Wang Tai Holdings Limited
宏太控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1400)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

— On 25 April 2014, the Company completed the initial public offering and the shares of the Company were duly listed on the Main Board of the Stock Exchange. After deducting the listing expenses, a total net proceed of approximately RMB128.7 million was raised on the listing.

— The Group's total revenue of approximately RMB810.8 million in 2014 maintained at similar level as the total revenue of approximately RMB791.5 million in 2013.

— The Group's gross profit of approximately RMB149.3 million in 2014 maintained at similar level as the gross profit of approximately RMB148.2 million in 2013. Gross profit margin of approximately 18.4% in 2014 maintained at similar level as that of approximately 18.7% in 2013.

— The Group's profit decreased by approximately 11.4% to RMB66.4 million in 2014 from RMB75.0 million in 2013. Except for the share-based payment expenses of RMB5.1 million, the Group's profit decreased by approximately 4.7% to RMB71.5 million in 2014 from RMB75.0 million in 2013. The share-based payment expenses were one-off non-cash item which was arisen from fair value adjustment of the options granted as at the balance sheet date.

— Basic and diluted earnings per share decreased by approximately 28.1% to 7.19 cents in 2014 from 10.00 cents in 2013.

— As at 31 December 2014, the Group's total cash and bank balances and restricted bank deposits was approximately RMB194.3 million (2013: approximately RMB80.7 million), representing an increase of 140.8% as compared to that as at 31 December 2013.

— The Board did not propose the payment of a final dividend.

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

		As at 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights	*4*	**25,453**	24,690
Property, plant and equipment	*5*	**478,430**	477,469
Deferred income tax assets		**1,963**	1,380
Available-for-sale financial assets		**4,500**	–
		510,346	503,539
Current assets			
Inventories	*6*	**68,001**	75,647
Trade and other receivables and prepayments	*7*	**239,670**	167,228
Cash and bank balances		**135,223**	47,922
Restricted bank deposits		**59,031**	32,799
		501,925	323,596
Total assets		**1,012,271**	827,135
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	*8*	**80,215**	1
Other reserves	*9*	**204,588**	130,266
Retained earnings		**195,657**	136,651
Total equity		**480,460**	266,918
LIABILITIES			
Non-current liabilities			
Borrowings	*10*	**202,636**	85,361
Other payables	*11*	**14,130**	29,875
Deferred income		**26,590**	16,945
		243,356	132,181

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
Current liabilities			
Borrowings	*10*	**124,946**	182,727
Trade and other payables	*11*	**151,109**	226,877
Current income tax liabilities		**12,399**	18,432
		28,454	428,036
Total liabilities		**531,810**	560,217
Total equity and liabilities		**1,012,271**	827,135
Net current assets/(liabilities)		**213,470**	(104,440)
Total assets less current liabilities		**723,817**	399,099

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

		Year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**810,795**	791,518
Cost of sales	*13*	**(661,489)**	(643,364)
Gross profit		**149,306**	148,154
Selling and distribution costs	*13*	**(4,213)**	(2,189)
General and administrative expenses	*13*	**(36,959)**	(31,477)
Other income	*12*	**6,000**	5,322
Other losses – net		**(1,310)**	(688)
Operating profit		**112,825**	119,122
Finance income	*14*	**1,790**	1,368
Finance costs	*14*	**(23,575)**	(17,000)
Finance costs — net		**(21,785)**	(15,632)
Profit before income tax		**91,039**	103,490
Income tax expense	*15*	**(24,637)**	(28,516)
Profit for the year and attributable to owners of the Company		**66,402**	74,974
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year and attributable to owners of the Company		**66,402**	74,974
Earnings per for profit attributable to owners of the company			
Basic earnings per share	*16*	**RMB7.19 cents**	RMB10.00 cents
Diluted earnings per share	*16*	**RMB7.19 cents**	RMB10.00 cents

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION

Wang Tai Holdings Limited (the "Company") was incorporated in the Cayman Islands on 29 April 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is at Unit 02, 15th Floor, Convention Plaza Office Tower, 1 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company and its subsidiaries (together with the Company, the "Group") are principally engaged in the design, manufacturing and sales of fabrics and yarns.

The Company successfully completed its initial public offering and its shares have been listed on The Stock Exchange of Hong Kong Limited since 25 April 2014 (the "Listing").

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 30 March 2015.

Reorganisation

The principal business of the Group was previously carried out by the subsidiaries in the PRC under Hongtai Group (Int'l) Holding Limited ("Hongtai (Hong Kong)"), a Hong Kong incorporated company owned by Mr. Lin Qingxiong ("Mr Lin"), Mr. Qiu Zhiqiang ("Mr Qiu") and Mr. Cai Jinxu ("Mr Cai"), collectively the controlling shareholders of the Company.

As part of a group reorganisation (the "Reorganisation") in preparation for the Listing, in 10 September 2013, the controlling shareholders transferred their respective shareholding in Hongtai (Hong Kong) to a wholly owned subsidiary of the Company by way of share swap and the Company became the holding company of the companies now comprising the Group.

