– Final dividend (HK cents)	**1.0**	7.0	↓85.7%

	At 31 December 2013	At 31 December 2012	Change
BALANCE SHEET HIGHLIGHTS			
Total assets (HKD'000)	**692,306**	708,338	↓2.3%
Total borrowings (HKD'000)	**123,915**	124,264	↓0.3%
Net assets (HKD'000)	**510,568**	504,700	↑1.2%
Net assets per share (HKD)	**1.02**	1.01	↑1.0%
Current ratio	**1.98**	2.07	
Gearing ratio[1]	**0.18**	0.18	

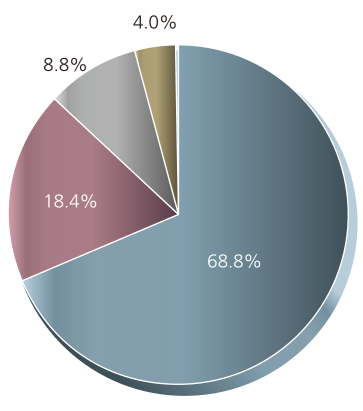
[1] Gearing ratio = Total borrowings/Total assets

TURNOVER BY PRODUCTS

For the year ended 31 December



2013 TURNOVER DISTRIBUTION BY PRODUCTS



Chairman's Statement

Mission

We strive to satisfy the needs of clients and provide quality service to the best we could by producing products of the highest quality in timely and competitive manner.

Dear Shareholders,

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 2013.

FINANCIAL PERFORMANCE

Turnover of the Group for the year ended 31 December 2013 was HKD546,218,000 (2012: HKD635,275,000), a drop of 14.0%. Profit for the year and earnings per share were HKD46,326,000 (2012:HKD109,560,000) and HK9.3 cents (2012: HK21.9 cents) respectively.

During the year, our key turnover-generating business segments were adversely affected by the challenging global economy and the critical operating environment in the industry. Under the slowdown of market demand for premium watches and other premium products, the escalated staff and labour cost, the appreciation of Renminbi, and the cost of additional resources for the development of the mobile phone cases and parts product segment, the turnover of the Group was sluggish which further dragged down the profit margins. In order to weather these intensified commercial risks, the Group continued to maintain prudent measures to improve its operational efficiency.

Chairman's Statement

DIVIDENDS

The Board recommends the payment of a final dividend of HK1 cent per share (2012: HK7 cents per share), and is subject to the approval of the shareholders of the Company ("Shareholders") at the 2014 annual general meeting. Together with the interim dividend of HK4 cents per share paid in September 2013, the total dividend for the year ended 31 December 2013 is HK5 cents per share.

BUSINESS

The year 2013 was full of challenges. During the year, we experienced strong head-wind with many manufacturers. Turnover and profits of the Group were impeded by the discouraged consumption and weakened demand in luxury items in Asia, especially in the People's Republic of China as a result of the softened growth of China's economy and its structural reforms, together with other ongoing operating hurdles facing the manufacturers.

During the year, except the segment of mobile phone cases and parts, all business units, namely watch bracelets, costume jewellery and accessories and parts for leather goods recorded material drop in turnover. The profit margins were eroded by the increase in raw material costs for the manufacture of premium products and the surge of labour cost and exchange differences. Watch bracelet remained the largest turnover contributor to the Group, followed by costume jewellery, mobile phone cases and parts product and accessories and parts for luxury leather goods in that order. Amongst, the segment of mobile phone cases and parts achieved a material growth of turnover in 2013. It is expected that turnover derived from this segment shall grow stronger in the following years but yet, additional resources shall be invested in order to attain scale production. Albeit by a number of unfavourable factors, the Group maintained solid asset base and liquidity which enabled us to meet the challenges in future.

In 2012, the Group 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) and planned to develop its self-owned plots of land at Huizhou, People's Republic of China into factory and ancillary buildings so as to facilitate our expansion and product diversification strategy. The construction work for the first phase development was commenced in January 2013 and is slated to operate by 2014.

OUTLOOK

In 2013, the growth in luxury consumption is down in China due to the structural reforms carried out by the Chinese government which had retarded the turnover of the luxury retailers and manufacturers. Nevertheless, in view of the gradual improvements of the United States and European economies and the determination of the Chinese government to transform China into a healthier and consumption driven economy, it is expected that the luxury expenditure will be stabilising and the export volume will pick up eventually. For longer term, we still believe a steady 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. Meanwhile, we shall keep monitoring closely the potential financial challenges of global economy recovery and take steps to formulate the corresponding counter-measures. We are committed to improve our operational efficiency and leverage our resources to enhance our profitability for the purpose of achieving a sustainable growth of the Group and creating values for our Shareholders and investors as a whole.

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, staff and stakeholders for their continuous contributions to facilitate the growth of the Group.

Yiu Hon Ming
Chairman and Managing Director

Hong Kong, 24 March 2014

Management Discussion and Analysis

BUSINESS REVIEW

The year 2013 was filled with challenges. During the year ended 31 December 2013, Winox Holdings Limited ("Company", together with its subsidiaries "Group") recorded a decline of 14.0% in turnover, which was mainly due to the slowdown of market demand for premium watches and other premium products. The escalated staff and labour cost, the appreciation of Renminbi, and the cost of additional resources for the development of the mobile phone cases and parts product segment further affected the Group's profit margin. In order to weather this critical operating environment, we shall remain prudent and implement stringent cost control policy and advance 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 2013, the Group's audited consolidated turnover dropped by 14.0% to HKD546,218,000 (2012: HKD635,275,000) as compared to last year. Turnover attributable to watch bracelets, costume jewellery, mobile phone cases and parts and accessories and parts for leather goods were 68.8%, 18.4%, 8.8% and 4.0% respectively (2012: 73.7%, 21.1%, 1.1% and 4.1% respectively).

During the year, global demands of luxury Swiss made watches slowed down. As a result, turnover of watch bracelets reported a significant fall of 19.8% to HKD375,875,000 (2012: HKD468,505,000) in 2013.

The Dongguan Dalang factory

Management Discussion and Analysis

The factory and dormitory buildings under construction at Dongfeng Village, Huzhen, PRC

Turnover of costume jewellery dropped 25.0% to HKD100,576,000 (2012: HKD134,043,000) compared to last year. The Group will continue to maintain close relationship with our existing prominent customers and make every effort to absorb quality new clients.

Mobile phone cases and parts remained our key area of product development and we started getting orders from customers in 2013. During the year, sales of mobile phone cases and parts recorded a material growth to HKD48,196,000 (2012: HKD6,578,000).

Sales of accessories and parts for leather goods amounted to HKD21,571,000 (2012: HKD26,149,000), representing a decrease of 17.5%.

Profit

During the year, we encountered major stresses that on one hand the decrease in sales, and on the other hand, the rising labour and raw material costs and production overhead and appreciation of Renminbi. As a result, gross profit dropped significantly by 34.2% to HKD149,407,000 (2012: HKD226,941,000) as compared to last year. Gross profit margin for the year decreased to 27.4% (2012: 35.7%). Profit for the year decreased by 57.7% to HKD46,326,000 (2012: HKD109,560,000) and basic earnings per share for the year decreased by 57.5% to HK9.3 cents (2012: HK21.9 cents).

Management Discussion and Analysis

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 2013:

	2013 **HKD'000**	2012 HKD'000
Direct material costs	**160,304**	170,271
Direct labour costs	**136,714**	138,571
Manufacturing overhead and other costs	**99,793**	99,492
	396,811	408,334

During the year ended 31 December 2013, direct material costs accounted for 40.4% (2012: 41.7%) of the total cost of sales.

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 2013, direct labour costs and manufacturing overhead and other costs accounted for about 34.5% and 25.1% of the total cost of sales respectively (2012: 33.9% and 24.4% respectively).

The CNC facilities

Management Discussion and Analysis

Other Income

During the year, other income amounted to HKD9,011,000 (2012: HKD4,899,000) was primarily derived from the gain on disposal of scrapped materials, management fee income and bank interest income.

Other Expenses

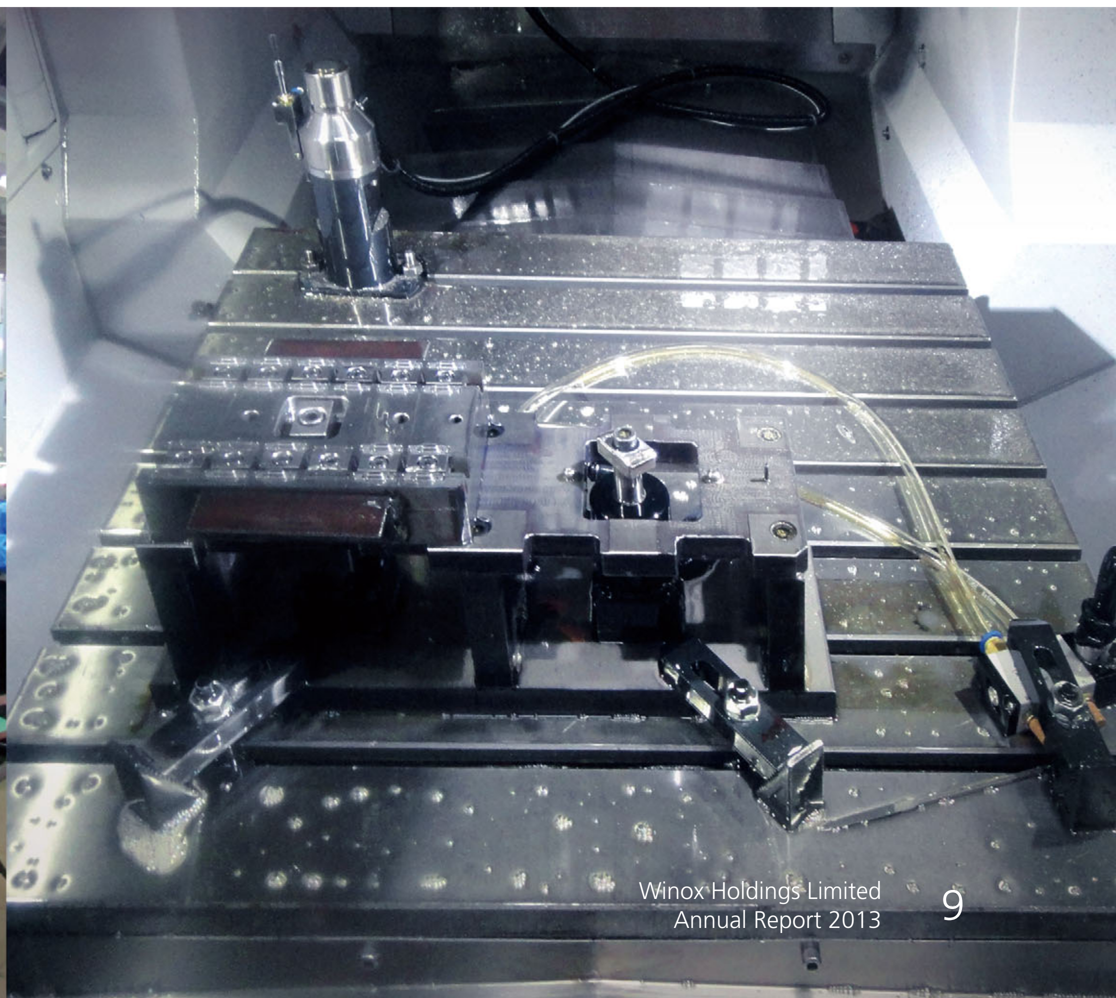
Selling and distribution expenses decreased by approximately 25.2% to HKD23,588,000 for the year as compared to HKD31,526,000 for last year. This favourable outcome was attributable to the redefining of commission policy with both of our customers and sales executives.

