RUNWAY GLOBAL HOLDINGS COMPANY LIMITED
時尚環球控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8309)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Runway Global Holdings Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

— Revenue of the Group for the year ended 31 December 2013 was approximately HK$360,707,000 (2012: HK$331,088,000), representing an increase of approximately 8.9% as compared with the previous year.

— Profit attributable to the owners of the Company was approximately HK$13,529,000 (2012: HK$23,152,000), representing a decrease of approximately 41.6% as compared with the previous year. Such decrease was principally due to incurring of non-recurring listing expenses of approximately HK$10,938,000 relating to the listing of the shares of the Company on GEM of the Stock Exchange during the reporting period.

— Earnings per share of the Company for the year ended 31 December 2013 was approximately HK$2.93 cents (2012: HK$5.14 cents).

— The Directors do not recommend the payment of any final dividend for the year ended 31 December 2013.

RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2013 together with the comparative figures for the corresponding period in 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	**360,707**	331,088
Cost of sales		**(275,766)**	(249,866)
Gross profit		**84,941**	81,222
Other income and gains	6	**189**	303
Changes in fair value of derivative financial instruments		**1,322**	2,332
Selling and distribution expenses		**(22,850)**	(23,786)
Administrative expenses		**(44,464)**	(30,482)
Finance costs		**(773)**	(1,288)
Profit before income tax	7	**18,365**	28,301
Income tax expense	8	**(4,836)**	(5,149)
Profit for the year attributable to the owners of the Company		**13,529**	23,152
Other comprehensive income, net of tax, attributable to the owners of the Company			
Item that may be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		**723**	141
Total comprehensive income for the year attributable to the owners of the Company		**14,252**	23,293
Earnings per share attributable to the owners of the Company	10		
Basic and diluted earnings per share (HK cents)		**2.93**	5.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**17,270**	18,373
Payments for leasehold land held for own use under operating leases		**2,129**	2,140
		19,399	20,513
Current assets			
Inventories	11	**18,486**	27,275
Trade and bill receivables	12	**77,635**	49,575
Deposits, prepayments and other receivables		**19,577**	13,196
Derivative financial instruments		**1,396**	1,486
Pledged bank deposits		**9,420**	8,801
Cash and cash equivalents		**51,037**	37,550
		177,551	137,883
Current liabilities			
Trade and bill payables	13	**72,712**	73,431
Accruals, other payables and receipts in advance		**17,178**	20,899
Amounts due to directors		**—**	2,515
Interest-bearing borrowings	14	**9,392**	2,060
Provision for taxation		**231**	2,340
		99,513	101,245
Net current assets		**78,038**	36,638
Total assets less current liabilities		**97,437**	57,151
Non-current liabilities			
Interest-bearing borrowings	14	**172**	418
Net assets		**97,265**	56,733
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**6,000**	3,008
Reserves		**91,265**	53,725
Total equity		**97,265**	56,733

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Statutory reserve *HK$'000*	Translation reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 January 2012	3,008	—	—	884	5,324	32,510	41,726
Profit for the year	—	—	—	—	—	23,152	23,152
Other comprehensive income							
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	141	—	141
Total comprehensive income for the year	—	—	—	—	141	23,152	23,293
Transaction with owners — Profit distribution prior to the listing	—	—	—	—	—	(8,286)	(8,286)
Profit appropriation to reserve	—	—	—	351	—	(351)	—
At 31 December 2012 and 1 January 2013	3,008	—	—	1,235	5,465	47,025	56,733
Profit for the year	—	—	—	—	—	13,529	13,529
Other comprehensive income							
— Exchange gain on translation of financial statements of foreign operations	—	—	—	—	723	—	723
Total comprehensive income for the year	—	—	—	—	723	13,529	14,252
Profit distribution prior to the listing	—	—	—	—	—	(20,390)	(20,390)
Arising from the Reorganisation	(2,988)	—	2,988	—	—	—	—
Capitalisation issue	4,480	(4,480)	—	—	—	—	—
Share issued on placing, net of listing expenses	1,500	45,170	—	—	—	—	46,670
Transactions with owners	2,992	40,690	2,988	—	—	(20,390)	26,280
Profit appropriation to reserve	—	—	—	484	—	(484)	—
At 31 December 2013	6,000	40,690	2,988	1,719	6,188	39,680	97,265

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 June 2013. The registered office of the Company is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company and its subsidiaries are principally engaged in designing, manufacturing and trading of apparels. There were no significant changes in the Group's business operation during the year.