The Reorganisation involved companies under common control. Accordingly, the 2013 comparative financial information included in this consolidated financial information of the Group for the year ended 31 December 2013 has been prepared using the principles of merger accounting, as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and present the combined results and cashflows of the companies of the Group as if the group structure has been in existence throughout the year ended 31 December 2013 or since the respective dates of incorporation or establishment, whichever was the short period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

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.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policies and disclosures

(a) New amendments and interpretation adopted by the Group in 2014

The following new amendments to existing standards and interpretation are mandatory for the first time for the financial year beginning on 1 January 2014.

Amendment to IAS 32 'Financial Instruments: Presentation' on assets and liabilities offsetting. It clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

Amendment to IAS 36 'Impairment of Assets' on recoverable amount disclosures. It addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

HK(IFRIC) 21 'Levies': It is an interpretation of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). 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.

Annual improvements 2012 include changes from the 2010-2012 cycle of the annual improvements project, that affect 7 standards, only the below are effective for relevant transactions executed on or after 1 July 2014:

- Amendment to IFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately define 'performance condition' and 'service condition'.

- Amendments to IFRS 3 'Business Combinations', and on sequential amendments to IFRS 9 'Financial Instruments', IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', and IAS 39 'Financial Instruments — Recognition and Measurement' clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 'Financial Instruments: Presentation'. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

The adoption of the above new amendments and interpretation starting from 1 January 2014 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2014

(b) New standards and amendments issued but are not yet effective for the financial year beginning on 1 January 2014 and have not been early adopted by the Group

A number of new standards and amendments to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2014, and have not been early adopted by the Group in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards and amendments and intents to adopt them no later than the respective effective dates of these new standards and amendments. These new standards and amendments are set out below:

Amendment to IAS 19 regarding defined benefit plans, effective for annual periods beginning on or after 1 July 2014.

Annual improvements 2012 that affect the following standards: IFRS 8 'Operating Segments', IAS16 'Property, Plant and Equipment', IAS 24 'Related Party Disclosures' and IAS38 'Intangible Assets', effective for annual periods beginning on or after 1 July 2014.

Annual improvements 2013 that affect the following standards: IFRS 3 ''Business Combinations', IFRS13 'Fair Value Measurement' and IAS40 'Investment Property', effective for annual periods beginning on or after 1 July 2014.

IFRS 14 'Regulatory Deferral Accounts', effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 11 on accounting for acquisitions of interests in joint operations, effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 38 on clarification of acceptable methods of depreciation and amortisation, effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 41 on agriculture: bearer plants, effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture, effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 on presentation of financial statements, effective for annual periods beginning on or after 1 January 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities, effective for annual periods beginning on or after 1 January 2016.

Amendments to IAS 27 on separate financial statements regarding equity method, effective for annual periods beginning on or after 1 January 2016.

Annual improvements 2014 that affect the following standards: IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments: Disclosures', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2016.

IFRS 15 'Revenue from Contracts with Customers', effective for annual periods beginning on or after 1 January 2017.

IFRS 9 'Financial Instruments', effective for annual periods beginning on or after 1 January 2018.

(c) *New Hong Kong Companies Ordinance*

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 (i.e. year beginning 1 January 2015)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."

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. The directors consider the business and assess the performance on the basis of product lines, including (i) fabrics and (ii) cotton yarns.

No geographical segment information is presented as more than 90% of the sales and operating profits of the Group are derived within the PRC and substantially all the operating assets of the Group are located in the PRC.

Segment assets consist primarily of land use rights, property, plant and equipment, inventories, trade and other receivables and prepayments. They exclude deferred income tax assets, prepaid tax, restricted bank deposits and cash and bank balances.

Segment liabilities comprise operating liabilities. They exclude bank borrowings, income tax liabilities and other payables due to related parties.

The segment information is set out below:

The segment information for the year ended 31 December 2014 is as follows:

	Fabrics *RMB'000*	Cotton yarns *RMB'000*	Total *RMB'000*
Year ended 31 December 2014			
Segment results			
Segment revenue	723,191	100,275	823,466
Inter-segment sales	–	(12,671)	(12,671)
External revenue	723,191	87,604	810,795
Segment profit	140,719	10,735	149,306
Other operating expenses			(41,172)
Other income and other losses — net			4,690
Finance costs — net			(21,785)
Profit before income tax			91,039
Income tax expense			(24,637)
Profit for the year			66,402
Other segment items			
Capital expenditure	35,530	5,784	41,314
Amortisation of leasehold land and land use right	523	26	549
Depreciation of property, plant and equipment	33,568	5,464	39,032
As at 31 December 2014			
Segment asset and liabilities			
Segment assets	728,941	80,177	809,118
Unallocated assets			203,153
Total assets			1,012,271
Segment liabilities	225,950	29,108	255,058
Unallocated liabilities			276,752
Total liabilities			531,810

The segment information for the year ended 31 December 2013 is as follows:

	Fabrics *RMB'000*	Cotton yarns *RMB'000*	Total *RMB'000*
Year ended 31 December 2013			
Segment results			
Segment revenue	680,352	130,144	810,496
Inter-segment sales	–	(18,978)	(18,978)
External revenue	680,352	111,166	791,518
Segment profit	134,118	14,036	148,154
Other operating expenses			(33,666)
Other income and other losses — net			4,634
Finance costs — net			(15,632)
Profit before income tax			103,490
Income tax expense			(28,516)
Profit for the year			74,974
Other segment items			
Capital expenditure	205,077	1,655	206,732
Amortisation of leasehold land and land use right	499	32	531
Depreciation of property, plant and equipment	24,752	7,364	32,116
As at 31 December 2013			
Segment asset and liabilities			
Segment assets	626,142	99,994	726,136
Unallocated assets			100,999
Total assets			827,135
Segment liabilities	281,801	20,433	302,234
Unallocated liabilities			257,983
Total liabilities			560,217

4. LEASEHOLD LAND AND LAND USE RIGHTS

	2014	2013
	RMB'000	*RMB'000*
Opening amount	**24,690**	25,221
Addition	**1,312**	–
Amortisation *(Note 13)*	**(549)**	(531)
Closing amount	**25,453**	24,690
Cost	**27,868**	26,556
Accumulated amortisation	**(2,415)**	(1,866)
Net book amount	**25,453**	24,690

The leasehold land and land use rights with a net book amount of RMB24,159,000 (2013: RMB19,769,000) as at 31 December 2014 were pledged as collaterals for certain borrowings of the Group (Note 10).

Amortisation expense has been charged to "General and administrative expenses" in the consolidated statement of comprehensive income.

The Group has obtained land use right certificates of all the leasehold land of the Group.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Machinery and equipment**	**Office Equipment, Furniture and vehicle**	**Construction in-progress**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2013					
Cost or valuation	134,062	164,137	5,106	65,346	368,651
Accumulated depreciation	(19,102)	(45,514)	(1,040)	–	(65,656)
Net book amount	114,960	118,623	4,066	65,346	302,995
Year ended 31 December 2013					
Opening net book amount	114,960	118,623	4,066	65,346	302,995
Additions	873	3,401	911	201,547	206,732
Transfer from construction in progress upon completion	158,544	107,143	–	(265,687)	–
Disposals	–	(142)	–	–	(142)
Depreciation *(Note 13)*	(10,233)	(21,273)	(610)	–	(32,116)
Closing net book amount	264,144	207,752	4,367	1,206	477,469
At 31 December 2013					
Cost or valuation	293,479	274,304	6,017	1,206	575,006
Accumulated depreciation	(29,335)	(66,552)	(1,650)	–	(97,537)
Net book amount	264,144	207,752	4,367	1,206	477,469

	Buildings	Machinery and equipment	Office Equipment, Furniture and vehicle	Construction in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2014					
Opening net book amount	**264,144**	**207,752**	**4,367**	**1,206**	**477,469**
Additions	**1,313**	**2,849**	**127**	**35,713**	**40,002**
Disposals	**–**	**(9)**	**–**	**–**	**(9)**
Depreciation *(Note 13)*	**(13,412)**	**(25,058)**	**(562)**	**–**	**(39,032)**
Closing net book amount	**252,045**	**185,534**	**3,932**	**36,919**	**478,430**
At 31 December 2014					
Cost or valuation	**294,792**	**277,122**	**6,144**	**36,919**	**614,977**
Accumulated depreciation	**(42,747)**	**(91,588)**	**(2,212)**	**–**	**(136,547)**
Net book amount	**252,045**	**185,534**	**3,932**	**36,919**	**478,430**

During the years ended 31 December 2014, the Group capitalised interest on borrowings amounting to approximately RMB3,198,000 (2013: RMB1,181,000) on qualifying assets, Borrowing costs were capitalised at the weighted average rate of 9.72% (2013: 10.23%) per annum.

As at 31 December 2014, buildings of the Group with net book value of approximately RMB221,586,000 (2013: RMB100,512,000), and machinery and equipment of the Group with net book value of approximately RMB59,770,000 (2013: RMB38,920,000), were pledged as collaterals for certain bank borrowings of the Group (Note 10).

As at 31 December 2014, machinery and equipment of the Group with net book value of approximately RMB54,074,000 (2013: RMB111,445,000), were pledged as collaterals for certain other borrowings of the Group (Note 10).

As at 31 December 2014 and 2013, the net book value of the Group's machinery and equipment under finance leases were as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Cost	**16,325**	16,325
Accumulated depreciation	**(3,846)**	(3,323)
Net book amount	**12,479**	13,002

6. INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Raw materials	**19,596**	38,298
Work-in-progress	**15,978**	19,887
Finished goods	**32,427**	17,462
	68,001	75,647

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB582,192,000 (2013: RMB568,395,000).

The Group did not recognise a provision in respect of the obsolete inventories and write down of inventories to their net realisable value for the year ended 31 December 2013 and 2014.