Impacted primarily by the rise of salaries and appreciation of Renminbi, administrative expenses increased by 6.3% to HKD71,302,000 (2012: HKD67,106,000) during the year.

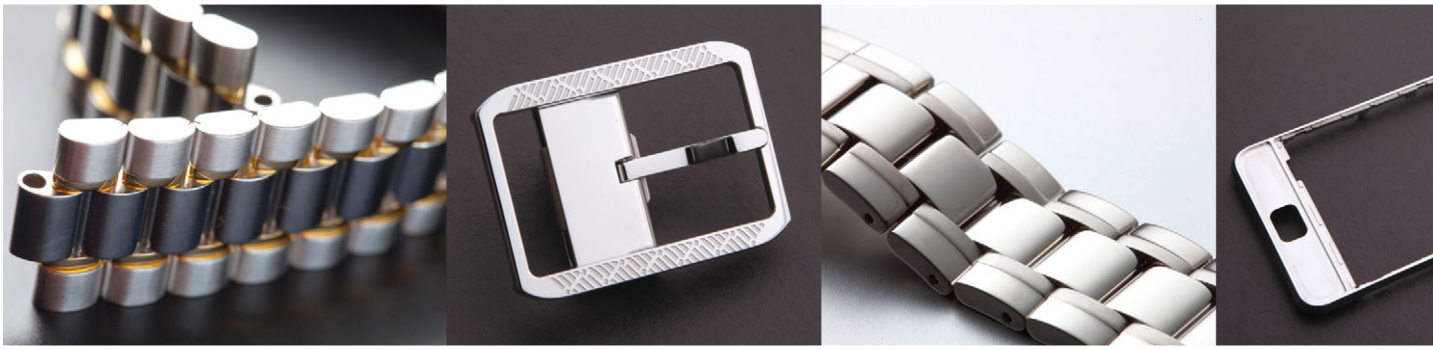
As a result of further draw down of new bank loans in 2013, finance costs for the year ended 31 December 2013 amounted to HKD4,228,000 (2012: HKD3,876,000), representing an increase of 9.1%. During the year, the Group obtained additional banking facilities of HKD100,000,000, in which HKD40,000,000 was drawn by the Group.

Taxation

The entitlement to a 50% relief from PRC Enterprise Income Tax of a subsidiary of the Group located at Dongguan expired on 31 December 2012. As a result, the tax rate applicable to the profit of this subsidiary for the year ended 31 December 2013 was 25.0% (2012: 12.5%).



Management Discussion and Analysis



Inventories

	At 31 December 2013 HKD'000	At 31 December 2012 HKD'000
Raw materials	**11,859**	17,479
Work in progress	**51,998**	59,648
Finished goods	**11,443**	3,296
	75,300	80,423

As at 31 December 2013, the Group recorded an inventory balance of HKD75,300,000 (31 December 2012: HKD80,423,000), representing a decrease of 6.4%. Inventory turnover for 2013 was 71.6 days as compared to 74.6 days for 2012.

Trade Receivables

As at 31 December 2013, the Group recorded trade receivables of HKD45,375,000 (31 December 2012: HKD80,988,000). 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 was 42.2 days (2012: 43.4 days).

Trade Payables

As at 31 December 2013, the Group recorded trade payables of HKD19,581,000 (31 December 2012: HKD39,831,000). 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 2013 was 27.3 days (2012: 28.7 days).

Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2013, net current assets of the Group was HKD155,535,000 (31 December 2012: HKD218,357,000). Besides, the Group had cash and bank balances of HKD167,511,000 (31 December 2012: HKD189,258,000), of which 47.5% was in Hong Kong dollars, 48.8% was in Renminbi, 3.3% was in Swiss Franc, 0.4% was in United State dollars and that in other currencies was insignificant.

The time deposit maintained by the Group matured during the year and accordingly, no time deposit in Renminbi was recorded as at 31 December 2013 (31 December 2012: HKD49,769,000).

Management Discussion and Analysis

As at 31 December 2013, the Group's outstanding bank borrowings totalled HKD123,915,000 (31 December 2012: HKD124,264,000), of which 91.7% was in Hong Kong dollars and 8.3% was in Renminbi. All of the Group's 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 for the year ended 31 December 2013 in accordance with the settlement term. Of the total borrowings, HKD10,246,000 was short-term revolving loan, HKD41,519,000 was loans repayable within one year and the balancing of HKD72,150,000 was repayable after one year.

Parts of the bank loans were secured by certain assets of the Group with an aggregate carrying value of HKD58,596,000 as at 31 December 2013. 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 2013, the Group's gearing ratio was 0.18 (31 December 2012: 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 2013, 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 3.9% and 2.5% respectively (2012: 3.8% and 3.6% 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 of the Company ("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 overhead 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 2013. 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 2013 was HKD30,915,000 (31 December 2012: HKD14,545,000), which was mainly related to the acquisition of property, plant and equipment. Capital expenditure authorised but not contracted for as at 31 December 2013 amounted to HKD139,794,000 (31 December 2012: HKD232,356,000).

Management Discussion and Analysis

Use of Proceeds

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

On 15 May 2012, the board of Directors 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 Dongfengcun Factory (such as defraying the related construction and decoration/renovation costs).

The usages of net proceeds up to 31 December 2013 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	(111,994)	16,933
General working capital and other general corporate purposes of the Group	19,835	N/A	(19,835)	–
TOTAL	**198,350**	–	**(181,417)**	**16,933**

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

Contingent Liabilities

As at 31 December 2013, 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 2013, the total number of employees of the Group was approximately 2,915. During the year, employees costs (including Directors' emoluments) amounted to approximately HKD179,877,000 (2012: HKD177,443,000). 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 2013, no options had been granted by the Company pursuant to the share option scheme.

Prospects

During the year, the Group was experiencing a critical operating environment in China, including but not limited to keen competition in the industry, inflation of labour and material costs and appreciation of Renminbi, together with the slackening of demand in Swiss watches and the slowdown of the Asian-Pacific economy growth, the profit level of the Group was under material pressures. Nevertheless, the Group will continue to take cautious measures and explore new business opportunities that deliver sustainable value to our shareholders.

Directors, Senior Management and Company Secretary

EXECUTIVE DIRECTORS

YIU HON MING, *Chairman and Managing Director*

Mr. Yiu Hon Ming, aged 55, is the Chairman and Managing Director of the Company. He was appointed as the Director of the Company on 28 January 2010 and is also the director of each of the wholly owned subsidiaries of the Company. Mr. Yiu is the founder of the Group and has over 30 years of experience in metallic products manufacturing industry. Mr. Yiu is responsible for the overall strategic development of the Group's business as well as the implementation of strategic objectives and business plans for the Group. Besides, he provides leadership to the Board, organises board meetings and coordinates Directors. Mr. Yiu also founded other businesses which include real estate investment and development and jewellery retailing. Mr. Yiu completed a business management course organised by School of Continuing Education, Tsinghua University (清華大學繼續教育學院) in April 2007. Mr. Yiu is the husband of Ms. Law Wai Ping, an Executive Director of the Company. Mr. Yiu is also a director of each of Ming Fung Investment Limited and Ming Fung Holdings (Hong Kong) Limited, all of which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

LAW WAI PING

Ms. Law Wai Ping, aged 49, is the Executive Director of the Company. She was appointed as the Director of the Company on 11 March 2011 and is also the director and company secretary of certain subsidiaries of the Company. Ms. Law has over 22 years of experience in the management of metallic product business and is primarily responsible for the Group's corporate resources management. She also partakes in formulating the development strategies of the Group. Ms. Law is the wife of Mr. Yiu Hon Ming, the Chairman and Managing Director of the Company. She is also the director of Ming Fung Holdings (Hong Kong) Limited, which is a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

CHAU KAM WING DONALD, *Finance Director*

Mr. Chau Kam Wing Donald, aged 51, is the Finance Director of the Company. He was appointed as the Director of the Company on 11 March 2011 and is responsible for overseeing the financial management of the Group. Mr. Chau has over 20 years of experience in auditing, taxation and financial management and had been appointed as financial controller of certain listed companies in Hong Kong. Mr. Chau obtained a master's degree in business administration from the University of San Francisco, United States in December 2000. He became a fellow member of The Association of Chartered Certified Accountants in September 1999 and a practising member of the Hong Kong Institute of Certified Public Accountants in June 1994. Mr. Chau is currently an independent non-executive director of China Water Affairs Group Limited, Carpenter Tan Holdings Limited and Eco-Tek Holdings Limited, all of which are companies listed on the The Stock Exchange of Hong Kong Limited ("Stock Exchange"). He is also an independent non-executive director of Zhejiang Shibao Company Limited, which is listed on both the Stock Exchange and Shenzhen Stock Exchange. From June 2008 to May 2011, he was an independent non-executive director of China Nonferrous Metals Company Limited, which is listed on the Stock Exchange.

NON-EXECUTIVE DIRECTOR

AU WAI MING, *Deputy Chairman*

Mr. Au Wai Ming, aged 67, is the Deputy Chairman and Non-Executive Director of the Company. He was appointed as the Director of the Company on 11 March 2011. Mr. Au pursued his studies at Harbin Engineering Institute (哈爾濱工程學院) and was graduated in August 1970. Mr. Au has about 40 years of experience in corporate development and management. He has worked for 廣東粵海地產集團 (Guangdong Yuehai Property Group) as well as Hutchison Whampoa Properties Limited. He had been an executive director of Guangdong Investment Limited for ten years and was the former chairman and managing director of Kingway Brewery Holdings Limited, both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Au has extensive experience in property development and management and he has participated in the planning and development of certain well-known property projects such as Guangzhou Riverside Garden, Teem Plaza, Cape Coral and The Riverside. Mr. Au is currently an independent director of Rainbow Department Store Company Limited, the shares of which are listed on the Shenzhen Stock Exchange.

Directors, Senior Management and Company Secretary

INDEPENDENT NON-EXECUTIVE DIRECTORS

MA WEIHUA

Mr. Ma Weihua, aged 65 was appointed as the Independent Non-executive Director of the Company on 24 June 2011. Mr. Ma is a qualified senior economist of PRC and was awarded doctor of philosophy degree in economics from Southwest Finance and Economics University in 1999. From 1999 to 2013, he was appointed the director, president and chief executive officer of China Merchants Bank Co., Ltd., a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). He was also the chairman of the board of directors of China Merchant Signa Life Insurance Co., Ltd. and China Merchants Fund (CMF) Management Co., Ltd. Mr. Ma is currently a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference and the chairman of the board of directors of Wing Lung Bank Limited. Mr. Ma is also an independent non-executive director of China Petroleum & Chemical Corporation, China Resources Land Limited and China Eastern Airlines Corporation Limited, all of which are companies listed on the Stock Exchange. Mr. Ma is also the vice chairman of China Chamber of International Commerce, the executive deputy chairman of China Enterprise Directors Association, a member of the Standing Council of China Finance Academy, an executive council member of Red Cross Society of China and a director of Shenzhen Soft Science Development Foundation, and an adjunct professor at certain higher educational institutions such as Peking University and Tsinghua University.