Pursuant to a group reorganisation completed on 22 November 2013 (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the GEM, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 27 November 2013 (the "Prospectus"). The Company's shares were listed on the GEM by way of placing on 3 December 2013.

The financial statements for the year ended 31 December 2013 were approved for issue by the Board on 14 March 2014.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies applied are consistent with those used in preparing the Accountants' Report included in Appendix I to the Prospectus.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRS 9	Financial Instruments
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting
Amendments to HKAS 32	Presentation — 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]
HK (IFRIC) 21	Levies [1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle [3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle [2]

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

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 9, HKFRS 7 and HKAS 39 — Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in HKFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for HKFRS 9.

Amendments to HKAS 32 — Presentation — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 36 — Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

Amendments to HKAS 39 — Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK (IFRIC) 21 — Levies

HK (IFRIC) 21 clarifies that an entity recognises a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

HKFRSs (Amendments) — Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent charges to a number of standards where they are currently unclear.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of other new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these new and amended HKFRSs is not expected to have a material impact on the Group's financial statements.

3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRSs, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The financial statements have been prepared under historical cost convention, except for derivative financial instruments which are stated at fair values.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

The financial statements are presented in Hong Kong dollar ("HK$") which is also the functional currencies of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

All the companies comprising the Group were controlled directly or indirectly by Mr. Hubert Tien ("Mr. Tien") and Mr. Farzad Gozashti ("Mr. Gozashti") (together the "Controlling Shareholders") and there were no changes in Controlling Shareholders' control in these subsidiaries before and immediately after the Reorganisation. For the purpose of management and development of the Group, an agreement was reached among the Controlling Shareholders when they first found the Group to act together as a single group of shareholders to manage and control the business and operations of the Group on collective basis and the Controlling Shareholders make collective decisions in respect of the financial and operating policies of the Group so as to obtain economic benefits from the Group.

Accordingly, the consolidated financial statements have been prepared using the merger basis of accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated financial statements of the Group have been prepared as if the Company has always been the holding company of the Group. The results of the Group therefore included the results of the Company and its subsidiaries with effect from 1 January 2012 or since their respective dates of incorporation/establishment, where it is a shorter period. In the opinion of the Directors, the consolidated financial statements prepared on the above basis present more fairly the results, cash flows and financial position of the Group as a whole.

The assets and liabilities of the companies comprising the Group are combined using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

All intra-group transactions and balances have been eliminated in preparing the consolidated financial statements.

Since the Company was incorporated on 19 June 2013, there were no comparatives provided on the Company's statement of financial position.

4. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the year, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do not contain profit or loss information of each product line or geographical area and the executive directors reviewed the financial result of the Group as a whole reported under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in manufacturing and trading of apparels. The executive directors allocate resources and assess performance on an aggregated basis. Accordingly, no operating segment is presented.

The Company is an investment holding company and the principal places of the Group's operations are in the People's Republic of China, excluding Hong Kong and Macau (the "PRC") and Hong Kong. Management determines the Group is domiciled in Hong Kong, which is the Group's principal operating location.

The Group's revenue from external customers is divided into the following geographical areas:

	2013	2012
	HK$'000	*HK$'000*
The United States of America (the "USA")	**232,553**	217,669
Canada	**123,372**	109,495
Others	**4,782**	3,924
	360,707	331,088

Geographical location of external customers is based on the location at which the customers are domiciled. No revenue was attributable to Hong Kong, the place that the Group domiciled, during the year (2012: nil).

The principal non-current assets held by the Group are located in the PRC. Insignificant portion of the non-current assets is located in Hong Kong, the place that the Group domiciled at the reporting date.

The Group's customer base is diversified and includes only the following customers with whom transactions have exceeded 10% of the Group's revenue. During the year, revenue derived from these customers are as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**123,372**	109,495
Customer B	**69,498**	54,301
Customer C	**50,165**	38,092
Customer D	**48,037**	48,142

As at 31 December 2013, 74% (2012: 66%) of the Group's trade receivables was due from these customers.

5. REVENUE

Revenue, which is also the Group's turnover, represents the sales of apparels, net of return, discounts, rebate and sales related taxes, during the year.

