Win Hanverky Holdings Limited
永嘉集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3322)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

FINANCIAL HIGHLIGHTS

	2014	2013	
	HK$'000	*HK$'000*	*Change*
Revenue	**3,574,978**	2,951,279	**+21.1%**
Gross profit	**1,007,451**	743,186	**+35.6%**
Gross profit margin	**28.2%**	25.2%	**+3.0% pt**
Operating profit	**39,565**	144,599	**–72.6%**
Profit attributable to equity holders	**31,770**	151,205	**–79.0%**
Basic EPS *(HK cents)*	**2.5**	10.8	**–76.9%**
Dividends *(HK cents)*			
— Interim	**3.0**	3.0	
— Final (proposed)	**4.0**	4.0	
	7.0	7.0	

OPERATION HIGHLIGHTS

— Revenue increased mainly due to steady growth in sales orders under the Manufacturing Business and the full year effect of consolidating the Shine Gold Group, the Group's new retail business in high-end fashion products, since 1 November 2013.

— Gross profit and gross profit margin increased mainly due to the full year effect of consolidating the Shine Gold Group.

— Operating profit and profit attributable to equity holders decreased significantly mainly attributable to the rising operating costs of the Manufacturing Business during the transitional period of shifting production capacity from China to overseas and non-cash amortisation expenses arising from the acquisition of the Shine Gold Group.

— Strong cash balance of HK$711.2 million (2013: HK$872.0 million) and maintains dividends for the full financial year totaled HK7.0 cents (2013: HK7.0 cents) per Share.

The board of directors (the "**Board**" or "**Directors**") of Win Hanverky Holdings Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2014, together with the comparative amounts for 2013 and the relevant explanatory notes.

CHAIRMAN'S STATEMENT

In 2014, global economy was still struggling to gain momentum as developed countries continued to face global political unrest and financial market stress while the economies of developing countries were less dynamic than before. The United States continued its economic recovery in 2014 but not in an anticipated pace. Europe and Japan continued to experience weak trade growth and a prolonged period of stagnation. Disappointing growth in developing countries in 2014 reflected weak global demand, meanwhile, China was undergoing a carefully managed slowdown of growth. Nevertheless, the sharp decline in oil prices since mid-2014 supported global business activity and eased some of the headwinds to economic growth of developing countries.

Under the challenging global economy, the Group was still able to achieve steady growth in revenue of its Manufacturing Business and recorded a significant increase in revenue in its Distribution and Retail Business during 2014. The Group's revenue was HK$3,575.0 million for the year ended 31 December 2014, a significant increase by 21.1% compared to last year's revenue of HK$2,951.3 million. Relocation of the production facilities of the Manufacturing Business from Mainland China to Southeast Asia, a region offering lower costs for long-run cost effectiveness, was proceeding as planned according to the Group's strategy, despite suffering substantial factory closure expenses as well as higher operating costs during the transitional period of relocation. On the other hand, acquisition of the new retail business in November 2013 gave rise to considerable non-cash amortisation expenses in the first two years after its acquisition. As a result, profit attributable to shareholders materially dropped from HK$151.2 million in 2013 to HK$31.8 million in 2014.

Manufacturing Business

In the first half of 2014, the Manufacturing Business recorded an increase in revenue of 12.9% compared to the corresponding period of 2013, which was mainly due to positive impact of the FIFA World Cup 2014 since the second half of 2013. As the positive impact began to taper in the second half of 2014, overall revenue of 2014 increased by 4.5% to HK$2,811.8 million. Against the backdrop of the transitional period of relocation and the challenging global economy, stable growth in orders from existing customers has shown how the Group's ongoing competitive advantages enabled it to meet the high requirements of our customers in the sportswear garment industry.

Along with the planned relocation of production facilities from Mainland China to Southeast Asia, construction work of the Phase II factory in Cambodia and expansion of Vietnam production facilities also commenced during the year, while a factory in Mainland China was closed during the year. Operating profit of the Manufacturing Business reduced from HK$150.8 million in 2013 to HK$78.7 million in 2014 mainly attributable to higher operating costs during the transitional period of relocation. However, production relocation will enhance our cost effectiveness in the long-run as labour costs in Vietnam and Cambodia are relatively lower than in Mainland China.

Distribution and Retail Business

In line with the Group's strategy of diversification of retail business as planned in 2011, the Group obtained the controlling interest of the Shine Gold Group, a new retail business of high-end fashion products, since November 2013. In 2014, the result of Shine Gold Group was fully consolidated into the Distribution and Retail Business. Moreover, we have increased the total retail floor area as well as enhanced shop productivity for the retail business of sportswear products in 2014. As a result, revenue of the Distribution and Retail Business soared from HK$267.2 million in 2013 to HK$769.6 million in 2014. Operating loss of the Distribution and Retail Business increased from HK$6.2 million in 2013 to HK$39.1 million in 2014, which was mainly due to the full year effect of amortisation expense of HK$44.6 million in 2014 arising from the acquisition of the Shine Gold Group. Excluding such non-cash expense, the Distribution and Retail Business would have had an operating profit of HK$5.5 million for the year compared to an operating profit of HK$1.2 million last year.

As the retail market of Hong Kong has been slowing down since late 2014, we will be very cautious about the expansion of our retail business in Hong Kong and continue to focus on enhancing shop efficiency of existing shops. Although the economy of China was slowing down as well, the rising disposable incomes of the Mainland China citizens which create a strong demand of consumer products, we believe the retail business in China will continue to be one of our key drivers of growth in the future.

Dividends

The Board is pleased to recommend the payment of a final dividend of HK4.0 cents per ordinary share. Together with the interim dividend of HK3.0 cents per ordinary share paid during the year, the dividend for the financial year of 2014 totaled HK7.0 cents, representing a total payment of HK$88.8 million. The Group has strived to generate steady returns to our Shareholders through a stable dividend payout. Depending on the capital expenditure needs and cash position of the Group, the Board may adjust the dividend payout.