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**125,065**	75,158
Bills receivables	**24,400**	29,930
	149,465	105,088
— Prepayments for purchase of raw materials	**80,963**	41,539
— Deductible value-added tax ("VAT")	**2,435**	18,898
— Others	**6,807**	1,703
	90,205	62,140
	239,670	167,228

The Group has a large number of customers, mainly in Fujian province and nearby regions. There is no concentration of credit risk with respect to trade receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables by invoice date is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**95,257**	96,991
4 to 6 months	**21,810**	8,095
Over 6 months	**32,398**	2
Trade and bills receivables — net	**149,465**	105,088

As at 31 December 2014 and 2013, trade receivables of approximately RMB54,208,000 and RMB8,097,000 were aged more than 3 months and regarded as past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amount can be recovered.

8. SHARE CAPITAL

(a) Share capital

	Number of shares	**Share captial**
	(thousands)	*HKD'000*
Authorised:		
As at 29 April 2013 and 31 December 2013	10,000	1,000
Increase of authorized shares *(i)*	9,990,000	999,000
As at 31 December 2014	10,000,000	1,000,000

	Number of shares	**Share capital**	
	(thousands)	*HKD'000*	*RMB'000*
Issued and fully paid:			
As at 29 April 2013 and 31 December 2013	10	1	1
Issue of ordinary shares to original shareholders *(ii)*	749,990	74,999	59,414
Issue of ordinary shares upon initial public offering *(iii)*	260,000	26,000	20,800
As at 31 December 2014	1,010,000	101,000	80,215

Notes:

(i) On 27 March 2014, the authorised share capital of the Company was increased from HKD1,000,000 to HKD1,000,000,000 divided into 10,000,000,000 ordinary shares of HKD0.1 each.

(ii) On 27 March 2014, the directors of the Company were authorised to capitalise an amount of HKD74,999,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 749,990,000 shares, such shares to be allotted and issued to the original shareholders of the Company whose names appearing on the register of members of the Company at the close of business on 27 March 2014.

(iii) On 25 April 2014, the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited following the completion of its initial public offering of 260,000,000 ordinary shares at HKS0.72 per share to the investors. The proceeds of HKD26,000,000 (equivalent to approximately RMB20,800,000), representing per value of the ordinary shares of the Company, were credited to the Company's share capital account. The remaining proceeds of HKD151,596,250 (equivalent to approximately RMB121,277,000), after deducting listing expenses, were credited to the Company's share premium account.

(b) Share option scheme

The Company adopted a share option scheme (the "Scheme") on 27 March 2014. Pursuant to the Scheme, share options to subscribe for an aggregate of 50,000,000 ordinary shares of the Company were granted to certain directors of the Company, selected customers and suppliers on 12 December 2014. The options granted are exercisable from the date of grant for a period of one year, and at an exercise price of HKD0.978 per share. The Group has no legal or constructive obligation to repurchase or settle the options in cash. No options have been exercised since the date of grant to 31 December 2014.

The value of the options granted during the year was determined using the Binomial Model. The significant inputs into the model included the weighted average share price of HKD0.960 at the grant date, exercise price of HKD0.978 per share and volatility of 35.56%. The total share-based compensation expense recognised in the income statement for the share options granted amounted to RMB5,064,000, of which RMB2,026,000 was charged to offset sales revenue, RMB1,519,000 was charged to cost of sales and RMB1,519,000 was charged to general and administrative expenses, for the year ended 31 December 2014.

9. OTHER RESERVES

(a) Other reserves

	Share Premium account *RMB'000*	Capital reserve *RMB'000*	Share-based Compensation reserve *RMB'000*	Statutory reserves *RMB'000*	Total *RMB'000*
At 1 January 2013	–	105,476	–	7,906	113,382
Waiver of amounts due to owners	–	8,034	–	–	8,034
Appropriation to statutory reserves	–	–	–	8,850	8,850
At 31 December 2013	–	113,510	–	16,756	130,266
At 1 January 2014	**–**	**113,510**	**–**	**16,756**	**130,266**
Issue of ordinary shares upon the initial public offering	**121,277**	**–**	**–**	**–**	**121,277**
Share-based compensation	**–**	**–**	**5,064**	**–**	**5,064**
Capitalisation for issue of ordinary shares to original shareholders	**(59,414)**	**–**	**–**	**–**	**(59,414)**
Appropriation to statutory reserves	**–**	**–**	**–**	**7,395**	**7,395**
At 31 December 2014	**61,863**	**113,510**	**5,064**	**24,151**	**204,588**

Notes:

(a) Capital reserves

The capital reserves of the Group mainly represent the reserves arising from the reorganisations.

In June 2013, Mr. Lin, Mr. Qiu and Mr. Cai waived the considerations payable by the Group's companies to them as the owners of the Group for the acquistition of the companies now comprising the Group during the reorganisation in 2010.

(b) Statutory reserve

In accordance with PRC regulations and the articles of association of the companies now comprising the Group, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional.