6. OTHER INCOME AND GAINS

	2013	2012
	HK$'000	*HK$'000*
Gain on disposals of property, plant and equipment	**9**	2
Interest income	**56**	27
Sample income	**47**	5
Sundry income	**77**	269
	189	303

7. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	2013	2012
	HK$'000	*HK$'000*
Amortisation of payments for leasehold land held for own use under operating leases	**54**	54
Auditor's remuneration	**550**	200
Cost of inventories recognised as expense	**275,766**	249,866
Depreciation of property, plant and equipment	**2,668**	3,227
Losses on exchange differences, net	**1,314**	1,362
Gain on disposals of property, plant and equipment	**(9)**	(2)
Operating lease charges in respect of land and buildings	**3,366**	3,197
Employee benefit expenses (including Directors' emoluments)	**46,034**	44,517

8. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
Current income tax charged for the year:		
Hong Kong profits tax	**3,576**	3,975
PRC enterprise income tax ("EIT")	**1,245**	1,141
United States Federal corporate income tax	**15**	19
	4,836	5,135
Deferred tax charged for the year	**—**	14
	4,836	5,149

(i) British Virgin Islands ("BVI") and the Cayman Islands income tax

Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any taxation under these jurisdictions during the year (2012: nil).

(ii) Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits for the year for a subsidiary incorporated in Hong Kong.

(iii) PRC EIT

PRC EIT is provided at 25% (2012: 25%) on the estimated assessable profits for the year for a subsidiary in the PRC.

(iv) PRC withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the new Corporate Income Tax Law issued on 6 December 2007, a 10% withholding income tax is levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 are subject to this withholding income tax. The withholding income tax rate applicable to the Group is 5% (2012: 5%).

(v) United States Federal corporate income tax

United States Federal corporate income tax is calculated at 15% (2012: 15%) for the year on the estimated assessable profits for a subsidiary incorporated in the USA.

9. DIVIDENDS

(a) Dividend payable to the owners of the Company attributable to the year:

No dividend was paid or proposed to the owners of the Company during the year, nor has any dividend been proposed since the end of reporting period.

(b) Dividends declared and paid to the original owners of a subsidary of the Group prior to the completion of the Reorganisation:

During the year ended 31 December 2012, a subsidary of the Group declared and paid interim dividends of HK$2.76 per ordinary share (totaling HK$8,286,000) to its then owners prior to the completion of the Reorganisation.

During the year ended 31 December 2013, a subsidary of the Group declared and paid interim dividends of HK$0.13 per ordinary share (totaling HK$390,000) and special dividends of HK$6.67 per ordinary share (totaling HK$20,000,000) to its then owners prior to the completion of the Reorganisation.

10. EARNINGS PER SHARE

The calculations of basic earnings per share are based on the profit for the year attributable to the owners of the Company of approximately HK$13,529,000 (2012: HK$23,152,000) and the weighted average of 461,918,000 (2012: 450,000,000) shares in issue during the year.

The number of shares used to calculate the basic earnings per share for the year ended 31 December 2012 represents the number of shares of the Company immediately prior to the listing of the Company's shares on the GEM as if the shares had been in issue throughout the year ended 31 December 2012.

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2013 includes the weighted average of 11,918,000 shares issued upon the placing of the Company's shares on 3 December 2013, in addition to the aforementioned 450,000,000 shares used in the calculation of basic earnings per share for the year ended 31 December 2012.

Diluted earnings per share were same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years.

11. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials and consumables	**5,383**	8,983
Work in progress	**2,171**	813
Finished goods	**10,932**	17,479
	18,486	27,275

12. TRADE AND BILL RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**71,048**	41,583
Bill receivables	**6,587**	7,992
	77,635	49,575

Trade receivables are recognised at their original invoice amounts which represented their fair values at initial recognition. The Group's trade receivables are attributable to a number of independent customers with credit terms. Bill receivables are received from independent customers under the ordinary course of business. The Group normally allows a credit period of 10 to 60 days (2012: 10 to 60 days) to its customers.

Trade and bill receivables are non-interest bearing. The Directors consider that the fair values of trade and bill receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods at their inception.

Ageing analysis of trade receivables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**11,606**	8,334
31 to 60 days	**34,529**	20,065
61 to 90 days	**22,364**	9,208
91 to 180 days	**2,412**	3,881
Over 180 days	**137**	95
	71,048	41,583

13. TRADE AND BILL PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**58,634**	63,120
Bill payables	**14,078**	10,311
	72,712	73,431

Credit periods of trade payables normally granted by its suppliers were ranging from 15 to 120 days (2012: from 15 to 120 days).