Outlook

Looking ahead, the global economy is expected to grow gradually as fueled by the continuing recovery in the economy of the United States and the sharp decline in oil prices since mid-2014, which is projected to be sustained in 2015. In association with recent appreciation of the US dollar against other currencies, corresponding changes in monetary policies in other countries are expected and which will likely increase financial market volatility and potentially create geopolitical tension. In view of these uncertainties and the required time for global economic recovery, the management remains cautiously optimistic and continues to execute our business strategies while keeping a close eye on the latest developments of the markets. The Group's strong customer relationships, together with the forward-looking strategy to relocate production facilities to Southeast Asia are favourable factors for the continued success of our future business and operations. As always, we will continue to be on the lookout for lucrative opportunities to further expand our business, with the ultimate aim of bringing greater value to our Shareholders in the long-run.

Acknowledgement

I would like to thank the Board and all of our dedicated employees for their continued loyalty, diligence, professionalism, and contributions to the Group.

LI Kwok Tung Roy
Chairman

Hong Kong, 26 March 2015

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Continuing operations			
Revenue	*3*	**3,574,978**	2,951,279
Cost of sales		**(2,567,527)**	(2,208,093)
Gross profit		**1,007,451**	743,186
Selling and distribution costs		**(437,430)**	(166,023)
General and administrative expenses		**(496,140)**	(428,576)
Other expenses	*4*	**(32,018)**	(23,901)
Other income	*4*	**10,343**	4,414
Other (losses)/gains — net	*5*	**(12,641)**	15,499
Operating profit		**39,565**	144,599
Finance income		**16,059**	16,724
Finance costs		**(5,313)**	(2,949)
Finance income — net		**10,746**	13,775
Share of (losses)/profits of associates		**(2,246)**	4,198
Profit before income tax		**48,065**	162,572
Income tax expense	*6*	**(30,678)**	(38,179)
Profit from continuing operations		**17,387**	124,393
Discontinued operations			
Loss from discontinued operations	*7*	**—**	(8,888)
Profit for the year		**17,387**	115,505
Attributable to:			
Equity holders of the Company		**31,770**	151,205
Non-controlling interests		**(14,383)**	(35,700)
		17,387	115,505
Earnings per share from continuing operations and discontinued operations attributable to equity holders of the Company (expressed in HK cents per share)	8		
Basic			
— from continuing operations		**2.5**	10.8
— from discontinued operations		**—**	1.1
		2.5	11.9
Diluted			
— from continuing operations		**2.5**	10.8
— from discontinued operations		**—**	1.1
		2.5	11.9
Dividends	*9*	**88,788**	88,788

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**17,387**	115,505
Other comprehensive income		
Items that may be reclassified to profit or loss		
Share of other comprehensive income of associates	**32**	695
Currency translation differences	**(17,487)**	16,030
Item that has been reclassified to profit or loss		
Realisation of accumulated exchange gain upon liquidation of a subsidiary	**(5,222)**	—
Total comprehensive income for the year	**(5,290)**	132,230
Total comprehensive income attributable to:		
Equity holders of the Company	**10,429**	166,903
Non-controlling interests	**(15,719)**	(34,673)
	(5,290)	132,230
Total comprehensive income attributable to equity holders of the Company from:		
Continuing operations	**10,429**	154,613
Discontinued operations	**—**	12,290
	10,429	166,903

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Land use rights		**107,267**	114,037
Property, plant and equipment		**674,264**	674,212
Intangible assets	*10*	**174,815**	219,428
Investments in associates		**38,371**	40,585
Deferred income tax assets		**10,007**	10,160
Deposits, prepayments and other receivables		**94,956**	82,006
		1,099,680	1,140,428
Current assets			
Inventories		**556,633**	587,032
Trade and bills receivable	*11*	**367,392**	359,015
Current income tax recoverables		**1,275**	536
Deposits, prepayments and other receivables		**91,291**	74,175
Pledged bank deposits		**9,256**	9,281
Cash and cash equivalents		**711,175**	871,998
		1,737,022	1,902,037
Assets of discontinued operations and other non-current assets classified as held for sale	*7*	**3,625**	7,392
Total current assets		**1,740,647**	1,909,429
Total assets		**2,840,327**	3,049,857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2014

	Note	2014 HK$'000	2013 HK$'000
Current liabilities			
Trade and bills payable	12	**285,552**	335,208
Accruals and other payables		**248,008**	244,108
Current income tax liabilities		**29,568**	41,509
Borrowings		**113,021**	154,710
		676,149	775,535
Liabilities of discontinued operations	7	**—**	7,355
Total current liabilities		**676,149**	782,890
Net current assets		**1,064,498**	1,126,539
Total assets less current liabilities		**2,164,178**	2,266,967
Non-current liabilities			
Deferred income tax liabilities		**25,625**	35,222
Net assets		**2,138,553**	2,231,745
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital		**126,840**	126,840
Reserves		**968,201**	1,017,543
Retained earnings			
— Proposed final dividends		**50,736**	50,736
— Others		**996,153**	1,052,775
		2,141,930	2,247,894
Non-controlling interests		**(3,377)**	(16,149)
Total equity		**2,138,553**	2,231,745

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company				
	Share capital	Reserves	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2013	126,840	2,029,561	2,156,401	43,193	2,199,594
Comprehensive income					
Profit/(loss) for the year	—	151,205	151,205	(35,700)	115,505
Other comprehensive income					
Currency translation differences	—	15,003	15,003	1,027	16,030
Share of other comprehensive income of associates	—	695	695	—	695
Total other comprehensive income	—	15,698	15,698	1,027	16,725
Total comprehensive income	—	166,903	166,903	(34,673)	132,230
Transactions with owners					
Acquisition of subsidiaries	—	—	—	(8,844)	(8,844)
Changes in ownership interests in subsidiaries without change of control	—	13,378	13,378	(13,378)	—
Dividends paid to non-controlling interests of subsidiaries	—	—	—	(2,447)	(2,447)
Dividends paid					
— 2012 final	—	(50,736)	(50,736)	—	(50,736)
— 2013 interim	—	(38,052)	(38,052)	—	(38,052)
Total transactions with owners	—	(75,410)	(75,410)	(24,669)	(100,079)
Balance at 31 December 2013	126,840	2,121,054	2,247,894	(16,149)	2,231,745