10. BORROWINGS

	2014	2013
	RMB'000	*RMB'000*
Current		
Bank borrowings		
— short term — secured	**68,400**	101,000
— short term — unsecured	**33,000**	44,930
— current portion of long term — secured	**8,452**	7,750
— current portion of long term — unsecured	**5,000**	–
Finance lease liabilities	**1**	5,545
Other borrowings — secured	**10,093**	18,502
Loan from government — unsecured	**–**	5,000
	124,946	182,727
Non-current		
Bank borrowings — secured	**14,078**	22,587
Bank borrowings — unsecured	**112,000**	–
Finance lease liabilities	**–**	1
Other borrowings — secured	**2,680**	12,773
Loan from government — unsecured	**46,144**	50,000
Bond — unsecured	**27,734**	–
	202,636	85,361
Total borrowings	**327,582**	268,088

11. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Non-current		
Payables for purchase of property, plant and equipment	**14,130**	29,875
Current		
Trade payables	**30,845**	40,200
Bills payables	**75,578**	70,498
	106,423	110,698
Advanced payments from customers	**16,383**	54,944
Amounts due to related parties	**–**	8,283
Salary and welfare payables	**9,857**	6,968
Payables for purchase of property, plant and equipment	**8,681**	27,967
Other taxes payable	**9,213**	8,785
Accrued professional fees in respect of the initial public offering	**–**	2,285
Other payables	**552**	6,947
	44,686	116,179
Total	**151,109**	226,877

The ageing analysis of the trade and other payables is as follows:

	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**91,852**	98,434
4 months to 12 months	**11,063**	12,174
Over 12 months	**3,508**	90
	106,423	110,698

Advanced payment from customers represent cash advances received from customers for purchases of the Group's products and will be applied to settlements when sales occur.

12. OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Government grants received	**4,831**	5,030
Amortisation of deferred income of government grants relating to assets	**1,169**	292
	6,000	5,322

13. EXPENSES BY NATURE

	2014	2013
	RMB'000	*RMB'000*
Raw materials and consumables used	**593,248**	558,534
Change of inventories of finished goods and work in progress	**(11,056)**	9,861
Employee benefit expenses	**27,824**	25,345
Amortisation of leasehold land and land use rights	**549**	531
Depreciation of property, plant and equipment	**39,032**	32,116
Repairs and maintenance expenses	**872**	865
Miscellaneous tax charges other than VAT and income tax	**6,118**	6,837
Utility expenses	**28,199**	25,990
Auditors' remuneration	**1,799**	4,062
Advertisement expenses	**579**	200
Professional fees in respect of the initial public offering	**5,702**	5,424
Office and other expenses	**9,795**	7,265
Total of cost of sales, selling and distribution costs and general and administrative expenses	**702,661**	677,030

14. FINANCE INCOME AND COSTS

	2014	2013
	RMB'000	*RMB'000*
Finance income:		
Finance income — interest income on bank deposits	**(1,790)**	(1,368)
Finance cost:		
Interest expense — Bank borrowings	**22,692**	12,518
Interest expense of finance leases and other borrowings	**1,996**	4,640
Less: capitalised interest expense *(Note 5)*	**(3,198)**	(1,181)
Bank charges	**2,085**	1,023
Finance costs – net	**23,575**	17,000
Net finance costs	**21,785**	15,632

15. INCOME TAX EXPENSE

The amount of income tax charged to the consolidation income statement represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax on profits for the year	**25,220**	29,453
Deferred income tax	**(583)**	(937)
	24,637	28,516

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before income tax, after excluding share of profit of an associate	**91,039**	103,490
Tax calculated at domestic tax rates of 25% (2013: 25%)	**22,760**	25,873
Expenses not deductible for tax purpose	**1,877**	2,643
Tax charges	**24,637**	28,516

(a) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(b) Hong Kong profits tax

Subsidiaries established in Hong Kong are subject to income tax at rate of 16.5% (2013:16.5%).

(c) Mainland China enterprise income tax ("EIT")

In accordance with the Corporate Income Tax Law of the PRC, subsidiaries of the Group established in Mainland China are subject to EIT at rate of 25% (2013: 25%) during the year.

(d) PRC withholding income tax

According to the New CIT Law, starting form 1 January 2008, a 10% withholding tax will be levied on the immediate holding company established out of the PRC when their PRC subsidiary declares dividends out of their profits earned after 1 January 2008. A lower withholding tax rate of 5% may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding company.

No deferred income tax liabilities for unremitted earnings of the PRC subsidiaries that was earned from 1 January 2008 to 31 December 2014 have been recognised as there is no plan of distribution of dividends from such earnings in the foreseeable future. Management intend to reinvest such earnings in the PRC permanently.

16. EARNINGS PER SHARE

(a) Basic

On 25 April 2014, the Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited following the completion of its initial public offering of 260,000,000 ordinary shares at HKD0.72 per share to the investors.

The basic earnings per share is calculated based on the profit attributable to equity holders of the Company for the years ended 31 December 2014 and 2013 and on the assumption that 750,000,000 Shares, (including 10,000 shares issued after the completion of the Reorganisation and the capitalisation issue of 749,990,000 shares pursuant to the shareholders' resolutions dated 27 March 2014), were deemed to have been issued since 1 January 2013.

	2014	2013
Profit attributable to equity holders of the Company (RMB'000)	**66,402**	74,974
Weighted average number of ordinary shares in issue (thousands)	**923,333**	750,000
Basic earnings per share (RMB per share)	**7.19 cents**	10.00 cents

(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. The Company's share options have no dilutive effect on the earnings per share as at 31 December 2014. Calculations are done to determine the number of shares that could have been acquired at fair value (determined by using average market share price of the Company's shares for the year ended 31 December 2014) based on the monetary value of the subscription rights attached to outstanding share options. Diluted earnings per share is therefore equal to basic earnings per share.