Ageing analysis of trade payables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**15,910**	18,803
31 to 60 days	**21,228**	11,678
61 to 90 days	**9,154**	4,585
91 to 180 days	**11,215**	13,251
Over 180 days	**1,127**	14,803
	58,634	63,120

14. INTEREST-BEARING BORROWINGS

	2013 HK$'000	2012 HK$'000
Current portion:		
Bank loans, secured and guaranteed *(note (a))*	**515**	—
Bank loans, secured *(note (b))*	**64**	—
Bank loans, guaranteed *(note (c))*	**8,567**	1,828
	9,146	1,828
Obligations under finance leases, secured	**246**	232
	9,392	2,060
Non-current portion:		
Obligations under finance leases, secured	**172**	418
	9,564	2,478

Notes:

(a) The bank loans were secured by pledged bank deposits with carrying values of approximately HK$2,101,000 (2012: nil) and personal guarantees by the Directors. The personal guarantees will be subsequently replaced by corporate guarantee of the Company after the date of this announcement.

(b) The bank loans were secured by the Group's buildings and payments for leasehold land held for own use under operating leases.

(c) As at 31 December 2013, the bank loans were secured by personal guarantees by the Directors, the Special Loan Guarantee Scheme executed by the Government of Hong Kong Special Administrative Region ("HKSAR") and/or SME Financing Guarantee Scheme executed by the Hong Kong Mortgage Corporation Limited (2012: personal guarantees by the Directors and the Special Loan Guarantee Scheme executed by the Government of HKSAR). The personal guarantees will be subsequently replaced by corporate guarantee of the Company after the date of this announcement.

As at 31 December 2013, the current liabilities included interest-bearing borrowings of approximately HK$2,022,000 (2012: HK$752,000) that were not scheduled to repay within one year. They are classified as current liabilities as the related loan agreements contain a clause that provides the lenders with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these interest-bearing borrowings due for repayment after one year which contain a repayment on demand clause and that is classified as current liabilities is expected to be settled within one year.

Total current and non-current interest-bearing borrowings were scheduled to repay as follows:

	2013 HK$'000	2012 HK$'000
Within one year	**7,370**	1,308
More than one year, but not exceeding two years	**2,194**	998
More than two years, but not exceeding five years	—	172
	9,564	2,478

Note: The amounts due are based on the scheduled repayment dates in the banking facilities and ignore the effect of any repayment on demand clause.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in designing, manufacturing and trading of apparels with a focus on women's fashion outerwear such as coats and jackets, dresses, activewear, pants and jeans.

The Group's turnover is principally derived from the sales of apparel products. The Group's products can be classified into two categories, namely, private label products and own brand products. Private label products are those designed and manufactured under the private labels owned or specified by the Group's customers, while own brand products are those designed and manufactured under the Group's proprietary labels.

During the year, the Group's revenue increased from approximately HK$331,088,000 in year 2012 to approximately HK$360,707,000 in year 2013, representing an increase of approximately 8.9% in comparison to that of year 2012, while profit attributable to the owners of the Company decreased from approximately HK$23,152,000 in year 2012 to approximately HK$13,529,000 in year 2013, representing a decrease of approximately 41.6% as compared to that of year 2012. The decrease in profit attributable to the owners of the Company was mainly attributable to the incurring of approximately HK$10,938,000 non-recurring listing expenses during the year.

PRIVATE LABEL PRODUCTS

Private label products continued to be the core business of the Group, contributing to approximately 86.8% (2012: 88.6%) of the total revenue of the Group for the year 2013. For the year 2013, revenue from private label products increased by approximately 6.7% to approximately HK$313,033,000 (2012: HK$293,249,000) while gross profit also increased by 1.6% to approximately HK$70,183,000 (2012: HK$69,094,000).

OWN BRAND PRODUCTS

Own brand products experienced a strong growth in the year 2013. Own brand products accounted for approximately 13.2% (2012: 11.4%) of the total revenue of the Group for the year 2013. The revenue as well as the gross profit from own brand products increased significantly in the year 2013. For the year 2013, revenue from own brand products increased by approximately 26.0% to approximately HK$47,674,000 (2012: HK$37,839,000) while gross profit also increased by approximately 21.7% to approximately HK$14,758,000 (2012: HK$12,128,000).