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company				
	Share capital *HK$'000*	Reserves *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 January 2014	**126,840**	**2,121,054**	**2,247,894**	**(16,149)**	**2,231,745**
Comprehensive income					
Profit/(loss) for the year	—	**31,770**	**31,770**	**(14,383)**	**17,387**
Other comprehensive income					
Currency translation differences	—	**(16,151)**	**(16,151)**	**(1,336)**	**(17,487)**
Share of other comprehensive income of associates	—	**32**	**32**	—	**32**
Realisation of accumulated exchange gain upon liquidation of a subsidiary	—	**(5,222)**	**(5,222)**	—	**(5,222)**
Total other comprehensive income	—	**(21,341)**	**(21,341)**	**(1,336)**	**(22,677)**
Total comprehensive income	—	**10,429**	**10,429**	**(15,719)**	**(5,290)**
Transactions with owners					
Change in ownership interests in subsidiaries without change of control	—	**(30,527)**	**(30,527)**	**30,527**	—
Employee share option scheme					
— grant of share options	—	**2,922**	**2,922**	—	**2,922**
Dividends paid to non-controlling interests of subsidiaries	—	—	—	**(2,036)**	**(2,036)**
Dividends paid					
— 2013 final	—	**(50,736)**	**(50,736)**	—	**(50,736)**
— 2014 interim	—	**(38,052)**	**(38,052)**	—	**(38,052)**
Total transactions with owners	—	**(116,393)**	**(116,393)**	**28,491**	**(87,902)**
Balance at 31 December 2014	**126,840**	**2,015,090**	**2,141,930**	**(3,377)**	**2,138,553**

NOTES:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). These consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) The following new and amended standards and interpretation are mandatory for the first time for the financial year beginning 1 January 2014 but do not have significant financial impact to the Group.

— Hong Kong Accounting Standard ("**HKAS**") 32 (Amendment), 'Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities'. This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This is not currently applicable to the Group as the Group has no material offsetting of financial assets and financial liabilities.

— HKAS 36 (Amendment), 'Recoverable Amount Disclosures for Impairment of Assets'. The Group has presented its financial statements in accordance with this amendment.

— HKAS 39 (Amendment), 'Financial Instruments: Recognition and measurement — Novation of Derivatives'. This is not currently applicable to the Group as the Group has no derivative financial instruments.

— HKFRS 10, 12 and HKAS 27 (Amendment), 'Consolidation for Investment Entities'. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The Group has presented its financial statements in accordance with this amendment.

— HK(IFRIC) — Int 21, 'Levies'. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. It does not have significant impact to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) The following new and amended standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted.

— HKAS 19 (Amendment), 'Defined Benefit Plans' (effective for periods beginning on or after 1 July 2014)

— HKAS 16 and HKAS 38 (Amendment), 'Acceptable Methods of Depreciation and Amortisation' (effective for periods beginning on or after 1 January 2016)

— HKAS 16 and HKAS 41 (Amendment), 'Agriculture: Bearer Plants' (effective for periods beginning on or after 1 January 2016)

— HKAS 27 (Amendment), 'Separate Financial Statements' (effective for periods beginning on or after 1 January 2016)

— HKFRS 9, 'Financial Instruments' (effective for periods beginning on or after 1 January 2018)

— HKFRS 10 and HKFRS 28 (Amendment), 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (effective for periods beginning on or after 1 January 2016)

— HKFRS 11 (Amendment), 'Accounting for Acquisitions of Interests in Joint Operations' (effective for periods beginning on or after 1 January 2016)

— HKFRS 14, 'Regulatory Deferral Accounts' (effective for periods beginning on or after 1 January 2016)

— HKFRS 15, 'Revenue from Contracts with Customers' (effective for periods beginning on or after 1 January 2017)

— HKFRSs (Amendment), Annual Improvements 2012–2013 (effective for periods beginning on or after 1 July 2014)

— HKFRSs (Amendment), Annual Improvements 2014 (effective for periods beginning on or after 1 January 2016)

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(c) Certain comparative figures have been reclassified to conform to the current year's presentation.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Committee comprising the executive directors of the Company's Board of Directors. The Executive Committee reviews the Group's internal reporting in order to assess performance and allocate resources and report segment performance based on internal reporting.

The Executive Committee reviews the performance of the Group's continuing operations mainly from a business operation perspective. The Group is organised into two main business segments, namely (i) Manufacturing, and (ii) Distribution and Retail. The Manufacturing segment mainly represents manufacturing of sportswear, golf and high-end fashion apparel primarily under OEM arrangements to customers mainly in Europe, North America and Mainland China. The Distribution and Retail segment represents the distribution and retail of sportswear, footwear, accessories, sports equipment and high-end fashion wears and accessories in Mainland China, Hong Kong, Taiwan and Singapore.

The Executive Committee assesses the performance of the operating segments based on a measure of operating results of each segment, which excludes the effects of non-recurring earnings and expenditures and finance income and finance costs in the result for each operating segment. Other information provided to the Executive Committee is measured in a manner consistent with that in the consolidated financial statements.

3. SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2014 are as follows:

	Manufacturing *HK$'000*	Distribution and retail *HK$'000*	Total continuing operations *HK$'000*
Total segment revenue	**2,811,773**	**769,562**	**3,581,335**
Inter-segment revenue	**(6,357)**	**—**	**(6,357)**
Revenue	**2,805,416**	**769,562**	**3,574,978**
Operating profit/(loss) and segment results	**78,683**	**(39,118)**	**39,565**
Finance income			**16,059**
Finance costs			**(5,313)**
Share of losses of associates	**(2,246)**	**—**	**(2,246)**
Profit before income tax			**48,065**
Income tax expense			**(30,678)**
Profit for the year			**17,387**

Other segment items included in the consolidated income statement for the year ended 31 December 2014 are as follows:

	Manufacturing *HK$'000*	Distribution and retail *HK$'000*	Total continuing operations *HK$'000*
Amortisation of land use rights	**2,899**	**—**	**2,899**
Depreciation of property, plant and equipment	**113,673**	**19,433**	**133,106**
Amortisation of intangible assets	**53**	**44,560**	**44,613**
Impairment of property, plant and equipment	**11,339**	**—**	**11,339**
(Write-back of)/provision for inventories, net	**(4,120)**	**16,788**	**12,668**
Impairment of trade receivables, net	**1,384**	**—**	**1,384**
Loss on disposal of property, plant and equipment and land use rights, net	**2,563**	**15**	**2,578**
Redundancy costs	**32,018**	**—**	**32,018**

3. SEGMENT INFORMATION (CONTINUED)

The segment results for the year ended 31 December 2013 are as follows:

	Manufacturing *HK$'000*	Distribution and retail *HK$'000*	Total continuing operations *HK$'000*
Total segment revenue	2,689,764	267,187	2,956,951
Inter-segment revenue	(5,672)	—	(5,672)
Revenue	2,684,092	267,187	2,951,279
Operating profit/(loss) and segment results	150,808	(6,209)	144,599
Finance income			16,724
Finance costs			(2,949)
Share of profits of associates	4,198	—	4,198
Profit before income tax			162,572
Income tax expense			(38,179)
Profit for the year			124,393

Other segment items included in the consolidated income statement for the year ended 31 December 2013 are as follows:

	Manufacturing *HK$'000*	Distribution and retail *HK$'000*	Total continuing operations *HK$'000*
Amortisation of land use rights	572	—	572
Depreciation of property, plant and equipment	88,056	6,208	94,264
Amortisation of intangible assets	18	7,427	7,445
Impairment of property, plant and equipment	32,342	11,978	44,320
Write-back of inventories, net	(10,162)	(3,541)	(13,703)
Impairment of trade receivables, net	484	—	484
(Gain)/loss on disposal of property, plant and equipment, net	(121)	72	(49)
Gain on disposal of land use rights classified as held for sale	(12,368)	—	(12,368)
Redundancy costs	23,901	—	23,901

3. SEGMENT INFORMATION (CONTINUED)

Inter-segment transactions are conducted at terms mutually agreed among Group companies.

Segment assets consist primarily of land use rights, property, plant and equipment, intangible assets, investments in associates, deposits and prepayments, inventories, trade, bills and other receivables, cash and cash equivalents and pledged bank deposits. Unallocated assets mainly comprise cash and cash equivalents held for corporate uses, tax recoverables and deferred income tax assets.

Segment liabilities comprise mainly operating liabilities. Unallocated liabilities mainly comprise deferred income tax liabilities and current income tax liabilities.

Capital expenditure comprises additions to land use rights, property, plant and equipment, and intangible assets, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year ended are as follows:

	Manufacturing	Distribution and retail	Total continuing operations	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	**1,978,915**	**501,869**	**2,480,784**	**321,172**	**2,801,956**
Associates	**38,371**	**—**	**38,371**	**—**	**38,371**
Total assets	**2,017,286**	**501,869**	**2,519,155**	**321,172**	**2,840,327**
Total liabilities	**461,266**	**185,315**	**646,581**	**55,193**	**701,774**
Capital expenditure	**143,825**	**18,229**	**162,054**	**—**	**162,054**

3. SEGMENT INFORMATION (CONTINUED)

The segment assets and liabilities at 31 December 2013, capital expenditure and non-current assets acquired from business combinations for the year ended are as follows:

	Manufacturing *HK$'000*	Distribution and retail *HK$'000*	Total continuing operations *HK$'000*	Total discontinued operations *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	2,036,460	529,936	2,566,396	7,392	435,484	3,009,272
Associates	40,585	—	40,585	—	—	40,585
Total assets	2,077,045	529,936	2,606,981	7,392	435,484	3,049,857
Total liabilities	547,297	186,729	734,026	7,355	76,731	818,112
Capital expenditure	228,446	14,143	242,589	328	—	242,917
Non-current assets acquired from business combinations	—	159,742	159,742	—	—	159,742

The Group's revenue from external customers by geographical location is as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Revenue		
Europe	**1,241,657**	1,257,272
Hong Kong	**597,279**	308,832
United States of America	**456,465**	308,628
Mainland China	**451,557**	371,504
Other Asian countries	**434,688**	310,531
Canada	**83,537**	67,301
Others	**309,795**	327,211
	3,574,978	2,951,279

The Group's revenue by geographical location is determined by the final destination of delivery of the products.

3. **SEGMENT INFORMATION (CONTINUED)**

	2014	2013
	HK$'000	*HK$'000*
Analysis of revenue by category		
Sales of goods	**3,565,531**	2,936,473
Provision of services	**9,447**	14,806
	3,574,978	2,951,279

The total of non-current assets other than deferred income tax assets by geographical location is as follows:

	2014	2013
	HK$'000	*HK$'000*
Mainland China	**485,721**	590,852
Hong Kong	**240,487**	275,913
Other countries	**363,465**	263,503
	1,089,673	1,130,268

For the year ended 31 December 2014, revenues of approximately HK$2,458,183,000 (2013: HK$2,371,533,000), representing 68.8% (2013: 80.4%) of the Group's total revenue, were derived from a single group of external customers. These revenues are attributable to the Manufacturing Business.

4. **OTHER EXPENSES AND OTHER INCOME**

	2014	2013
	HK$'000	*HK$'000*
Other expenses		
Redundancy costs *(Note)*	**32,018**	23,901
Other income		
Rental income	**4,390**	1,315
Others	**5,953**	3,099
	10,343	4,414

Note:

During the year ended 31 December 2014, the Group closed down a factory located in Mainland China and recognised total redundancy costs of approximately HK$32,018,000 (2013: approximately HK$23,901,000).

5. OTHER (LOSSES)/GAINS — NET

	2014	2013
	HK$'000	*HK$'000*
Gain on disposal of land use rights classified as held for sale	**—**	12,368
Net exchange (losses)/gains	**(15,285)**	3,082
(Loss)/gain on disposal of property, plant and equipment and land use rights, net	**(2,578)**	49
Realisation of accumulated exchange gain upon liquidation of a subsidiary	**5,222**	—
	(12,641)	15,499

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits for the year.

Subsidiaries and associates established and operated in Mainland China are subject to Mainland China Enterprise Income Tax at rate of 25% for the year (2013: 25%).