17. DIVIDEND

No dividend was declared by the Board to the shareholders during the year ended 31 December 2014.

CHAIRMAN'S STATEMENT

The board of directors (the "Board") of Wang Tai Holdings Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2014.

Results

2014 is a remarkable year for the Company for its successful initial public offering and listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 April 2014. The Company has raised net proceeds of approximately RMB128.7 million.

The People's Republic of China (the "PRC") government had taken an important measure to grant cotton farmers direct subsidies to substitute the previous policy on purchases and storage for last three years. A number of factors including the reform in cotton policy and the fall in selling price of cotton reserve caused the downward pressure on domestic cotton prices and the average selling prices of our products especially in the second half of 2014. However, as a result of the Group's effort, the average selling prices of our fabrics and yarn products in 2014 maintained at a similar level as that in 2013.

Having said that, we remained committed to satisfy the customers' demand for the quality and timely orders. We performed our expectation of reaching a record of fabric production of around 37.9 million meters, representing an increase of approximately 9.5% over the amount of last year. However, as the demand for the yarn products decreased, the yarn production recorded around 4,614.3 tonnes, representing a decrease of approximately 18.1% over the amount of last year. As a result, the Group recorded a total revenue of approximately RMB810.8 million in 2014 which maintained at a similar level as that of 2013.

Increase in selling expenses, administrative expenses and finance costs with a share-based payment cost for the grant of the option scheme dragged down the profit for the year from approximately RMB75.0 million for the year ended 31 December 2013 to approximately RMB66.4 million for the year ended 31 December 2014.

Outlook

We expect that the textile market may not be turnaround very quickly in the short run in 2015. The market price of fabrics and yarns may still be under pressure and the demand for the products may still be sluggish, but the price difference between domestic and overseas cotton is expected to continue to stand at a reasonable range. Under this scenario, coupled with the progress made in cotton value-added-tax pilot reforms in a number of provinces across the PRC, cotton industry peers in the PRC are expected to be blessed with new stimulus. The directors of the Company (the "Directors") are cautiously optimistic about the prospect at this stage.

The Group commenced the overseas trading activities through its Hong Kong subsidiary since August 2014 and the Directors expect such activities will still carry on for the full year in 2015.

The Group commenced the construction of the second phase of Hubei Production Facilities in the last quarter of 2014 and its operation is expected to commence on the expected turnaround time of the industry in the last quarter of 2015 or early 2016. The Directors will keep monitoring the development on the textile market and make necessary adjustment on our expansion plan where appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the year, attributable to the expanded fabric capacity over the recent two years mainly from the establishment of new Hubei Production Facilities, the Group's revenue of approximately RMB810.8 million maintained at similar level as that of 2013. However, net profit for 2014 decreased by approximately 11.4% to approximately RMB66.4 million when compared to that of 2013, the one-off share based-expense for the grant of options pursuant to the Share Option Scheme, the increase in finance cost for higher borrowings to finance the working capital and the increase in selling expenses and administrative expenses for the operational expansion.

Industry review

In 2014, the PRC's cotton textile industry faced challenges from various aspects including the impact of the adjustment in cotton price policy. As such, the domestic trade of cotton textiles was growing under pressure.

In addition to the slackness in the market demand for cotton textiles, cotton price policy reform was originally intended to be implemented by making use of market-driven force, so that the price difference between domestic and overseas cotton can be kept at a reasonable range and the interests of cotton farmers can be protected, thereby strengthening the competitiveness of the cotton textile enterprises in the PRC. However, the change in cotton price policy had caused downward pressure on the domestic cotton price, which had in turn resulted in difficult operating landscape for domestic cotton textile enterprises during 2014. With the gradual stabilization of cotton prices, the tough situation faced by domestic cotton textile enterprises is anticipated to be improved in a cautiously optimistic manner.

Business review

For the year ended 31 December 2014, the revenue of the Group amounted to approximately RMB810.8 million, which maintained at a similar level as that of last year.

Revenue of the Group comprises sales of grey and dyed garment fabrics and cotton yarns. During the year, fabrics continued to be the major products the Group, which contributed to approximately 91.1% of the Group's total revenue for the year, amounting to approximately RMB738.7 million, representing an increase of approximately 8.6% when compared to that of last year. The increase was mainly fuelled by sales volume growth contributed by production capacity expansion. The Group's new production capacities installed in the Hubei Production Facilities during the second half year of 2012 were commissioned to full production at high efficiency during the full year of 2013 and improvement in the production utilization rate further improved the production volume in 2014. For the year ended 31 December 2014, the production of yarn was hindered by the staged market demand and so the revenue decreased by around 21.0% to approximately RMB87.9 million when compared to that of last year.