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly consist of (i) import duty; (ii) transportation costs for delivery of the products; (iii) rental costs of our showroom and staff cost for our sales representatives. The selling and distribution expenses incurred in the reporting period were approximately HK$22,850,000 (2012: HK$23,786,000).

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) staff costs; (ii) rental expenses; (iii) bank charges and (iv) depreciation of property, plant and equipment. The administrative expenses for the year ended 31 December 2013 were approximately HK$44,464,000 (2012: HK$30,482,000), increased by approximately 45.9% year on year basis. The increase in administrative expenses is mainly attributable to incurring non-recurring listing expenses of approximately HK$10,938,000 for the listing of the shares of the Company on GEM.

LIQUIDITY AND FINANCIAL RESOURCES

During the year 2013, the Group maintained a healthy liquidity position, with working capital financed by both internal resources and bank borrowings. As at 31 December 2013, pledged bank deposits and cash and cash equivalents amounted to approximately HK$60,457,000 (2012: HK$46,351,000). Total interest-bearing borrowings of the Group as at 31 December 2013 was approximately HK$9,564,000 (2012: HK$2,478,000) of which approximately HK$7,370,000 (2012: HK$1,308,000) would be repayable within one year and all the remaining interest-bearing borrowings of approximately HK$2,194,000 (2012: HK$1,170,000) would be repayable after one year, based on the scheduled repayment dates in the banking facilities and ignore the effect of any repayment on demand clause. The current ratio of the Group was approximately 1.78 (2012: 1.36).

GEARING RATIO

The gearing ratio of the Group, calculated as total interest-bearing borrowings over total equity, was approximately 9.8% as at 31 December 2013 (2012: approximately 4.4%).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period under review. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Other than in connection with the Group's reorganisation for the listing of the shares of the Company on GEM of the Stock Exchange on 3 December 2013, there was no material acquisition or disposal of subsidiaries and affiliated companies during the year ended 31 December 2013.

FOREIGN EXCHANGE EXPOSURE

The Group derives the majority of its revenue in US$ while substantial portion of our costs are denominated in Renminbi ("RMB"). Appreciation of RMB against US$ will therefore directly decrease the profit margin of the Group if the Group is unable to increase the selling prices of its products accordingly. If the Group increases the selling prices of its products as a result of the appreciation of RMB, it may in turn affect the Group's competitiveness against other competitors. To the extent that the Company needs to convert future financing into RMB for the Group's operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the purchasing power of the RMB amount that the Company would receive from the conversion.

The exchange rates between RMB and US$ are subject to changes in the PRC Government's policies and international political and economic conditions. Currently, there remains considerable international pressure on the appreciation of RMB against US$.

As the appreciation of RMB against US$ has a negative impact on the Group's profit margin, during the reporting period, the Group entered into certain foreign exchange structured forward contracts to hedge against such currency risk. Despite the fact that the Group's reporting currency is HK$, our revenue is mainly denominated in US$ while substantial portion of our costs are denominated in RMB. Therefore, the Directors consider that using the RMB/US$ foreign exchange structured forward contracts could hedge against the currency risk.

For accounting purpose, outstanding foreign exchange structured forward contracts are stated at fair value in the consolidated statement of financial position of the Group, and fluctuations of the exchange rate of RMB/US$ will result in fair value gain/loss of derivative financial instruments to be recognised in the consolidated statement of comprehensive income of the Group.

In the financial year ended 31 December 2013, the Group recognised HK$1,322,000 fair value gain of derivative financial instruments (2012: HK$2,332,000) arisen from foreign exchange structured forward contracts.

CAPITAL COMMITMENTS

As at 31 December 2013, the Group did not have any significant capital commitment (2012: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2013, the Group had a total of 389 employees (2012: 388 employees) (including Directors). Total staff costs (including Directors' emoluments) were approximately HK$46,034,000, as compared to approximately HK$44,517,000 for the year ended 31 December 2012. Remuneration is determined with reference to market norms as well as individual employees' performance, qualification and experience.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

FINAL DIVIDEND

The Board of Directors did not recommend any payment of a final dividend for the year ended 31 December 2013.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BESINESS PROGRESS