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries in which the Group operates.

The amounts of income tax expense charged/(credited) to the consolidated income statement represent:

	2014	2013
	HK$'000	*HK$'000*
Current income tax		
Hong Kong profits tax	**29,462**	24,073
Mainland China enterprise income tax	**5,356**	3,721
Overseas income tax	**5,870**	1,873
(Over)/under-provision in prior years	**(566)**	3,198
	40,122	32,865
Deferred income tax	**(9,444)**	5,314
	30,678	38,179

7. ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE

(a) Disposal of land use rights

On 8 July 2014, the Group entered into a sales and purchase agreement with a third party in relation to the disposal of certain land use rights in Mainland China for a consideration of RMB25,000,000 (equivalent to approximately HK$31,175,000). As at 31 December 2014, a deposit of RMB25,000,000 (equivalent to approximately HK$31,175,000) had been received and was included in accruals and other payables. The transaction is not yet completed as at 31 December 2014. The land use rights with carrying values of HK$3,625,000 were classified as non-current assets held for sale as at 31 December 2014.

(b) Discontinued operations

Discontinued operations of Winor Group and disposal of 'Diadora' Trademarks

On 10 July 2013, the Group entered into a master deed with Diadora Sport SRL and Wincina S.R.L., a wholly-owned subsidiary of Diadora Sport SRL. Pursuant to the master deed, the Group agreed to assign, among others, the ***'Diadora'*** trademarks and domain names in Mainland China, Hong Kong and Macau to Diadora Sport SRL at a consideration of US$9,200,000 (equivalent to approximately HK$71,760,000) and US$1,000 (equivalent to approximately HK$7,800), respectively. In addition, Wincina S.R.L. agreed to transfer its 40% equity shareholding in Winor International Company Limited, a 60% owned subsidiary of the Group, to Windia Holdings Limited, a wholly owned subsidiary of the Group at HK$1. At the same time, Diadora Sport SRL granted the right to use of the ***'Diadora'*** trademarks to the Group in Mainland China, Hong Kong and Macau during a transitional period from the date of the master deed to (i) the date that all the Group's leases, licences and the agreements relating to '***Diadora***' products and/or arrangements to manufacture any ***'Diadora'*** related stock having been terminated or ceased or expired and all related shops having been closed, or (ii) 31 January 2015, whichever is earlier at a license fee of US$200,000 (equivalent to approximately HK$1,560,000). The payment of such license fee of US$200,000 was set off against the above disposal consideration.

As at 31 December 2014, the Group has received the consideration of US$7,650,000 (equivalent to approximately HK$59,670,000). The remaining consideration US$1,350,000 (equivalent to approximately HK$10,530,000) has been paid to an escrow agent by Diadora Sport SRL in accordance with the master deed and will be released to the Group under certain conditions. At the date of the disposal, the carrying amount of trademarks amounted to HK$26,084,000. During the year ended 31 December 2013, the Group has recognised a gain on disposal of trademarks of HK$45,676,000 in other gains — net of discontinued operations. Pursuant to the master deed, the distribution business of the ***'Diadora'*** products was wholly ceased in 2013. Therefore its results are presented as a discontinued operation and its assets and liabilities are classified as assets/liabilities of discontinued operations in the consolidated financial statements as at 31 December 2013.

7. ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(b) Discontinued operations (Continued)

Discontinued operations of Umbro retail business in Mainland China

The Group's retail business of the ***'Umbro'*** products in Mainland China was wholly ceased in 2013. Therefore its results are presented as a discontinued operation and its assets and liabilities are classified as assets/liabilities of discontinued operations in the consolidated financial statements for the year ended 31 December 2013.

The major classes of assets and liabilities of the discontinued operations are as follows:

	As at 31 December 2013 *HK$'000*
Assets directly associated with the discontinued operations:	
— trade receivables	1,498
— deposits, prepayments and other receivables	5,894
Total assets of the discontinued operations	7,392
Liabilities directly associated with the discontinued operations:	
— trade payables	1,873
— accruals and other payables	5,482
Total liabilities of the discontinued operations	7,355
Net assets of the discontinued operations	37

7. **ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS AND OTHER NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE (CONTINUED)**

(b) Discontinued operations (Continued)

Financial information relating to the discontinued operations for the year is set out below. The income statement distinguishes discontinued operations from continuing operations.

	For the year ended 31 December 2013 *HK$'000*
Revenue	81,137
Costs of sales	(70,582)
Gross profit	10,555
Selling and distribution costs	(44,505)
General and administrative expenses	(39,546)
Other income *(note a)*	18,464
Other gains — net *(note b)*	47,562
Operating loss	(7,470)
Finance income	83
Loss before income tax	(7,387)
Income tax expense	(1,501)
Loss from discontinued operations	(8,888)
Profit/(loss) from discontinued operations attributable to:	
— Equity holders of the Company	14,776
— Non-controlling interests	(23,664)
	(8,888)

Note a:

The retail support income amounting to HK$18,205,000 was included in other income for the year ended 31 December 2013.

Note b:

The gain on disposal of '***Diadora***' trademarks amounting to HK$45,676,000 was included in other gains — net for the year ended 31 December 2013.

8. EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders of the Company of approximately HK$31,770,000 (2013: HK$151,205,000) and on the weighted average number of approximately 1,268,400,000 (2013: 1,268,400,000) ordinary shares in issue during the year.

	2014	2013
Profit attributable to equity holders of the Company *(HK$'000)*		
— Continuing operations	**31,770**	136,429
— Discontinued operations	**—**	14,776
	31,770	151,205
Weighted average number of ordinary shares in issue *('000)*	**1,268,400**	1,268,400
Basic earnings per share *(HK cents)*		
— Continuing operations	**2.5**	10.8
— Discontinued operations	**—**	1.1
	2.5	11.9

8. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2014	2013
Weighted average number of ordinary shares in issue *('000)*	**1,268,400**	1,268,400
Adjustment for:		
— Share options *('000)*	**103**	—
Weighted average number of ordinary shares for dilutive earnings per share *('000)*	**1,268,503**	1,268,400
Diluted earnings per share *(HK cents)*		
— Continuing operations	**2.5**	10.8
— Discontinued operations	**—**	1.1
	2.5	11.9

The diluted earnings per share for the year ended 31 December 2013 were the same as the basic earnings per share as the potential ordinary shares arising from the share options granted by the Company outstanding during the year ended 31 December 2013 were anti-dilutive.

9. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Interim dividend paid of HK3.0 cents (2013: HK3.0 cents) per ordinary share	**38,052**	38,052
Proposed final dividend of HK4.0 cents (2013: HK4.0 cents) per ordinary share	**50,736**	50,736
	88,788	88,788

The Board proposed a final dividend of HK4.0 cents (2013: HK4.0 cents), amounting to a total dividend of HK$50,736,000, and is to be proposed at the upcoming annual general meeting. These financial statements do not reflect this dividend payable.

10. INTANGIBLE ASSETS

	Trademarks	Goodwill	Licence rights	Customer relationships	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013					
Cost	221,387	72,808	—	2,219	296,414
Accumulated amortisation and impairment	(194,599)	(39,058)	—	(2,219)	(235,876)
Net book amount	26,788	33,750	—	—	60,538
Year ended 31 December 2013					
Opening net book amount	26,788	33,750	—	—	60,538
Acquisition of subsidiaries	13,966	90,635	87,722	—	192,323
Addition	—	—	800	—	800
Disposal	(26,084)	—	—	—	(26,084)
Amortisation	(820)	—	(7,329)	—	(8,149)
Closing net book amount	13,850	124,385	81,193	—	219,428
At 31 December 2013					
Cost	13,966	163,443	88,522	—	265,931
Accumulated amortisation and impairment	(116)	(39,058)	(7,329)	—	(46,503)
Net book amount	13,850	124,385	81,193	—	219,428
Year ended 31 December 2014					
Opening net book amount	13,850	124,385	81,193	—	219,428
Amortisation	(699)	—	(43,914)	—	(44,613)
Closing net book amount	13,151	124,385	37,279	—	174,815
At 31 December 2014					
Cost	13,966	163,443	88,522	—	265,931
Accumulated amortisation and impairment	(815)	(39,058)	(51,243)	—	(91,116)
Net book amount	13,151	124,385	37,279	—	174,815

10. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units ("**CGUs**") identified according to business segment and geographical location and is as follows:

	High-end fashion retailing	**Golf and high-end fashion apparel manufacturing**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Net book amount			
At 1 January 2013	—	33,750	33,750
Acquisition of subsidiaries	90,635	—	90,635
At 31 December 2013, 1 January 2014 and 31 December 2014	90,635	33,750	124,385

The recoverable amounts of the CGUs are determined based on value-in-use or fair value less costs to sell calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period for the golf and high-end fashion apparel manufacturing business and high-end fashion retailing business. Cash flows beyond the period covered in approved budgets are extrapolated using the key assumptions stated below. The growth rates do not exceed the long-term average growth rates for the businesses in which the cash-generating units operate.

	2014		2013	
	High-end fashion retailing	**Golf and high-end fashion apparel manufacturing**	High-end fashion retailing	Golf and high-end fashion apparel manufacturing
Budgeted gross margin	**52–56%**	**23%**	51-55%	26%
Growth rate used to extrapolate cashflows beyond the budget period	**3%**	**2%**	3%	2%
Pre-tax discount rate	**16%**	**11%**	19%	11%

Management determined budgeted gross margin based on past performance and its expectations of market development. No impairment was recognised in respect of the golf and high-end fashion apparel manufacturing business and high-end fashion retailing business CGUs during the year ended 31 December 2014.

11. TRADE AND BILLS RECEIVABLE

	2014	2013
	HK$'000	*HK$'000*
Trade receivables		
— from third parties	**354,646**	343,624
— from related parties	**2,187**	1,703
Bills receivable	**12,427**	14,172
	369,260	359,499
Less: provision for impairment	**(1,868)**	(484)
	367,392	359,015

The carrying amounts of trade and bills receivable approximate their fair values.

Majority of trade receivables are with customers having an appropriate credit history. The Group grants its customers credit terms ranging from 30 to 90 days. Most of the Group's sales are on open account, while sales made to a small number of customers are covered by letters of credit issued by banks or settled by documents against payment issued by banks. The ageing of trade and bills receivable based on invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0–30 days	**266,804**	294,904
31–60 days	**84,554**	50,234
61–90 days	**9,686**	12,707
91–120 days	**5,479**	388
121–180 days	**293**	199
181–365 days	**1,729**	422
Over 365 days	**715**	645
	369,260	359,499

12. TRADE AND BILLS PAYABLE

	2014	2013
	HK$'000	*HK$'000*
Trade payables		
— to third parties	**225,649**	238,068
— to related parties	**53,363**	90,544
Bills payable	**6,540**	6,596
	285,552	335,208

The ageing of the trade and bills payable based on invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
0–30 days	**121,733**	130,694
31–60 days	**99,345**	99,820
61–90 days	**42,541**	69,854
91–120 days	**15,821**	30,298
121–180 days	**5,032**	1,332
181–365 days	**797**	2,859
Over 365 days	**283**	351
	285,552	335,208

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

For the year ended 31 December 2014, the Group has recorded a revenue of HK$3,575.0 million (2013: HK$2,951.3 million) from continuing operations, representing an increment of 21.1%. Gross profit margin of continuing operations increased to 28.2% in 2014 (2013: 25.2%).

The increase in revenue and gross profit margin was mainly resulted from the consolidation of the Shine Gold Group, the Group's new retail business in high-end fashion products, since 1 November 2013.

As a result of the higher revenue and gross profit margin, gross profit increased by HK$264.3 million to HK$1,007.5 million (2013: HK$743.2 million), an increment of 35.6%.

Operating profit for the year was HK$39.6 million (2013: HK$144.6 million). The decrease in operating profit in 2014 was mainly attributable to the rising operating costs of the Group's Manufacturing Business during the transitional period of shifting production capacity from Mainland China to Southeast Asia which is in line with the Group's strategy. In addition, the drop is also attributable to non-cash amortisation expenses of licence rights and trademarks arising from the acquisition of the Shine Gold Group.