CARSON WEN

Mr. Carson Wen, BBS, JP, aged 60, was appointed as the Independent Non-Executive Director of the Company on 24 June 2011. Mr. Wen is a practising solicitor and partner of Jones Day, a law firm in Hong Kong. He was qualified as a solicitor in Hong Kong in May 1980 and has more than 30 years of experience in business, corporate and securities law.

Mr. Wen was a three-term Deputy to the National People's Congress representing Hong Kong. He is also a Justice of the Peace of Hong Kong and holds various public service appointments in mainland China and Hong Kong. He was awarded a Bronze Bauhinia Star by the Hong Kong SAR Government for his public contributions, in particular in the furthering of economic ties between Hong Kong, mainland China and the rest of the world. He was a founding and executive committee member of the China Mergers and Acquisitions Association and sits on the board of numerous organisations, including the China Africa Business Council (Hong Kong) and the Pacific Basin Economic Council. He is currently a member of the Business Advisory Council of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Mr. Wen obtained his bachelor of arts degree from Columbia University in May 1975, where he majored in economics, and a bachelor of arts and master of arts degree from Oxford University in July 1977 and August 1981 respectively, where he studied law. He was Younger Prizeman in law at Balliol College, Oxford in 1977. In 2012, Mr. Wen was appointed as an independent non-executive director of Phoenix New Media Limited, which is listed on the New York Stock Exchange. He was also appointed as a member of the Advisory Board of International Mining and Infrastructure Corporation Plc, the shares of which are listed on the Alternative Investment Market (AIM) in London.

WONG LUNG TAK PATRICK

Prof. Wong Lung Tak Patrick, BBS, JP, aged 66, was appointed the Independent Non-executive Director of the Company on 24 June 2011. Prof. Wong is a Certified Public Accountant (Practising) in Hong Kong, a Chartered Secretary and a Certified Tax Advisor (Hong Kong) and the Managing Practising Director of Patrick Wong CPA Limited. He has over 30 years of experience in the accountancy profession. Prof. Wong holds a Doctor of Philosophy degree in Business. He was awarded a Badge of Honour by the Queen of England in 1993. He was also appointed a Justice of the Peace in 1998 and was awarded a Bronze Bauhinia Star in 2010 by the Government of the Hong Kong Special Administrative Region. From 2002 to 2013, he was appointed Adjunct Professor, School of Accounting and Finance of The Hong Kong Polytechnic University. Prof. Wong is currently an independent non-executive director of Galaxy Entertainment Group Limited, CC Land Holdings Limited, China Precious Metal Resources Holdings Co., Ltd., Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd. (formerly known as Guangzhou Pharmaceutical Company Limited), Water Oasis Group Limited, Real Nutriceutical Group Limited (formerly known as Ruinian International Limited), Sino Oil and Gas Holdings Limited, National Arts Entertainment and Culture Group Limited and Excel Development (Holdings) Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited.

Directors, Senior Management and Company Secretary

SENIOR MANAGEMENT AND COMPANY SECRETARY

LI CHIN KEUNG, *Chief Executive Officer*

Mr. Li Chin Keung, aged 45, is the Chief Executive Officer of the Company. He is also the General Manager of Winox Enterprise Company Limited ("Winox Enterprise") and 盈利時錶業(東莞)有限公司 (Winox Watch Manufactory (Dongguan) Limited) ("Winox Watch"). Mr. Li joined Stelux Industries Limited in 1991 and held various positions during his tenure there including computer programmer, production material control manager, manager of operation department, assistant general manager and assistant manager of logistics department. Mr. Li joined the Group in 1999 and was responsible for the production and administrative work of the Group. He was the deputy general manager of Winox Manufacturing Company Limited for the period from October 1999 to March 2005. He took the position of sales manager from April 2005 to December 2007 and was responsible for the European jewellery and related accessories markets and successfully opened up the European leading brand market for the Company. Mr. Li was then transferred to Winox Enterprise as sales manager from January 2008 to August 2008. During the period from August 2008 and June 2010, Mr. Li was appointed as assistant general manager of Winox Enterprise. In July 2010, he was promoted to the general manager of Winox Enterprise and Winox Watch and is responsible for the overall managerial work of the Group. Mr. Li graduated from The Hong Kong Polytechnic University with a diploma in industrial and operations management in November 1998 and is the holder of the Diploma in Computing Studies (Technical Applications) awarded by Chai Wan Technical Institute of the Vocational Training Council in September 1991.

CHAN KAI MING, *Head of Factory (Division B)*

Mr. Chan Kai Ming, aged 59, is the Head of Factory (Division B) of Winox Enterprise and Winox Watch and also partakes in the marketing issues of Winox Enterprise. Mr. Chan joined the Stelux Group in 1987 and joined the Group in 1999. Mr. Chan is mainly responsible for the management of our factories in China and the development and production of Swiss brand watch products as well as leading the Company for self innovation. Mr. Chan has over 36 years of experience in metallic products manufacturing industry and is the holder of a bachelor of science degree awarded by The Hong Kong Polytechnic University in November 2009.

CHU LAI SHAN SAMMIE, *Company Secretary*

Ms. Chu Lai Shan Sammie, aged 39, is the Company Secretary of the Company. Ms. Chu joined the Group in December 2012 and is responsible for the company secretarial issues of the Company. Prior to joining the Group, Ms. Chu served as the company secretary of a listed company in Hong Kong from 2009 to 2012 and has years of experience in listing rules compliance, corporate governance and other compliance related matters. Ms. Chu holds a bachelor of arts degree and a master degree in Corporate Governance from The Hong Kong Polytechnic University. Ms. Chu is an associate member of both of The Institute of Chartered Secretaries and Administrators in United Kingdom and The Hong Kong Institute of Chartered Secretaries. She is also the holder of practitioner's endorsement certificate issued by The Hong Kong Institute of Chartered Secretaries.

Report of Directors

The directors ("Directors") of Winox Holdings Limited ("Company", together with its subsidiaries "Group") are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2013 ("Annual Report").

PRINCIPAL ACTIVITIES

The Company is an investment holding company which provides corporate management services to its subsidiaries. The Group is principally engaged in the development and manufacturing of stainless steel products such as watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts. The activities and particulars of its principal subsidiaries are set out in note 32 to the consolidated financial statements. There was no significant change in the nature of the Group's principal activities during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 33 of this Annual Report and in the accompanying notes to the consolidated financial statements.

The Board recommends the payment of a final dividend of HK1 cent (2012: HK7 cents) per ordinary share for the year ended 31 December 2013 to the shareholders of the Company ("Shareholders") whose names appear on the register of members of the Company ("Register of Members") on Friday, 23 May 2014. Subject to the approval of the Shareholders in the annual general meeting ("AGM") to be held on Monday, 19 May 2014, the final dividend of approximately HKD5,000,000 (2012: HKD35,000,000) in aggregate will be payable on or about Friday, 6 June 2014. The proposed final dividend, together with the interim dividend of HK4 cents (2012: HK4 cents) per ordinary share paid to the Shareholders on 26 September 2013, amounts to a total dividend for the year of HK5 cents (2012: HK11 cents) per ordinary share.

For the purpose of ascertaining Shareholders' right to attend and vote at the AGM, the Register of Members will be closed from Friday, 16 May 2014 to Monday, 19 May 2014, (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 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, ("Branch Share Registrar") for registration not later than 4.30 p.m. on Thursday, 15 May 2014.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Friday, 23 May 2014 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, 22 May 2014.

RESERVES

As at 31 December 2013, reserves of the Company available for distribution to the Shareholders were approximately HKD229,907,000 (2012: HKD220,020,000). Under the Companies Law of the Cayman Islands (2010 Revised), the share premium account of the Company of approximately HKD213,244,000 (2012: HKD213,244,000) is distributable to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account of the Company may also be distributed in the form of fully paid bonus shares to be issued to members. Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity and note 31 to the consolidated financial statement on pages 35 and 66 of this Annual Report respectively.

DONATIONS

During the year, the Group made charitable and other donations amounted to HKD401,000 (2012: HKD502,000).

FIXED ASSETS

Details of movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

Report of Directors

SHARE CAPITAL
Details of the movements in share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

DIRECTORS
The Directors during the year and up to the date of this report are:

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

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

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

In accordance with article 84 of the Articles of Association of the Company ("Articles of Association"), Mr. Au Wai Ming, Mr. Chau Kam Wing Donald and Prof. Wong Lung Tak Patrick shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

Biographical details of Directors, senior management and Company Secretary of the Group are set out on pages 13 to 15.

DIRECTORS' SERVICE CONTRACTS
No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS
The Company has received from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules").

The Company considers all Independent Non-executive Directors to be independent.

EMOLUMENTS
Details of the emoluments of the Directors and the five highest paid individuals of the Group during the year are set out in note 12 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES
During the year and up to the date of this report, to the best knowledge of the Directors, none of the Directors and their respective associates was considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

CONTRACTS OF SIGNIFICANCE
No contract of significance, to which the Company, the Company's subsidiaries or holding companies, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

MANAGEMENT CONTRACTS
No contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Report of Directors

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, the Company's subsidiaries or holding companies, or fellow subsidiaries, a party to any arrangements to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

The share option scheme of the Company ("Share Option Scheme") was approved by Directors on 25 June 2011.

The purpose of the Share Option Scheme was to provide Directors, officers, employees and consultants of any member of our Group ("Participant(s)") with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing value of the Company and its shares for the benefit of the Company and its Shareholders as a whole. The Share Option Scheme provided the Company with a flexible means to retain, incentivise, reward, remunerate, compensate and/or provide benefits to Participants. The Share Option Scheme is administrated by the Board and the Remuneration Committee of the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10 per cent of the aggregate number of shares in issue. Options which have lapsed shall not be counted in calculating the 10 per cent limit and the Company may refresh this 10 per cent limit with the approval of Shareholder provided that each such limit (as refreshed) may not exceed the 10 per cent of the Shares in issue as of the date of the approval. The total number of shares which may be issued upon exercise of all options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30 per cent of the Shares in issue from time to time.

Unless approved by Shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each Participant under the Share Option Scheme in any twelve-month period must not exceed 1 per cent of the shares in issue. Each grant of options to any Director, chief executive or substantial Shareholder, or any of their respective associates shall be subject to prior approval by Independent Non-executive Directors. Where any grant of options to a substantial Shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the twelve-month period: (a) representing in aggregate over 0.1 per cent of the shares of the Company then in issue; and (b) having an aggregate value in excess of HKD5,000,000, such grant of options shall be subject to prior approval by the Shareholders.

No offer shall be made and no option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in the shares of the Company by the Listing Rules or by any applicable rules, regulations or law.

The period within which the options must be exercised will be specified by the Company at the time of grant. Such period must expire no later than ten years from the date of grant. No options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme, i.e. 24 June 2021.

The amount payable upon acceptance of an option is HKD1. At the time of the grant of options, the Company may specify any minimum periods for which an option must be held before it can be exercised or any performance targets which must be achieved before the options can be exercised. The subscription price for shares on the exercise of the options shall be no less than the higher of: (a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share on the date of grant.