The overall gross profit margin and the average selling price of fabrics and yarns maintained at similar level over the last two years. Gross profit margin for the year ended 31 December 2013 was 18.7% whereas gross profit margin for the year ended 31 December 2014 was 18.4%. The average selling price of fabrics and yarns for the year ended 31 December 2014 was RMB19.1 per metre and RMB19,064 per tonne respectively (2013: RMB19.7 per metre and RMB19,725 per tonne respectively).

Increase in selling expenses, administrative expenses and finance costs with a share-based payment expenses of approximately HKD5.1 million for the grant of the options dragged down the profit for the year from approximately RMB75.0 million for the year ended 31 December 2013 to approximately RMB66.4 million for the year ended 31 December 2014.

During the year, the Group increased it production volume by capitalizing on it production capacities and enhanced sales by adjusting product portfolio in response to the ever-changing market, resulting in a reduction of its inventory level.

Prospect

There is fierce competition in the PRC's textile industry, yet the market is immense and highly fragmented. As such, the market will be embedded with ample room for rapid and sustainable development of enterprises with promising strength. In 2015, the Group will remain focusing on extending its reach into the domestic market, retain the existing market presence and step forward to the overseas trading market. We will be more determined than ever to enhance our profitability to optimizing the existing product portfolio and developing new invented and improved quality products that meet market demand.

As at 31 December 2014, the Group owned a total of approximately 30,000 spindles and 568 air-jet looms with the designed annual production capacity of around 7,080 tonnes for yarn and 46,247 km for fabrics respectively. In 2015, the second phase of the Hubei Production Facilities, which is under construction and is expected to be completed by the fourth quarter in 2015. Upon completion of the second phase, our fabric production capacity will be further increased by at least 22,000 km.

Looking ahead, we need to strengthen our research and development (the "R&D") capability with consideration of enhancement of existing R&D centre and establishment of public samples centre. In 2015, the R&D centre of Hongtai China Co., Ltd. is expected to be enhanced to Fujian Province Technology Centre and we will consider to build up a public samples centre. In order to accelerate R&D capability through the samples centre, the Group will obtain the market demand information and launch new fabric products with features of anti-violet light, breathable, comfortable, etc. With the interaction of R&D centre and branded companies, the Group will compromise a series of high quality and low cost fabric products to meet the demand of those branded companies.

The Group will also consider the possibility of adoption of environmental protection technology to recycle the waste materials during the production process, but we still investigate the feasibility on the technical and cost effectiveness. If the adoption becomes feasible, the Group can save the wastage during the production process to slim down the production cost and may even apply for certain government subsidy.

With the above strategies, we hope not only to maintain the strategic position but to enhance our quality of product, boost our revenue and improve the profitability and customer loyalty.

FINANCIAL REVIEW

Turnover

Our revenue of approximately RMB810.8 million in 2014 maintained at a similar level as that of 2013. Our revenue was principally driven by the following factors:

(i) revenue of our fabrics products increased from approximately RMB680.4 million in 2013 to approximately RMB722.8 million. Such increase in the revenue of our fabric products was primarily due to (1) our ability to meet customers' requirements and specifications, market preference and fashion trend so as to offer a wide range of fabric products to our customers. Our sales quantities of fabric products increased from approximately 34,598.96 km in 2013 to approximately 37,894.1 km in 2014; (2) similar level in the average selling price ranged from approximately RMB19.7 per meter in 2013 to approximately RMB19.1 per meter in 2014; and

(ii) revenue of yarn products decreased from approximately RMB111.2 million in 2013 to approximately RMB87.9 million in 2014. Such decrease in the revenue of our yarn products was primarily due to lower demand for the yarn products in 2014 while the average selling price was approximately of RMB19,725 per tonne in 2013 and approximately of RMB19,064 per tonne in 2014.

Cost of sales

The increase in cost of sales by 2.8% from approximately RMB643.4 million for the year ended 31 December 2013 to approximately RMB661.5 million for the year ended 31 December 2014 was mainly due to (i) the increase in the use of raw materials as a result of our business expansion of our fabric business; and (ii) the increase in the subcontracting dyeing charges as a result of our customers' requirement for such fabrics products.

Gross profit and gross profit margin

The gross profit of approximately RMB149.3 million in 2014 maintained at similar level as that of 2013.

The gross profit margin maintained similar level ranged from 18.7% for the year ended 31 December 2013 to 18.4% for the year ended 31 December 2014.

Selling and distribution expenses

The increase in selling and distribution expenses by 92.5% from approximately RMB2.2 million for the year ended 31 December 2013 to approximately RMB4.2 million for the year ended 31 December 2014 was mainly due to higher expenses of approximately RMB1.5 million on transportation of grey yarns for dyeing incurred by our Hubei Production Facilities.

General and administrative expenses

The increase in general and administrative expenses by 17.5% from approximately RMB31.5 million for the year ended 31 December 2013 to approximately RMB37.0 million for the year ended 31 December 2014 was mainly due to (i) increase in salaries and fringe benefits by approximately RMB1.4 million for increase in the number of office staff during the year, (ii) increase in depreciation of office equipment and amortization of intangible assets by approximately RMB0.9 million for operation of Hubei Production Facilities since June 2013, and (iii) the share-based payment expenses of approximately RMB1.5 million for the fair value adjustment of the option granted at the balance sheet date.