As a result, profit attributable to the shareholders for the year ended 31 December 2014 was HK$31.8 million (2013: HK$151.2 million).

The Board has declared and paid the interim dividend of HK3.0 cents per Share during the year. In consideration of the strong cash position and the continued cash inflow from operations, the Board proposed the payment of a final dividend of HK4.0 cents per Share for the year ended 31 December 2014. The interim and final dividends represent a total payment of HK$88.8 million (2013: HK$88.8 million).

BUSINESS REVIEW

The Group is an integrated manufacturer, distributor and retailer for renowned sports and fashion brands. The financial performances of the two business segments, namely the "Manufacturing Business" and "Distribution and Retail Business" are summarised below.

Manufacturing Business

The Group's Manufacturing Business operates mainly through OEM arrangements for a number of renowned sports brands. Most of the Group's products are exported and sold to Europe, the United States, Mainland China and other countries. The Group has a long history and a distinctive position in sportswear garment manufacturing, and has established long term business relationships with its key customers.

In the first half of 2014, revenue increased by 12.9% compared to the first half of 2013 mainly due to continuous sales orders brought about by the FIFA World Cup 2014 since the second half of 2013. However, sales orders in the second half of 2014 slightly decreased by 2.7% as compared to the second half of 2013 as the positive impact from FIFA World Cup 2014 began to taper. As a result, revenue from the Manufacturing Business increased slightly by 4.5% to HK$2,811.8 million for the year ended 31 December 2014 (2013: HK$2,689.8 million), accounting for 78.5% of the Group's total revenue from continuing operations (2013: 91.0%).

In line with the Group's strategy to shift production capacity to Southeast Asia, a factory located in Hui Zhou, Guangdong province of Mainland China was closed down during 2014. In 2013, two factories located in Mainland China were closed down. The provision and expenses for factory closures amounting to HK$45.9 million (2013: HK$57.6 million), including redundancy cost, provision for fixed assets and other expenses were recorded in the income statement.

Operating profit of the Manufacturing Business decreased by 47.8% to HK$78.7 million (2013: HK$150.8 million). The decrease was mainly due to rising operating costs during the transitional period of shifting production capacity from Mainland China to Southeast Asia. In Mainland China, social security standards and wage level were further enhanced and rose respectively in 2014, which in turn further pushed up the production costs in Mainland China. Besides, there was no gain on disposal of land use rights in Mainland China for the year 2014 (2013: HK$12.3 million) and there were net exchange losses of HK$13.2 million (2013: net exchange gains of HK$2.5 million), mainly arising from devaluation of RMB bank deposits in 2014.

In 2014, the Group continued to expand its production capacities gradually in Vietnam and Cambodia, where the labour costs are relatively lower and labour supply is relatively stable, in order to mitigate rising labour costs in Mainland China and meet the demand of new orders from customers.

Distribution and Retail Business

In 2013, the Group had discontinued the distribution and retail of Diadora branded products and retail of Umbro branded products (the "**discontinued operations**"). On the other hand, the Group had converted the convertible bonds of Shine Gold Limited into shares on 1 November 2013 and started to consolidate its results upon the conversion. The Shine Gold Group is principally engaged in the retail of high-end fashion products in Hong Kong, Macau, Mainland China, Taiwan and Singapore. Since then, this segment has expanded to include the retail business of sportswear products and high-end fashion products (the "**continuing operations**").

Continuing Operations

Revenue of continuing operations increased significantly by HK$502.4 million to HK$769.6 million (2013: HK$267.2 million), accounting for 21.5% of the Group's total revenue from continuing operations (2013: 9.0%). The significant increase was mainly due to the full year effect of the new retail business of high-end fashion products, which has been consolidated into the Group since 1 November 2013.

Operating loss of continuing operations was HK$39.1 million (2013: HK$6.2 million). Further discussion of the performance in each stream of this segment is presented below.

Retail of Sportswear Products

The retail of sportswear products is operated under the Win Sports Group. As at 31 December 2014, the Win Sports Group has 19 (2013: 18) self-managed sportswear retail shops in Hong Kong, of which 3 shops were under the name of "***Futbol Trend***", 7 shops were under the name of "***Sports Corner***" or "***Little Corner***" and 9 shops bearing the names of several international sports brands comprised the rest.

Revenue from the sportswear retail business in Hong Kong for the year ended 31 December 2014 increased to HK$223.9 million (2013: HK$166.5 million) as a result of the increase in total retail floor area and enhancement of shop productivity.

For the year ended 31 December 2014, the Win Sports Group incurred an operating loss of HK$7.8 million (2013: HK$5.7 million) mainly due to the adoption of a more stringent inventory provision policy in view of competitive retail market in Hong Kong. A provision for inventory of HK$11.4 million was charged to the income statement for the year ended 31 December 2014 (2013: HK$5.7 million).

Retail of High-end Fashion Products

The retail of high-end fashion products is operated under the Shine Gold Group. It has a self-managed retail network of stores in the name of "***D-Mop***" to sell several self-owned brands "***Blues Heroes***", "***Loveis***", "***Queen 11***" etc., as well as imported brands, in Hong Kong, Macau, Mainland China and Taiwan. In addition, it has exclusive distribution rights for brands including "***Y-3***" in Hong Kong, Mainland China (excluding Beijing), Taiwan and Singapore, and certain Japanese brands in Hong Kong.

As at 31 December 2014, the Shine Gold Group had 79 (2013: 75) self-managed high-end fashion retail shops, of which 27 were in Hong Kong and Macau, 41 were in Mainland China, 10 were in Taiwan and one was in Singapore.

Revenue from the high-end fashion retail business for the year ended 31 December 2014 increased to HK$545.7 million (2013: HK$100.7 million). The increment was mainly due to the full year effect as the Shine Gold Group has been consolidated into the Group since 1 November 2013.

For the year ended 31 December 2014, the Shine Gold Group incurred an operating loss of HK$31.3 million (2013: HK$0.5 million) mainly resulting from amortisation of licence rights and trademarks arising from its acquisition. Excluding the amortisation expenses of HK$44.6 million (2013: HK$7.4 million), the Shine Gold Group would have had an operating profit of HK$13.3 million (2013: HK$6.9 million).