The shares to be allotted and issued upon the exercise of an option shall be subject to all provisions of the Articles of Association for the time being in force and will rank pari passu with the fully paid shares in issue on the date the name of the Participant shall be registered on the Register of Members. Prior to being registered on the Register of Members, the Participant is not entitled to any voting rights, or rights to participate in any dividends or distributions, in respect of the shares to be issued upon the exercise of the option.

During the year ended 31 December 2013, no option was granted or outstanding under the Share Option Scheme.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Company ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) The Company

Director	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Yiu Hon Ming	1	Interest in controlled corporation and interest of spouse	331,700,000	66.34%
Law Wai Ping	2	Beneficial owner and interest in controlled corporation	331,700,000	66.34%
Au Wai Ming		Beneficial owner	3,776,000	0.76%

Notes:

1. Mr. Yiu Hon Ming ("Mr. Yiu") is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn has an interest of approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping ("Ms. Law"). By virtue of SFO, Mr. Yiu is deemed to be interested in the same block of shares in which Ms. Law is interested.

2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn has an interest of approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. In addition, Ms. Law is directly and beneficially interested in 1,700,000 shares. Ms. Law is the wife of Mr. Yiu. By virtue of SFO, Ms. Law is deemed to be interested in the same block of shares in which Mr. Yiu is interested.

(b) Associated Corporations

Director	Note	Associated corporation	Capacity	Total number of securities interested in associated corporation (Long positions)	Approximate percentage of total issued share capital of the associated corporation
Yiu Hon Ming	1	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	60 ordinary shares	60%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%
Law Wai Ping	2	Ming Fung Holdings (Hong Kong) Limited	Beneficial owner	40 ordinary shares	40%
		Ming Fung Investment Limited	Interest in controlled corporation	840 ordinary shares	95.45%

Notes:

1. Mr. Yiu is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn has an interest of approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.

2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn has an interest of approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.

Save as disclosed above, as at 31 December 2013, none of the Director nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associate corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2013, each of the following persons and entities, other than a Director or chief executive of the Company, had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Ming Fung Investment Limited	1	Beneficial owner	330,000,000	66%
Ming Fung Holdings (Hong Kong) Limited	1	Interest in controlled corporation	330,000,000	66%
Winholme Holdings Limited		Beneficial owner	42,500,000	8.5%
Tang Wai Fong	2	Interest in controlled corporation	42,500,000	8.5%
Chan Kai Ming	3	Interest in controlled corporation	42,500,000	8.5%
Leung Wai Yin Edith	4	Interest of spouse	42,500,000	8.5%

Notes:

1. Ming Fung Holdings (Hong Kong) Limited is interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.

2. Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.

3. Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.

4. Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming ("Mr. Chan"). By virtue of SFO, she is deemed to be interested in the same block of shares in which Mr. Chan is interested.

Save as disclosed above, as at 31 December 2013, the Company has not been notified by any person or entity who had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of SFO.

CORPORATE GOVERNANCE

The Company is committed to maintain high standard of corporate governance. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 24 to 31 of this Annual Report.

RELATED PARTIES TRANSACTIONS

Details of related parties transactions and continuing related parties transactions of the Group are set out in note 30 to the consolidated financial statements. Those related parties transactions and continuing related parties transactions that constituted connected transactions and continuing connected transactions as defined in the Listing Rules had complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules.

BORROWINGS

Details of the Group's borrowings are set out in note 23 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest and top five customers of the Group accounted for approximately 56.9% and 89.3% of the total revenue of the Group, respectively (2012: 58.0% and 88.4% respectively).

The aggregate purchases during the year attributable to the Group's largest and top five suppliers were approximately 9.2% and 28.1% of the Group's total purchase respectively (2012: 9.8% and 32.3% respectively).

None of the Directors, their associates or any Shareholder (which to the knowledge of the Directors owned more than 5% of the Company's share capital), had any interest in the five largest customers and/or suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2013.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this Annual Report, the Company maintained a sufficient public float of not less than 25% of the Company's total issued share capital held by the public.

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

On 24 February 2011, Winox Enterprise Company Limited ("Winox Enterprise"), an indirectly wholly-owned subsidiary of the Company, as borrower, entered into certain revised facilities letters with the financial institution to supersede the then facilities letters in order to facilitate the listing of the Group on the Stock Exchange in July 2011. These loan facilities (a) are interest bearing and secured; (b) are repayable by instalments ranging from a period of three quarters to 80 months commencing on 24 February 2011; and (c) contain repayment on demand clause at the discretion of the financial institution (the repayment on demand clause for certain committed loans was effective after 31 March 2013).

On 7 May 2012, Winox Enterprise, as borrower, entered into another facilities letter with the financial institution in relation to two 5-year term loans at an aggregate amount of HKD70,000,000. These loan facilities (a) are interest bearing and secured, (b) are repayable by 60 monthly instalments commencing one month after each drawdown, and (c) contain repayment on demand clause at the discretion of the financial institution.

On 21 June 2013, Winox Enterprise, as borrower, entered into another facilities letter with the financial institution in relation to two term loans, which are interest bearing and secured, at the amounts of HKD40,000,000 (converted to committed loan on 27 December 2013 and is repayable by 12 equal quarterly instalments with maturity date on 30 September 2016) and HKD60,000,000 respectively. The latter term loan contains repayment on demand clause at the discretion of the financial institution and, after drawdown, is repayable by 28 equal quarterly instalments commencing three months after 31 March 2014.

Pursuant to these facilities letters, the controlling shareholder of the Company, Mr. Yiu Hon Ming and his family are required, at all times, to hold not less than 50% of the issued shares of the Company ("Specific Performance Obligations"). The breach of the Specific Performance Obligations will cause a default in respect of these loan facilities and the financial institution shall have the right to terminate the commitments and declare all outstanding amounts together with interests accrued thereon and all other sums payable under these loan facilities be immediately due and payable.

As at 31 December 2013, the amount of loan outstanding under these loan facilities was approximately HKD107,769,000 and the unutilised facilities available for drawdown was amounted to HKD62,000,000.

INDEPENDENT AUDITOR

During the year, Messrs. Deloitte Touche Tohmatsu was appointed as the independent auditor of the Company. A resolution will be proposed at the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the independent auditor of the Company.

On behalf of the Board

Yiu Hon Ming
Chairman and Managing Director

Hong Kong, 24 March 2014

Corporate Governance Report

Winox Holdings Limited ("Company", together with its subsidiaries "Group") is committed to establish and maintain high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise shareholders' interests.

Throughout the year ended 31 December 2013, the Company has applied the principles of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") ("Stock Exchange") 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 who possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group's overall operations. The directors of the Company ("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 of Directors of the Company ("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 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. Certain Non-executive Directors (including Independent Non-executive Directors) were unable to attend the annual general meeting of the Company held on 16 May 2013 due to their other business engagements.

The Company has formulated and adopted its corporate governance policy ("CG Policy") and it is the responsibility of the Board to perform the corporate governance duties. The CG Policy outlines certain essential corporate governance principles under the CG Code and intends to provide appropriate guidance on the effective application and promotion of corporate governance principles in the Company. The CG Policy is available on the website of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

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 code of conduct regarding securities transactions of Directors. The Model Code applies to Directors, relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company. Having made specific enquiry of all Directors, each of them confirmed that he has complied with the required standard set out in the Model Code during the year ended 31 December 2013 and up to the date of this Annual Report.

Corporate Governance Report

THE BOARD

The Board guides and monitors the business and affairs of the Company to enhance long-term Shareholders' value. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

There was in place a Directors' and Officers' Liabilities Insurance coverage in respect of any legal actions against the Directors and officers arising from corporate activities.

Board Composition

As at the date of this annual report, the Board consists of seven Directors (including the Chairman), amongst which three are Executive Directors and four are Non-executive Directors of whom three are independent.

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

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

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

The Board includes three Independent Non-executive Directors, representing more than one-third of the Board. Prof. Wong Lung Tak Patrick, an Independent Non-executive Director is a practising certified public accountant in Hong Kong who possesses over 30 years of experience in the accountancy profession. He has appropriate accounting and related financial management expertise.

The Board focuses on formulating the Group's overall strategic policy, monitoring performance and providing leadership and control for effective management. The Board has delegated the authority and responsibility for business strategies implementation and day-to-day administration and operations of the Group's business to the Managing Director and senior management.

Major corporate matters that are specifically reserved to the Board include but not limited to:

- formulating the Company's business strategies;
- establishing corporate governance and internal control system; and
- monitoring performance of the management and providing guidance to the management.

Major duties and responsibilities of senior management include but not limited to:

- setting up offices for companies of the Group;
- executing business strategies and initiatives adopted by the Board;
- implementing proper and sufficient internal control systems and risk management procedures; and
- ensuring compliance with relevant statutory requirements and rules and regulations.

Save as disclosed in the section entitled "Directors, Senior Management and Company Secretary" of this Annual Report, there is no financial, business, family or other material/relevant relationship between Board members and the chief executive. Biographical details of Directors, which demonstrate a diversity of skills, expertise, experience and qualifications in the Board, are set out in pages 13 and 15 of this annual report.

Non-Executive Directors

The Company has received from each Independent Non-executive Director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board and the Nomination Committee have reviewed the independence of the Independent Non-executive Directors and considered all of Mr. Ma Weihua, Mr. Carson Wen and Prof. Wong Lung Tak Patrick are independent within the definition of the Listing Rules.

All Non-executive Directors (including Independent Non-executive Directors) were appointed with specific term of three years and are subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company ("Articles of Association").

Chairman and Managing Director

During the year, the roles of Chairman and Managing Director (being defined as chief executive under the CG Code) were performed by Mr. Yiu Hon Ming, who is responsible for overseeing the overall operations of the Group.

Directors Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2013. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

Each newly appointed Director receives an induction on his appointment to ensure that he has proper understanding of the operations and business of the Group and is fully aware of his responsibilities and obligations under the Listing Rules, applicable laws and other relevant statutory requirements. Directors are continually provided with updates on statutory and regulatory developments, evolution of the business environment so as to facilitate them to discharge their duties.

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the CG Code during year ended 31 December 2013:

	Corporate governance/ updates on laws, rules & regulations	Accounting/ financial/ management or other professional skills
Executive Directors		
Yiu Hon Ming	✓	
Law Wai Ping	✓	
Chau Kam Wing Donald	✓	✓
Non-executive Director		
Au Wai Ming	✓	
Independent Non-executive Director		
Ma Weihua	✓	✓
Carson Wen	✓	✓
Wong Lung Tak Patrick	✓	✓

AUDIT COMMITTEE

The Audit Committee was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the website of the Company. The Audit Committee comprises wholly Independent Non-executive Directors.

Members of the Audit Committee

Prof. Wong Lung Tak Patrick *(Chairman)*
Mr. Ma Weihua
Mr. Carson Wen

Main functions of the Audit Committee are:

- reviewing the accounting policies and supervising the Company's financial reporting process;
- monitoring the performance of both the internal and external auditors;
- reviewing and examining the effectiveness of internal control measures; and
- ensuring compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements.

The Audit Committee is provided with sufficient resources to discharge its responsibilities. For the year ended 31 December 2013, the Audit Committee held two meetings to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. Our Finance Director, senior management, internal auditor and the external auditor attended the meetings to respond to any queries raised by the Audit Committee.