	Business objectives for the period from 20 November 2013 (the "Latest Practicable Date") to 31 December 2013 as stated in the Prospectus	Actual business progress up to 31 December 2013
Further developing the Group's own brand products operation	Set up a new marketing team with about 1 to 2 staff to visit, make presentations to, and develop relationship with existing and potential customers of the Group's own brand products.	The Group is in the progress of recruiting more experienced and high caliber marketing personnel.
	Participate in more trade fairs and fashion shows to increase the exposure of the brands owned by the Group.	The Group participated in several trade fairs and fashion shows in 2013 to increase our exposure in the apparel industry.
	Develop marketing plan for further expansion of North America market.	The Group is in the progress of formulating marketing plans to further explore the North America market.
Enhancing the Group's manufacturing facilities	Obtain and review quotations and detailed functional specifications of the new production facilities and equipment to enhance the production efficiency and capacity.	The Group obtained several quotations and detailed functional specifications of the new production facilities and equipment.
	Examine the state and condition of the existing production facilities to ascertain and develop time schedule for replacement.	The Group started examining the status of its production machinery and equipment and is in the progress of developing a replacement plan and schedule. Based on the Group's assessment the Group has purchased certain production equipment and machinery for the enhancement of production efficiency and capacity.
Further strengthening the Group's design capability	Recruit about 1 to 2 staff to strengthen the design team.	The Group is in the progress of recruiting more experienced and high caliber design personnel.
	Commence the revamp of the proprietary online product development platform.	The Group started the revamp of the proprietary online product development platform in December 2013.

USE OF PROCEEDS

During the period from 20 November 2013, the Latest Practicable Date as defined in the Prospectus to 31 December 2013, the net proceeds from Placing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Latest Practicable Date to 31 December 2013	**Actual use of proceeds from the Latest Practicable Date to 31 December 2013**
	HK$'000	***HK$'000***
Further developing the Group's own brand products operation	**500**	**23**
Enhancing the Group's manufacturing facilities	**—**	**369**
Further strengthening the Group's design capability	**500**	**160**

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

LISTING OF THE COMPANY

The year 2013 is an important milestone to the Group. The Company was successfully listed on the GEM of the Stock Exchange on 3 December 2013 with net proceeds raised amounting to approximately HK$35,732,000. The successful listing of the Company has provided a platform in the capital markets for our growing business, and facilitated us to further strengthen our corporate image in the market as well.

REVIEW AND FUTURE PROSPECTS

Apparel industry remained challenging in the year 2013. The industry was hindered by the slow recovery of economy in North America. This inevitably undermined consumers' spending on apparels and also affected the apparel industry. In response to the glooming business environment, we continued to expand our range of apparels to maintain our competiveness. Thanks to the concerted efforts of team members, the revenue of both private label products and own brand products increased compared to the revenue of 2012.

We expect the economy in North America will recover gently and with a slightly higher pace in the near future. We will further explore the North America market as we have established concert business network there. Furthermore, we will continue to invest in developing and promoting the own brand products operation which has higher profit margin in North America. Currently the revenue from own brand products accounted for 13.2% of total income. We expect the income from and share of total income of own brand products will increase continuously in the near future.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities since the listing date up to the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. The Company's corporate governance practices are based on the principles and code provision as set out in the Code on Corporate Governance Practices ("CG code") in Appendix 15 to the GEM Listing Rules.

Throughout the period from the listing of the Company's shares on the GEM the Stock Exchange on 3 December 2013 to 31 December 2013, the Company has complied with the CG Code with the exception from the deviation from the CG code provisions A.1.8 as explained below:

Under the CG code provision A.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its directors. No insurance cover has been arranged for directors up to the date of this announcement since the directors take the view that the Company shall support directors arising from corporate activities.

AUDIT COMMITTEE

The audit committee of the Company has reviewed the audited consolidated annual results of the Company for the year ended 31 December 2013 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 31 March 2014, the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited (''Branch Share Registrar''), will change its address from 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong to:

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

By order of the Board
Runway Global Holdings Company Limited
Hubert Tien
Chairman

Hong Kong, 14 March 2014

As at the date of this announcement, the executive directors are Mr. Hubert Tien and Mr. Farzad Gozashti, and the independent non-executive directors are Mr. Lai Man Sing, Mr. Tang Shu Pui, Simon and Mr. Tang Tsz Kai, Kevin.

This announcement will remain on the "Latest Listed Company Announcement" page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company's website at www.runwayglobal.com.