Discontinued Operations

In the past few years, Mainland China's sportswear industry has been facing challenges stemming from excessive inventory and over-expansion. In this tough business environment, the performance of our distribution and retail business of Diadora and Umbro branded products was unsatisfactory. Despite the remedial actions taken by the Group, there was still little improvement. Therefore, to reduce further losses, the Group had discontinued the distribution and retail of Diadora branded products and the retail of Umbro branded products in 2013.

PROSPECTS

Manufacturing Business

With rising production costs and higher customs duties in Mainland China, the Group will continue its planned shift of production capacity outside Mainland China to Southeast Asia. As at the end of 2014, around 50% of production capacity was successfully shifted to Vietnam and Cambodia while around 50% of production capacity remains in Mainland China. It is expected that 70% of production capacity will be relocated to Vietnam and Cambodia by the end of 2015. The labour supply in Vietnam and Cambodia is relatively stable and the labour costs are relatively lower. The higher proportion of production in Southeast Asia should provide the Group a more cost-effective position. In addition, the lower customs duties for exports from Southeast Asian countries to Europe and the United States will benefit our customers.

Despite a business environment characterised by rising costs, the Group will strive its utmost to fulfill orders from existing customers in order to solicit more orders while enhancing various measures to maximise production and management efficiency.

Distribution and Retail Business

The retail market in Hong Kong will remain tough as rentals remain high and staff costs continue to rise. Our strategy for the retail business in Hong Kong will be conservative with the focus on improving the efficiency of existing shops.

In Mainland China's retail market, an increasing number of foreign and local brands are expanding their operation, which has intensified competition and prolonged the extensive discounting. Although we expect the demand of high-end fashion products in Mainland China to continue driven by the ongoing increase in disposable incomes of consumers there, we will maintain a cautious approach to expansion of physical shops with a focus on products with higher margins. As online shopping offers tremendous potential in Mainland China, the Shine Gold Group has launched its e-commerce business in December 2014 at Tmall.com, JD.com, Shangpin.com, and Secoo.com.

Besides, in response to the market trends, the Group's merchandising team will continue to source fashion products of international renowned brands. The Group will strive to cater for the Asian market's demand for quality branded products through a diversity of licensed bands and the Group's own brands through our retail network.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated cashflow and bank facilities and has maintained a healthy financial position during the year under review. As at 31 December 2014, it had cash and cash equivalents amounting to HK$711.2 million (2013: HK$872.0 million). The decrease was mainly attributed to the cash generated from operating activities net with cash used in capital expenditures, repayment of borrowings and payment of dividends.

As at 31 December 2014, the Group had bank borrowings amounting to HK$113.0 million (2013: HK$154.7 million). The Group did not enter into any interest rate swap to hedge against risks associated with interest rates. As at 31 December 2014, the Group still had unutilised banking facilities amounting to HK$205.8 million (2013: HK$250.6 million). The gearing ratio, being total borrowings divided by total equity, as at 31 December 2014, was 5.6% (2013: 7.3%).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2014, the Group had approximately 14,000 employees (2013: approximately 14,500 employees). The Group remunerates employees based on their performance, working experience and prevailing market conditions. Other employee benefits include retirement benefits, insurance, medical coverage and a share option scheme.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2014, bank deposit of HK$9.3 million (2013: HK$9.3 million) was pledged to secure banking facilities for the Group.

FOREIGN CURRENCY EXPOSURE

The Group's sales and purchases were mostly denominated in US Dollars, Hong Kong Dollars and RMB. During the year, approximately 70.4%, 15.5% and 12.0% of sales were denominated in US Dollars, Hong Kong Dollars and RMB, respectively, whereas approximately 77.3%, 17.7% and 4.3% of purchases were denominated in US Dollars, Hong Kong Dollars and RMB, respectively. Further, as at 31 December 2014, approximately 66.5%, 26.2% and 6.8% of cash and cash equivalents and bank deposits were denominated in RMB, US Dollars and Hong Kong Dollars, respectively.

The Group considered that the foreign currency exchange exposure arising from the above transactions and cash balances was minimal during the year on the ground that Hong Kong dollars were pegged against US dollars and the recent pressure from the devaluation of RMB was manageable during the year. Accordingly, the Group considered that the use of derivative instruments to hedge against foreign currency exposure arising from the above transactions and cash balances was not necessary during the year under review.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities, litigation or arbitration of material importance as at 31 December 2014.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

DIVIDENDS

The Board recommended a payment of final dividend of HK4.0 cents per share for the year ended 31 December 2014, subject to Shareholders' approval at the forthcoming annual general meeting to be held on Thursday, 11 June 2015, payable to the Shareholders whose names appear on the register of members of the Company on Friday, 19 June 2015. The dividend will be paid on or about Tuesday, 30 June 2015.

CLOSURES OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from Tuesday, 9 June 2015 to Thursday, 11 June 2015 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 June 2015.

(b) Entitlement to the proposed final dividend

The register of members of the Company will be closed on Friday, 19 June 2015, during which no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 June 2015.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules during the year.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.winhanverky.com). The annual report for the year ended 31 December 2014 will be dispatched to the Shareholders and will be available on the aforesaid websites in due course.

AUDIT COMMITTEE REVIEW

The Audit Committee has discussed with the management of the Company the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2014. It has also reviewed the consolidated financial statements for the year ended 31 December 2014 with the management and the auditor of the Company and recommended them to the Board for approval.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 11 June 2015. The notice of the annual general meeting, which constitutes part of the circular to the Shareholders, will be published on the aforesaid websites and despatched to the Shareholders together with the Company's annual report 2014 in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. LI Kwok Tung Roy, Mr. LAI Ching Ping, Mr. LEE Kwok Leung and Dr. CHOW Chi Wai being the executive Directors, and Dr. CHAN Kwong Fai, Mr. MA Ka Chun and Mr. KWAN Kai Cheong being the independent non-executive Directors.

By order of the Board
Win Hanverky Holdings Limited
LI Kwok Tung Roy
Chairman

Hong Kong, 26 March 2015