On 30 March 2012, the Audit Committee reviewed the whistle-blowing policy of the Company. The whistle-blowing policy provides employees with a channel and guidelines to report their concerns about misconduct, malpractice or impropriety within the Group. The whistle-blowing policy is available on the Company's website.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the website of the Company. The Remuneration Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director.

Members of the Remuneration Committee

Prof. Wong Lung Tak Patrick *(Chairman)*
Mr. Yiu Hon Ming
Mr. Ma Weihua
Mr. Carson Wen

Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of Directors and senior management, with reference to Directors' duties, responsibilities and performance and the results of the Group. No Director will be involved in deciding his own remuneration.

For the year ended 31 December 2013, the Remuneration Committee held one meeting to discuss the remuneration policy and annual remuneration package of each director and senior management of the Company. The Remuneration Committee also reviewed and approved the 2013 performance bonus scheme of the Company.

Remuneration of Directors and Senior Management

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 December 2013 is set out below:

	Number of Individuals
Nil – HKD1,000,000	1
HKD1,000,001 – HKD2,000,000	2

Further particulars in relation to Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in note 12 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 25 June 2011 with written terms of reference specifying its authority and duties which is available on the website of the Company. The Nomination Committee comprised four members, amongst which three are Independent Non-executive Directors and one is Executive Director.

Members of the Nomination Committee

Mr. Yiu Hon Ming *(Chairman)*
Mr. Ma Weihua
Mr. Carson Wen
Prof. Wong Lung Tak Patrick

The Nomination Committee, with the aim to build up a strong and diverse Board, would identify suitable and qualified individuals, in particular those who can add value to the management through their expertise in relevant strategic business areas, to be the board members, and would recommend the Board on relevant matters relating to the appointment or re-appointment of Directors, if necessary. Details of the procedure for Shareholders to propose a person for election as a Director are outlined in the "Director Nomination Procedure" which is available on the Company's website.

For the year ended 31 December 2013, the Nomination Committee held two meetings to review the structure and diversity of the Board, the policies applicable to the board composition and nomination, the term of appointment of Non-executive Directors and to assess the independence of Independent Non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

Board Diversity Policy

On 23 August 2013, the Nomination Committee adopted the board diversity policy of the Company which sets out the approach to achieve diversity on the Company's Board of Directors. The Company recognises the benefits of board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the candidates' merits and contributions to the Board. The Nomination Committee reviews the board diversity policy, as appropriate, to ensure its effectiveness from time to time. The Company considers that the current Board composition is characterised by diversity, whether considered in terms of gender, professional background, skills and knowledge.

BOARD AND COMMITTEE MEETINGS

During the year ended 31 December 2013, the Board held four meetings. At these meetings, the Board reviewed and discussed the Group's business updates and strategies. The individual attendance record of each Director at the Board meetings, Board Committee meetings and general meetings during the year is set out below:

	Number of meetings attended/held				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General meeting
Executive Directors					
Yiu Hon Ming	4/4	N/A	1/1	2/2	1/1
Law Wai Ping	4/4	N/A	N/A	N/A	1/1
Chau Kam Wing Donald	4/4	2/2	N/A	N/A	1/1
Non-executive Director					
Au Wai Ming	3/4	N/A	N/A	N/A	0/1
Independent Non-executive Directors					
Ma Weihua	3/4	1/2	1/1	1/2	0/1
Carson Wen	2/4	2/2	1/1	1/2	0/1
Wong Lung Tak Patrick	4/4	2/2	1/1	2/2	1/1

Minutes of the Board and Board Committees meetings have been recorded in sufficient details including any matters considered in the meetings, decisions reached and concerns or queries raised by the Directors or dissenting views expressed. Draft and final versions of minutes of the Board and Board Committees are sent to all Directors or Committee members for comments and records respectively within a reasonable time after the meeting.

COMPANY SECRETARY

Ms. Chu Lai Shan Sammie was appointed as Company Secretary of the Company on 14 December 2012. Ms. Chu is a full time employee of Winox Management Limited, an indirectly wholly-owned subsidiary of the Company. Pursuant to rule 3.29 of the Listing Rules, Ms. Chu has taken no less than 15 hours of relevant professional training during the year ended 31 December 2013.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company formed the Internal Audit Department and the Internal Control Committee. Together with the Audit Committee, these three bodies work together to ensure the Group is in compliance with the Listing Rules and other applicable laws, rules and regulations during its daily course of operation.

The Internal Control Committee comprises the Managing Director, Chief Executive Officer and Head of Internal Audit and was formed in June 2011. The Internal Control Committee is responsible for the implementation of the remedial plans recommended by the Audit Committee to ensure our compliance with the Listing Rules and the relevant laws and regulations.

The Internal Audit Department consists of the Head of Internal Audit with one supporting staff. The Head of Internal Audit is a qualified accountant who possesses relevant auditing experience to monitor and oversees daily operation of internal control matters. The Internal Audit Department reports to the Audit Committee on a quarterly basis and recommends remedial plans for any internal control deficiencies identified. The Audit Committee shall give instructions to the Internal Control Committee for the implementation of any remedial plans for any deficiencies of internal control being identified.

The Board is satisfied that the internal control system in place is reasonably effective and adequate and covers all material controls including financial, operational and compliance controls and risk management functions for the period from the listing date and up to the date of this report.

SHAREHOLDERS' RIGHTS

Shareholders Convening an Extraordinary General Meeting

Pursuant to article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, shareholders may hold the extraordinary general meeting, and all reasonable expenses incurred by the Shareholders as a result of the failure of the Board shall be reimbursed to the Shareholders by the Company.

Shareholders' Enquiries and Proposals

To foster regular and contribute two-way communications amongst the Company, its Shareholders and potential investors, the Company Secretary is designated to respond to enquiries and proposals from Shareholders as well as the public. Shareholders' enquiries and proposals can be made via email at info@winox.com or by phone at (852)23493776. In addition, the Company is committed to maximising the use of its website (www.winox.com) as a channel to provide updated information in a timely manner and to strengthen the communications with Shareholders and general public. The Company has formulated the "Shareholders Communication Policy" which enables Shareholders to exercise their rights in an informed manner. The Shareholders Communication Policy is available on the Company's website.

Publications of the Company's Documents

The following documents of the Company are available on the Company's website for shareholders reference:

- Memorandum and Articles of Association
- Terms of Reference of Audit Committee
- Terms of Reference of Nomination Committee
- Terms of Reference of Remuneration Committee
- Corporate Governance Policy
- Director Nomination Procedure
- Shareholders Communication Policy
- Whistle-blowing Policy
- List of Directors and their Role and Functions

INVESTOR RELATIONS

The Company recognises the importance to maintain effective communication with the financial community and other stakeholders in order to achieve a fair valuation on the Company's securities as well as to enhance shareholders' value. Effective communication process involves the provision of accurate, complete and transparent information of the Company on timely and equal bases. During the year, the Company arranged meetings and interviews with various institutional investors in order to provide our Shareholders and other stakeholders with comprehensive understanding of the Company's up to date operations.

AUDITOR'S REMUNERATION

An analysis of the remuneration payable to the Group's independent auditor, Messrs. Deloitte Touche Tohmatsu to perform audit and non-audit services for the year ended 31 December 2013 is as follows:

	2013 **HKD'000**	2012 HKD'000
Services rendered		
Audit service	**1,250**	1,250
Non-audit service	**380**	570

The non-audit services include professional services in relation to the Company's interim results and preliminary announcements.

OTHER SPECIFIC DISCLOSURES

During the year, there are no changes in the Company's Memorandum and Articles of Association. An up-to-date consolidated version of the Company's Memorandum and Articles of Association is available on the Company's website.

Directors have acknowledged their responsibility for preparing all information and representations contained in the consolidated financial statements of the Company for the year ended 31 December 2013.

Directors consider that the consolidated financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and management with an appropriate consideration to materiality. Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company on a going concern basis.

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF WINOX HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Winox Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 68, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong, 24 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	**2013 HKD'000**	2012 HKD'000
Turnover	7	**546,218**	635,275
Cost of goods sold		**(396,811)**	(408,334)
Gross profit		**149,407**	226,941
Other income	8	**9,011**	4,899
Other gains and losses	9	**(2,321)**	98
Selling and distribution costs		**(23,588)**	(31,526)
Administrative expenses		**(71,302)**	(67,106)
Finance costs	10	**(4,228)**	(3,876)
Profit before taxation	11	**56,979**	129,430
Taxation	13	**(10,653)**	(19,870)
Profit for the year		**46,326**	109,560
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
– exchange differences on translation of financial statements of foreign operation		**14,542**	3,555
Total comprehensive income for the year		**60,868**	113,115
Earnings per share – Basic	14	**HK9.3 cents**	HK21.9 cents

Consolidated Statement of Financial Position

At 31 December 2013

	Notes	**2013 HKD'000**	2012 HKD'000
Non-current assets			
Property, plant and equipment	16	**300,710**	197,696
Prepaid lease payments	17	**38,711**	38,423
Deposit for land use right		**23,257**	22,586
Deposits paid for acquisition of property, plant and equipment		**10,839**	22,520
Deposit and prepayments for a life insurance policy	18	**4,849**	5,118
		378,366	286,343
Current assets			
Inventories	19	**75,300**	80,423
Trade and other receivables	20	**65,797**	102,545
Taxation recoverable		**5,332**	–
Time deposits	21	**–**	49,769
Bank balances and cash	21	**167,511**	189,258
		313,940	421,995
Current liabilities			
Trade and other payables	22	**55,400**	74,863
Taxation payables		**2,423**	4,511
Bank borrowings – amount due within one year	23	**100,582**	124,264
		158,405	203,638
Net current assets		**155,535**	218,357
Total assets less current liabilities		**533,901**	504,700
Non-current liability			
Bank borrowings – amount due after one year	23	**23,333**	–
		510,568	504,700
Capital and reserves			
Share capital	25	**50,000**	50,000
Reserves		**460,568**	454,700
		510,568	504,700

The consolidated financial statements on pages 33 to 68 were approved and authorised for issue by the Board of Directors on 24 March 2014 and are signed on its behalf by:

YIU HON MING
Director

CHAU KAM WING DONALD
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital HKD'000	Share premium HKD'000	Translation reserve HKD'000	Retained profits HKD'000	Total HKD'000
At 1 January 2012	50,000	213,244	16,179	162,162	441,585
Profit for the year	–	–	–	109,560	109,560
Exchange differences on translation of financial statements of foreign operation	–	–	3,555	–	3,555
Total comprehensive income for the year	–	–	3,555	109,560	113,115
Dividends	–	–	–	(50,000)	(50,000)
At 31 December 2012	50,000	213,244	19,734	221,722	504,700
Profit for the year	–	–	–	46,326	46,326
Exchange differences on translation of financial statements of foreign operation	–	–	14,542	–	14,542
Total comprehensive income for the year	–	–	14,542	46,326	60,868
Dividends	–	–	–	(55,000)	(55,000)
At 31 December 2013	50,000	213,244	34,276	213,048	510,568

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HKD'000	2012 HKD'000
Operating activities		
Profit before taxation	**56,979**	129,430
Adjustments for:		
Interest income	**(2,729)**	(1,322)
Interest expenses	**4,228**	3,876
Depreciation	**22,270**	14,895
Release of prepaid lease payments	**826**	217
Loss on disposal/write-off of property, plant and equipment	**2,613**	347
Imputed interest income from deposit placed for a life insurance policy	**(177)**	(168)
Premium charges on a life insurance policy	**446**	446
Operating cash flows before movements in working capital	**84,456**	147,721
Decrease in inventories	**5,123**	6,632
Decrease (increase) in trade and other receivables	**36,774**	(15,209)
(Decrease) increase in trade and other payables	**(21,335)**	18,413
Cash generated from operations	**105,018**	157,557
Hong Kong Profits Tax paid	**(13,246)**	(14,067)
PRC Enterprise Income Tax paid	**(4,850)**	(9,378)
Net cash from operating activities	**86,922**	134,112
Investing activities		
Purchase of property, plant and equipment	**(96,454)**	(42,835)
Deposits paid for acquisition of property, plant and equipment	**(10,839)**	(22,262)
Withdrawal (placement) of time deposits	**49,769**	(49,769)
Interest received	**2,729**	1,322
Proceeds from disposal of property, plant and equipment	**113**	177
Net cash outflow on acquisition of a subsidiary *(note 28)*	**–**	(321)
Net cash used in investing activities	**(54,682)**	(113,688)
Financing activities		
Repayment of bank borrowings	**(55,106)**	(42,709)
Dividends paid	**(55,000)**	(65,000)
Interest paid	**(4,228)**	(3,876)
Bank borrowings raised	**54,386**	70,000
Repayment to related parties *(notes 28 and 30(ii))*	**–**	(33,405)
Repayment to a director *(notes 28 and 30(ii))*	**–**	(2,214)
Net cash used in financing activities	**(59,948)**	(77,204)
Net decrease in cash and cash equivalents	**(27,708)**	(56,780)
Cash and cash equivalents at 1 January	**189,258**	245,881
Effect of foreign exchange rate changes	**5,961**	157
Cash and cash equivalents at 31 December, representing bank balances and cash	**167,511**	189,258

Notes to the Consolidated Financial Statements

1. GENERAL

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 ("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 address of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report. The Company is an investment holding company and the principal activities of its principal subsidiaries are set out in note 32.

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 ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

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

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

The impact of the application of the relevant standards is set out below.

Impact of the Application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company have assessed the impact of the application of HKFRS 10 and concluded that it has had no material effect on the Group's financial performance and positions for the current year and prior year.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new or revised HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and Revised HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle[2]
HKFRS 9	Financial instruments[3]
HK(IFRIC) – INT 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

The directors of the Company anticipate that the application of the above new and revised HKFRSs that have been issued but are not yet effective will have no material impact on the Group's and the Company's financial performance and positions.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and service provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition *(Continued)*

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property, Plant and Equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than properties under construction, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Buildings under development for future owner-occupied purpose

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs included professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid Lease Payments

Prepaid lease payments representing land use rights in the People's Republic of China ("PRC") are stated at cost and amortised on a straight-line basis over the lease terms. Prepaid lease payments which are to be amortised in the next twelve months or less are classified as current assets.

Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowings costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including the deposit for a life insurance policy, trade and other receivables, time deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial Instruments *(Continued)*

Financial Liabilities and Equity Instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instrument issued by the Company and the group entity are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums on discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income or expense items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for the business combination, the tax effect is included in the accounting for the business combination.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign Currencies *(Continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement Benefits Costs

Payments to retirement benefits plans and government-managed retirement benefits schemes are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of relevant assets within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Property, Plant and Equipment

The Group's management determines the estimated useful lives, residual value and related depreciation charges for its property, plant and equipment as disclosed in note 16. This estimate is based on the historical experience of the actual useful lives and residual value of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives or residual value are expected to be shorter or lower than estimated, or it will write-off or write-down obsolete assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 23, net of time deposits, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits as disclosed in the consolidated financial statements.

The management of the Group reviews the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with the ordinary share capital, and will balance its overall capital structure through the payment of dividends, new share issues of the Company as well as the raising of bank loans.

6. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 3.

Categories of Financial Instruments

	2013 **HKD'000**	2012 HKD'000
Loans and receivables (including cash and cash equivalents)	**220,830**	328,598
Financial liabilities Amortised cost	**170,097**	196,786

Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables, time deposits, bank balances and cash, a deposit for a life insurance policy, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit Risk

As at 31 December 2013, the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

As at 31 December 2013, the Group has concentration of credit risk as 39% (2012: 51%) and 82% (2012: 91%) respectively of the trade receivables was due from the Group's largest customer and the five largest customers respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

Credit Risk *(Continued)*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is minimal as such amounts are placed in banks with good reputation and with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on trade receivables, time deposits and bank balances which are deposited with served banks with high credit rating, the Group does not have any other significant concentration of credit risk.

Market Risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. During the year ended 31 December 2013, about 15% (2012: 8%) of the Group's sales are denominated in currency other than the functional currency of the group entities. The group entities also have foreign currency purchases, which also expose the Group to foreign currency risk. During the year ended 31 December 2013, about 8% (2012: 14%) of the Group's purchases are denominated in currencies other than the functional currency of the group entities making the purchase.

The carrying amounts of relevant group entities' foreign currencies denominated monetary assets and liabilities other than their functional currency for the year including trade and other receivables as disclosed in note 20, time deposits, bank balances and cash as disclosed in note 21 and trade and other payables as disclosed in note 22.

Sensitivity analysis

The Group mainly exposes to currencies of Renminbi ("RMB"), United States dollars ("USD"), and Swiss Franc ("CHF"), which are arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities in Hong Kong and PRC. The following table details the Group's sensitivity to a 3% increase and decrease in the functional currency the Company against the relevant foreign currencies. Under the linked exchange rate system, the financial impact on exchange difference between HKD and USD will be immaterial and therefore no sensitivity analysis has been presented. 3% (2012: 3%) is the sensitivity rate used when the management assesses the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end of the reporting period for a 3% (2012: 3%) change in the foreign currency rates. The sensitivity analysis includes certain time deposits, bank balances, trade and other receivables and trade and other payables which are exposed to foreign currency risk. A positive (negative) number below indicates an increase (decrease) in profit after taxation where the functional currency strengthens 3% (2012: 3%) against the relevant foreign currencies or the functional currency of the relevant group entities. For a 3% (2012: 3%) weakening of the functional currency against the relevant foreign currencies, there would be an equal and opposite impact on the profit after taxation.

	2013 HKD'000	2012 HKD'000
RMB	**(1,428)**	(3,726)
CHF	**(114)**	(98)

6. FINANCIAL INSTRUMENTS *(Continued)*

Market Risk *(Continued)*

(ii) Interest rate risk

The Group is also exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest bearing bank balances and bank borrowings at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate risk should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank balances and bank borrowings at variable interest rates at the end of each reporting period and assumed that the said financial instruments outstanding at the end of each reporting period were outstanding for the whole year. 50 basis points (2012: 50 basis points) increase represents management's assessment of the reasonably possible change in interest rates. The management does not anticipate a decrease in interest rate in the next financial year having regard to the trends in Hong Kong dollar prime rate, Hong Kong Inter-bank Offered Rate ("HIBOR") and The People's Bank of China Standard Loan Interest Rate. Accordingly, sensitivity analysis on a decrease in interest rates is not presented.

If interest rates on bank balances and bank borrowings at variable interest rates had been 50 basis points (2012: 50 basis points) higher and all other variables were held constant, the potential effect on profit after taxation is as follows:

	2013 **HKD'000**	2012 HKD'000
Increase in profit after taxation	**182**	572

Liquidity Risk Management

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short and medium-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities.

6. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity Risk Management *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or less than 3 months HKD'000	Over 3 months but not more than 1 year HKD'000	Over 1 year HKD'000	Total undiscounted cash flows HKD'000	Carrying amount HKD'000
At 31 December 2013						
Trade and other payables	**–**	**46,182**	**–**	**–**	**46,182**	**46,182**
Bank borrowings subject to a repayment on demand clause at any time	**3.45**	**87,248**	**–**	**–**	**87,248**	**87,248**
Bank borrowings	**3.10**	**3,630**	**10,725**	**24,085**	**38,440**	**36,667**
		137,060	**10,725**	**24,085**	**171,870**	**170,097**
At 31 December 2012						
Trade and other payables	–	72,522	–	–	72,522	72,522
Bank borrowings subject to a repayment on demand clause at any time	3.83	98,485	–	–	98,485	98,485
Bank borrowings subject to a repayment on demand clause at any time after 31 March 2013	2.66	25,938	–	–	25,938	25,779
		196,945	–	–	196,945	196,786

The following table summarises the maturity analysis of the bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the total undiscounted cash flows of bank borrowings in the above maturity analysis. Taking into account the Group's financial position, the directors of the Company do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loans agreements.

	Less than 3 months HKD'000	Over 3 months but not more than 1 year HKD'000	Over 1 year HKD'000	Total undiscounted cash flows HKD'000
31 December 2013	**21,609**	**33,103**	**75,729**	**130,441**
31 December 2012	24,114	25,894	80,663	130,671

6. FINANCIAL INSTRUMENTS *(Continued)*

Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

7. 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. During the year, turnover from PRC was separately presented as the CODM believes that PRC was part of the Group's key area of turnover. The comparative figures of turnover by location of customers have been represented for the purpose of revenue analysis to conform with 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:

	2013 **HKD'000**	2012 HKD'000
Watch bracelets	**375,875**	468,505
Costume jewellery	**100,576**	134,043
Mobile phone cases and parts	**48,196**	6,578
Accessories and parts for leather goods	**21,571**	26,149
	546,218	635,275

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

	2013 **HKD'000**	2012 HKD'000
Switzerland	**348,876**	434,837
Liechtenstein	**87,350**	108,919
PRC	**47,733**	6,483
Hong Kong	**39,372**	60,176
Other countries	**22,887**	24,860
	546,218	635,275

7. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

	2013 HKD'000	2012 HKD'000
Customer A[1]	**310,979**	368,171
Customer B[2]	**87,350**	108,919

Notes:

1 Turnover from sales of watch bracelets.
2 Turnover from sales of costume jewellery.

At 31 December 2013, substantially all of the non-current assets of the Group were located in the mainland China amounting to HKD369,266,000 (2012: HKD277,610,000).

8. OTHER INCOME

	2013 HKD'000	2012 HKD'000
Bank interest income	**2,729**	1,322
Imputed interest income from a deposit placed for a life insurance policy	**177**	168
Gain from sales of scrap	**3,637**	905
Management and administrative service fee received *(note 30(i))*	**884**	1,500
Government grants recognised in respect of export incentive payments	**505**	624
Others	**1,079**	380
	9,011	4,899

9. OTHER GAINS AND LOSSES

	2013 HKD'000	2012 HKD'000
Loss on disposal/write-off of property, plant and equipment	**(2,613)**	(347)
Net foreign exchange gains	**292**	445
	(2,321)	98

10. FINANCE COSTS

	2013 HKD'000	2012 HKD'000
Interests on bank borrowings wholly repayable within five years	**4,228**	3,876

11. PROFIT BEFORE TAXATION

	2013 HKD'000	2012 HKD'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration *(note 12)*	**3,855**	4,275
Other staff's retirement benefits scheme contributions	**13,167**	12,280
Other staff costs	**162,855**	160,888
	179,877	177,443
Auditor's remuneration	**1,250**	1,250
Cost of inventories recognised as expenses	**381,953**	394,251
Depreciation on property, plant and equipment	**22,270**	14,895
Release of prepaid lease payments	**826**	217
Operating lease rentals in respect of rented premises	**3,898**	4,893

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

The emoluments of directors and chief executive of the Company during the year are analysed as follow:

	2013					2012				
	Fees HKD'000	Salaries and other benefit HKD'000	Discretionary bonus HKD'000	Retirement benefit scheme contribution HKD'000	Total HKD'000	Fees HKD'000	Salaries and other benefit HKD'000	Discretionary bonus HKD'000	Retirement benefit scheme contribution HKD'000	Total HKD'000
Executive directors										
Mr. Yiu Hon Ming ("Mr. Yiu")	**–**	**600**	**650**	**15**	**1,265**	–	600	560	14	1,174
Ms. Law Wai Ping	**–**	**600**	**300**	**15**	**915**	–	600	300	14	914
Mr. Chau Kam Wing Donald	**–**	**840**	**100**	**15**	**955**	–	840	160	14	1,014
Ms. Zhou Hui Elizabeth (resigned on 30 March 2012)	**–**	**–**	**–**	**–**	**–**	–	450	–	3	453
Non-executive director										
Mr. Au Wai Ming	**180**	**–**	**–**	**–**	**180**	180	–	–	–	180
Independence non-executive directors										
Mr. Carson Wen	**180**	**–**	**–**	**–**	**180**	180	–	–	–	180
Mr. Ma Weihua	**180**	**–**	**–**	**–**	**180**	180	–	–	–	180
Prof. Wong Lung Tak Patrick	**180**	**–**	**–**	**–**	**180**	180	–	–	–	180
Total emoluments	**720**	**2,040**	**1,050**	**45**	**3,855**	720	2,490	1,020	45	4,275

Mr. Yiu is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The discretionary bonus is determined by reference to the individual performance of the Directors and approved by the Remuneration Committee of the Company.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals included 2 directors (2012: 2) of the Company for the year ended 31 December 2013. Details of whose emoluments are included in above. The emoluments of the remaining highest paid individuals during the year are as follows:

	2013 HKD'000	2012 HKD'000
Employees		
– salaries and other benefits	**2,897**	3,669
– discretionary bonus	**1,550**	1,120
– retirement benefits scheme contributions	**45**	42
	4,492	4,831

The emoluments of the employees were within the following band:

	2013	2012
HKD1,000,001 to HKD1,500,000	**2**	2
HKD1,500,001 to HKD2,500,000	**1**	1

During the year, no emoluments were paid by the Group to the directors, the chief executive or the five highest paid individuals (including directors, the chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and the chief executive of the Company have waived any emoluments during the year.

13. TAXATION

	2013 HKD'000	2012 HKD'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**7,592**	13,746
Overprovision in prior years	**(20)**	(33)
	7,572	13,713
PRC Enterprise Income Tax ("PRC EIT")		
Current year	**3,048**	6,223
Under(over)provision in prior years	**33**	(66)
	3,081	6,157
	10,653	19,870

13. TAXATION *(Continued)*

(i) Hong Kong Profits Tax

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

(ii) 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 ("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. Accordingly, PRC EIT is calculated at 25% of the estimated assessable profit for all PRC enterprises within the Group for the current year.

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

	2013 **HKD'000**	2012 HKD'000
Profit before taxation	**56,979**	129,430
Tax charge at the domestic income tax rate at 16.5% (2012: 16.5%)	**9,402**	21,356
Under (over) provision in prior years	**13**	(99)
Tax effect of income not taxable for tax purposes	**(429)**	(371)
Tax effect of expenses not deductible for tax purposes	**168**	484
Tax effect of tax losses not recognised	**674**	718
Tax effect of tax concession for a subsidiary	**–**	(5,806)
Utilisation of tax losses previously not recognised	**–**	(674)
Effect of different tax rates of subsidiaries operating in PRC	**825**	4,262
Taxation for the year	**10,653**	19,870

14. EARNINGS PER SHARE

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

	2013 **HKD'000**	2012 HKD'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**46,326**	109,560

	2013 **'000**	2012 '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.

15. DIVIDENDS

	2013 **HKD'000**	2012 HKD'000
Dividends recognised as distribution during the year:		
2011 final dividend – HK6 cents per ordinary share	**–**	30,000
2012 interim dividend – HK4 cents per ordinary share	**–**	20,000
2012 final dividend – HK7 cents per ordinary share	**35,000**	–
2013 interim dividend – HK4 cents per ordinary share	**20,000**	–
	55,000	50,000

On 24 March 2014, a final dividend of HK1 cent in respect of the year ended 31 December 2013 per ordinary share, totalling HKD5,000,000, 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.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HKD'000	Plant and machinery HKD'000	Furniture, fixtures and equipment HKD'000	Leasehold improve-ments HKD'000	Motor vehicles HKD'000	Construction in progress HKD'000	Total HKD'000
COST							
At 1 January 2012	61,429	155,968	27,397	5,458	2,803	6,254	259,309
Currency realignment	705	1,385	133	–	34	49	2,306
Additions	–	49,021	4,473	4	1,211	6,497	61,206
Acquired on acquisition of a subsidiary (note 28)	3,933	–	–	–	–	–	3,933
Reclassification	6,391	1,987	(771)	–	–	(7,607)	–
Disposals/write-off	–	(1,242)	(45)	–	–	–	(1,287)
At 31 December 2012	72,458	207,119	31,187	5,462	4,048	5,193	325,467
Currency realignment	2,168	4,970	449	16	113	979	8,695
Additions	–	53,516	3,553	597	625	62,555	120,846
Reclassification	520	2,708	17	1,133	–	(4,378)	–
Disposals/write-off	–	(1,403)	(86)	(2,652)	–	(175)	(4,316)
At 31 December 2013	75,146	266,910	35,120	4,556	4,786	64,174	450,692
DEPRECIATION							
At 1 January 2012	11,611	78,905	18,610	3,003	939	–	113,068
Currency realignment	131	413	21	–	6	–	571
Provided for the year	1,858	10,368	1,858	552	259	–	14,895
Eliminated on disposals/ write-off	–	(729)	(34)	–	–	–	(763)
At 31 December 2012	13,600	88,957	20,455	3,555	1,204	–	127,771
Currency realignment	445	913	148	–	25	–	1,531
Provided for the year	2,288	16,142	2,936	564	340	–	22,270
Eliminated on disposals/ write-off	–	(332)	(65)	(1,193)	–	–	(1,590)
At 31 December 2013	16,333	105,680	23,474	2,926	1,569	–	149,982
NET BOOK VALUES							
At 31 December 2013	58,813	161,230	11,646	1,630	3,217	64,174	300,710
At 31 December 2012	58,858	118,162	10,732	1,907	2,844	5,193	197,696

The carrying values at buildings shown above are situated on lands under the following lease term:

	2013 HKD'000	2012 HKD'000
Buildings in PRC – Medium-term lease	**58,813**	58,858

At 31 December 2013, the Group has pledged certain of its buildings situated in PRC with an aggregate carrying value of about HKD46,060,000 (2012: HKD46,006,000) to a bank to secure the credit facilities granted to the Group.

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is provided to write off the cost of property, plant and equipment, other than construction in progress, over their estimated useful lives, using the straight-line method, at the following rates per annum:

Buildings	Over the shorter of the lease terms, or 3%–5%
Plant and machinery	10%–25%
Furniture, fixtures and equipment	10%–20%
Leasehold improvements	Over the shorter of the lease terms, or 20%
Motor vehicles	20%

17. PREPAID LEASE PAYMENTS

	2013 HKD'000	2012 HKD'000
Carrying amount		
At 1 January	**39,236**	7,294
Currency realignment	**1,139**	420
Acquired on acquisition of a subsidiary *(note 28)*	**–**	31,739
Released to profit or loss	**(826)**	(217)
At 31 December	**39,549**	39,236
Comprising land use rights held under medium-term leases situated in PRC	**39,549**	39,236
Analysed for reporting purposes as:		
Current assets (included in trade and other receivables)	**838**	813
Non-current assets	**38,711**	38,423
	39,549	39,236

At the end of both reporting periods, the Group has pledged its land use rights at the carrying value of HKD7,243,000 (2012: HKD7,199,000) situated in PRC to a bank to secure the credit facilities granted to the Group.

18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

In September 2010, a subsidiary of the Company entered into a life insurance policy (the "Policy") to insure a director of the Company, Mr. Yiu. Under the Policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is USD4,000,000 (equivalent to HKD31,000,000). At inception of the Policy, the Group paid an upfront payment of USD800,000 (equivalent to HKD6,200,000). The Group will receive cash back based on the net nominal account value of the Policy at the date of withdrawal. The Group receives an interest at interest rates guaranteed by the insurer.

The directors of the Company expected that the Policy will be terminated at the 7th policy year in 2017 and there will be a specified surrender charge of USD97,560 (equivalent to HKD756,000) in accordance with the Policy. The expected life of the Policy remained unchanged from the date of initial recognition and the directors of the Company considered that the financial impact of the option to terminate the policy was not significant.

The effective interest rate of the deposit is 5% which was determined on initial recognition by discounting the estimated future cash receipts through the expected life of the Policy of 7 years.

18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY *(Continued)*

At the end of both reporting periods, the life insurance policy was pledged to a bank to secure general banking facilities granted to the Group.

The deposit placed for a life insurance policy is denominated in USD, a currency other than the functional currency of the relevant group entity.

19. INVENTORIES

	2013 HKD'000	2012 HKD'000
Raw materials	**11,859**	17,479
Work in progress	**51,998**	59,648
Finished goods	**11,443**	3,296
	75,300	80,423

20. TRADE AND OTHER RECEIVABLES

	2013 HKD'000	2012 HKD'000
Trade receivables	**45,375**	80,988
Bill receivables	**–**	574
Prepayments and deposits	**9,918**	6,611
Prepaid lease payments	**838**	813
Value added tax receivables	**6,571**	10,668
Others	**3,095**	2,891
	65,797	102,545

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):

	2013 HKD'000	2012 HKD'000
Age:		
0 to 30 days	**35,525**	62,745
31 to 60 days	**5,672**	12,527
61 to 90 days	**212**	1,115
Over 90 days	**3,966**	4,601
	45,375	80,988

All bill receivables of the Group as at 31 December 2012 were aged within 30 days.

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 of the Company considered that the trade receivables that are neither past due nor impaired have a good credit quality.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

At 31 December 2013, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HKD8,573,000 (2012: HKD15,579,000) 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:

	2013 HKD'000	2012 HKD'000
Overdue:		
Within 60 days	**5,099**	11,004
61 to 90 days	**94**	1,472
Over 90 days	**3,380**	3,103
	8,573	15,579

The directors of the Company anticipate a full recovery of these amounts. The concentration credit risk on the trade receivables has been discussed in note 6.

Included in trade and other receivables are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	2013 HKD'000	2012 HKD'000
USD	**2,420**	4,331
CHF	**3,662**	5,183

21. TIME DEPOSITS, BANK BALANCES AND CASH

As at 31 December 2012, the time deposits had original maturity of six months and carried interest at 3.2% per annum.

The bank balances carry interest at the prevailing market rate of about 0.01% to 0.38% per annum for the year ended 31 December 2013 (2012: 0.01% to 0.5%).

Included in time deposits, bank balances and cash are the following amounts denominated in currencies other than the functional currency of the relevant group entities to which they relate:

	2013 HKD'000	2012 HKD'000
RMB	**57,005**	124,187
USD	**603**	16,074
CHF	**5,610**	8,782

22. TRADE AND OTHER PAYABLES

	2013 HKD'000	2012 HKD'000
Trade payables	**19,581**	39,831
Payroll and welfare payable	**13,091**	14,634
Other tax payables	**9,192**	2,240
Commissions and other payables to intermediary agents	**5,558**	11,470
Payables for acquisition of property, plant and equipment	**5,020**	3,148
Others	**2,958**	3,540
	55,400	74,863

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:

	2013 HKD'000	2012 HKD'000
Age:		
0 to 30 days	**9,938**	15,258
31 to 60 days	**7,590**	16,532
61 to 90 days	**1,039**	3,717
Over 90 days	**1,014**	4,324
	19,581	39,831

Included in trade and other payables are the following amounts denominated in currencies other than functional currency of the relevant group entities:

	2013 HKD'000	2012 HKD'000
USD	**2,478**	5,545
CHF	**4,703**	10,036

23. BANK BORROWINGS

	2013 HKD'000	2012 HKD'000
Bank borrowings	**123,915**	124,264
Secured	**118,015**	113,564
Unsecured	**5,900**	10,700
	123,915	124,264
Carrying amount of bank borrowings that contain:		
– a repayment on demand clause at any time	**87,248**	98,485
– a repayment on demand clause at any time after 31 March 2013	**–**	25,779
– no repayment on demand clause	**36,667**	–
	123,915	124,264
Less: Amount due within one year shown under current liabilities	**(100,582)**	(124,264)
Amount due after one year shown under non-current liabilities	**23,333**	–
Carrying amount repayable based on repayment schedule:		
Within one year	**51,765**	47,262
More than one year, but not exceeding two years	**37,376**	28,185
More than two years but not more than five years	**34,774**	48,817
	123,915	124,264

The bank borrowings carry variable interests at (i) 1% to 3.25% over 1-month HIBOR (2012: 1% to 3% over 1-month HIBOR) and (ii) 2.7% (2012: 2.7%) over The People's Bank of China Standard Loan Interest Rate.

At 31 December 2013, the range of effective interest rates on the variable rate bank borrowing are 1.19% to 8.3% per annum (2012: 1.26% to 8.3%).

At the end of the reporting period, the Group has pledged its buildings, land use rights and the life insurance policy having an aggregate carrying value of approximately HKD58,596,000 (2012: HKD58,769,000) to secure general banking facilities granted to the Group. Details of these pledged assets are disclosed in the respective notes.

24. DEFERRED TAXATION

At 31 December 2013, the Group had unused tax losses of about HKD8,166,000 (2012: HKD5,197,000) available to offset against future profits.

No deferred tax assets has been recognised in respect of these losses due to the unpredictability of future profit streams. The unrecognised tax losses of HKD5,529,000 may be carried forward indefinitely and the remaining balances of HKD423,000, HKD21,000 and HKD2,193,000 will expire in 2016, 2017 and 2018 respectively (2012: HKD412,000 and HKD21,000 will expire in 2016 and 2017 respectively).

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC Subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in respect of temporary differences attributable to accumulated distributable profits of a subsidiary in PRC amounting to HKD8,974,000 (2012: HKD8,567,000) at 31 December 2013, as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. SHARE CAPITAL

	2013 & 2012 HKD
Authorised:	
4,000,000,000 ordinary shares of HKD0.1 each	400,000,000
Issued and fully paid:	
500,000,000 ordinary shares of HKD0.1 each	50,000,000

There was no change in the Company's authorised, issued and fully paid share capital in both years.

26. OPERATING LEASE COMMITMENTS

The Group as Lessee

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Rented premises	
	2013 **HKD'000**	2012 HKD'000
Within one year	**1,611**	2,667
In the second to fifth year inclusive	**1,124**	766
After five years	**7,554**	7,490
	10,289	10,923

Leases are negotiated and rentals are fixed originally for lease terms of 1 year to 50 years.

27. CAPITAL COMMITMENTS

	2013 HKD'000	2012 HKD'000
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment	**30,915**	14,545
Capital expenditure authorised but not contracted for in the financial statements in respect of:		
– acquisition of property, plant and equipment	**113,421**	205,845
– acquisition of land use right	**26,373**	26,511
	139,794	232,356

28. ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2012, pursuant to the Company's announcement dated 1 May 2012, a subsidiary of the Company entered into an agreement to acquire the entire equity interest of Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited ("Ming Fung Kitchen"), a related company of the Group established in PRC principally engaged in properties holding in which Mr. Yiu, the ultimate controlling shareholder and a Director of the Company, has control (the "Transaction"). The purchase consideration was RMB1,000,000 (equivalent to HKD1,253,000), which had taken into account, among others, the carrying values of assets and liabilities of Ming Fung Kitchen and the fair value of the buildings and leasehold lands held by Ming Fung Kitchen assessed by an independent valuer. Accordingly, the directors of the Company considered that assets acquired and liabilities recognised approximated their fair values at the date of acquisition.

28. ACQUISITION OF A SUBSIDIARY *(Continued)*

Before the Transaction, the Group had leased from Ming Fung Kitchen all its manufacturing buildings which were situated on the leasehold lands acquired in the Transaction for the Group's production. Such buildings and leasehold lands remain to be used for the Group's production after the Transaction which was completed in November 2012. As Ming Fung Kitchen did not carry out any active operations, the Transaction was accounted as purchase of assets and the related liabilities. Details of the Transaction were set out in the circular of the Company dated 9 July 2012.

	HKD'000
Consideration transferred:	
Cash Paid	1,253
Assets acquired and liabilities recognised at the date of acquisition:	
Properties, plant and equipment – buildings	3,933
Prepaid lease payments	31,739
Prepayments and other receivables	638
Bank balances and cash	932
Other payables	(370)
Amount due to a director of the Company, Mr. Yiu	(2,214)
Amounts due to related companies controlled by Mr. Yiu	(33,405)
	1,253
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,253)
Bank balances and cash acquired	932
	(321)

29. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group and each employee makes monthly mandatory contributions of 5% of relevant payroll costs with monthly cap of HKD1,250 with effect from 1 June 2012 (Before 1 June 2012: HKD1,000) to the scheme.

The employees of the Group's subsidiaries in mainland China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

30. RELATED PARTIES TRANSACTIONS

(i) In addition to transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had entered into the following related party transactions during the year:

	2013 HKD'000	2012 HKD'000
Management and administrative service fee received from		
(a) Ming Fung Investment Holdings Limited, a company controlled by Mr. Yiu#	**800**	1,500
(b) Ming Fung (Holdings) Limited, a company controlled by Mr. Yiu#	**84**	–
Rental expense fee paid to Mr. Yiu#	**562**	402
Rental expense fee paid to Ming Fung Kitchen, a company controlled by Mr. Yiu#, before the acquisition by the Group *(note 30(ii))*	**–**	745
Transportation service fee paid to Hong Kong Tong Fat Transportation Limited, a company controlled by a close family member of Mr. Yiu#	**–**	153

\# Mr. Yiu is the ultimate controlling shareholder and a director of the Company.

(ii) Details of the acquisition of a subsidiary, Ming Fung Kitchen, from Mr. Yiu during the year ended 31 December 2012 are disclosed in note 28. Pursuant to the agreement, the Group contributed funds to Ming Fung Kitchen by advances to repay its loans in the approximate aggregate amount of RMB28,959,000 (equivalent to HKD35,619,000) owing to Mr. Yiu and his related companies in December 2012.

(iii) Remuneration paid for key management personnel, who are the directors and the chief executive of the Company, is disclosed in note 12.

The remuneration of key management personnel is determined by the Remuneration Committee of the Company having regard to the performance of individuals and market trends.

31. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2013 **HKD'000**	2012 HKD'000
Non-current asset		
Interests in subsidiaries	**248,517**	157,227
Current assets		
Prepayments	**160**	240
Amounts due from subsidiaries	**376**	731
Time deposits	**–**	49,769
Bank balances and cash	**55,516**	75,557
	56,052	126,297
Current liabilities		
Other payables	**1,250**	1,399
Amounts due to subsidiaries	**23,412**	12,105
	24,662	13,504
Net current assets	**31,390**	112,793
	279,907	270,020
Capital and reserves		
Share capital *(note 25)*	**50,000**	50,000
Reserves	**229,907**	220,020
	279,907	270,020

31. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Movement of reserves

	Share capital HKD'000	Share premium HKD'000	Retained profits HKD'000	Total HKD'000
At 1 January 2012	50,000	213,244	4,385	267,629
Profit and total comprehensive income for the year	–	–	52,391	52,391
Dividends	–	–	(50,000)	(50,000)
At 31 December 2012	50,000	213,244	6,776	270,020
Profit and total comprehensive income for the year	–	–	64,887	64,887
Dividends	–	–	(55,000)	(55,000)
At 31 December 2013	50,000	213,244	16,663	279,907

32. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2013 and 31 December 2012 are as follows:

Name of subsidiary	Place of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group 2013	2012	Principal activities
Winox Enterprise Company Limited	Hong Kong	Ordinary capital HKD60,000,000	**100%**	100%	Investment holdings and trading of stainless steel products
Winox Management Limited	Hong Kong	Ordinary capital HKD1	**100%**	100%	Provision of management and administration services
盈利時錶業(東莞)有限公司	PRC	Registered capital HKD127,900,000 Paid-up capital HKD127,900,000	**100%**	100%	Manufacture and trading of stainless steel products
惠州豐采貴金屬製造有限公司	PRC	Registered capital HKD140,000,000 Paid-up capital HKD140,000,000	**100%**	100%	Manufacture and trading of stainless steel products
博羅明豐廚具製造有限公司 *(note 28)*	PRC	Registered capital RMB80,000,000 Paid-up capital RMB48,950,638	**100%**	100%	Properties holding

In the opinion of the directors of the Company, the above table lists the subsidiaries of the Group which principally affected the results or assets or liabilities of the Group and to give details of other subsidiaries would result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at 31 December 2013 or at any time during the year.

Financial Summary

For the year ended 31 December 2013

RESULTS

	2009 HKD'000	2010 HKD'000	2011 HKD'000	2012 HKD'000	**2013 HKD'000**
Turnover	256,928	398,606	519,470	635,275	**546,218**
Profit before taxation	58,464	108,246	136,011	129,430	**56,979**
Taxation	(6,296)	(17,267)	(23,126)	(19,870)	**(10,653)**
Profit for the year attributable to owners of the Company	52,168	90,979	112,885	109,560	**46,326**

ASSETS AND LIABILITIES

	2009 HKD'000	2010 HKD'000	2011 HKD'000	2012 HKD'000	**2013 HKD'000**
Total assets	206,177	333,934	620,613	708,338	**692,306**
Total liabilities	(136,131)	(197,974)	(179,028)	(203,638)	**(181,738)**
Total equity	70,046	135,960	441,585	504,700	**510,568**

The results and summary of assets and liabilities for each of the two years ended 31 December 2010 which were extracted from the Company's prospectus dated 30 June 2011 have been prepared on a combined basis to present the results of the Group as if the group structure, at the time when the Group Reorganisation was completed on 11 March 2011, has been in existence throughout those years.