Finance costs

The increase in finance costs by 38.8% from approximately RMB17.0 million for the year ended 31 December 2013 to approximately RMB23.6 million for the year ended 31 December 2014 was mainly due to increase in the average balance of borrowings in order to meet our needs of working capital as a result of our business expansion as well as to finance the construction of the second phase of our Hubei Production Facilities.

Bond was issued since the third quarter of 2014 amounted to approximately RMB27.7 million of which the interest cost had already been accrued.

Share options

The Company adopted a share option scheme on 27 March 2014.

On 12 December 2014, the Company granted 50,000,000 share options to certain of its Directors, shareholders, customers and suppliers at an exercise price of HKD0.978 each. The share option expense charged to the statement of profit or loss for the year ended 31 December 2014 was approximately RMB5.1 million. This amount was distributed to decrease in revenue of approximately RMB1.5 million, cost of sales of approximately RMB2.1 million and general and administrative expenses of approximately RMB1.5 million, respectively.

Listing expenses

The Group's listing expenses amounted to RMB5.7 million for the year ended 31 December 2014, which have decreased by 39.4% as compared to RMB9.4 million for the year 2013.

These fees primarily consisted of the service charges the Group paid to the professional parties engaged in connection with the preparation for the listing. On 25 April 2014, the Company completed the initial public offering and the shares of the Company were listed on the Main Board of the Stock Exchange.

Leasehold land, property, plant and equipment

The Group's leasehold land, property, plant and equipment situated at Shishi and Hubei Production Facilities are land and various buildings in the manufacturing plants. The Group has 100% interest of 2 parcels of land located at Da Sheng Guan Shan Industrial Zone, Huangmei County, Huanggang City, Hubei Province, the PRC with gross floor area of approximately 99,903 square meters. The development of second phase construction of our Hubei Production Facilities is in progress and the addition of construction-in-progress was approximately RMB35.7 million as at 31 December 2014.

Available-for-sale financial assets

It represented an investment in a local financial institution located at Huangmei County, Huanggang City, Hubei Province, the PRC of approximately RMB4.5 million. The investment amount represented less than 1% of the total asset value of the consolidated balance sheet as at 30 June 2014 and of the average market capitalisation of the last five trading days before the date of investment of 22 August 2014. The investment target was a new business which did not yet generate any revenue and profits before the acquisition.

Inventories

Decrease in inventories by 10.1% from approximately RMB75.6 million as at 31 December 2013 to approximately RMB68.0 million as at 31 December 2014 was mainly due to decrease of raw materials by approximately RMB18.5 million for the effective inventory management.

Trade and other receivables and prepayments

Increase in trade and other receivables and prepayments by 43.4% from approximately RMB167.2 million as at 31 December 2013 to approximately RMB239.7 million as at 31 December 2014 was mainly due to increase in trade receivables by RMB49.9 million over the last year for offering the 45 days average credit period to retain the regular customers and the increase of prepayment for purchase of raw materials by approximately RMB39.4 million.

Cash flow

During the year ended 31 December 2014, net cash inflow from operating activities was approximately RMB7.6 million. Compared with the net cash inflow in the last year of approximately RMB60.4 million, the decrease in net cash inflow from the operating activities of approximately RMB52.8 million was mainly due to the increase of trade receivables and prepayments for raw materials of approximately RMB74.6 million.

Net cash outflow from the investing activities in 2014 was approximately RMB52.5 million. Decrease of net cash outflow from the investing activities of approximately RMB87.3 million as compared with the last year was mainly due to decrease in purchase of property, plant and equipment of approximately RMB89.6 million for the construction of the first phase of Hubei Production Facilities in 2013.

The net cash inflow from the financing activities in the year 2014 was approximately RMB132 million whereas the net cash outflow in the year 2013 was approximately RMB120 million. Increase in the net cash inflow from financing activities of approximately RMB12 million was mainly due to the net proceeds of initial public offering of approximately RMB128.7 million offset by the decrease of the proceeds from borrowings of approximately RMB65.5 million and the increase in the restricted bank deposits of approximately RMB42.4 million.

Liquidities and financial resources

Our primary uses of cash are to satisfy our working capital needs and our capital expenditure needs. Since our establishment, our working capital needs and capital expenditure requirements have been principally financed through a combination of shareholders' equity, cash generated from operations, bank borrowing and other borrowings.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities and centralised and cash and cash equivalents are generally deposited with financial institutions such as banks denominated mostly in Renminbi and Hong Kong dollars.

Net Current Liabilities and Working Capital

The following table sets forth our current assets, current liabilities, current ratio, quick ratio, gearing ratio and debt to equity ratio as at 31 December 2014:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current assets		
Inventories	**68,001**	75,647
Trade and other receivables and prepayments	**239,670**	167,228
Cash and bank balances	**135,223**	47,922
Restricted bank deposits	**59,031**	32,799
Total current assets	**501,925**	323,596
Current liabilities		
Borrowings	**124,946**	182,727
Trade and other payables	**151,109**	226,877
Current income tax liabilities	**12,400**	18,432
Total current liabilities	**288,455**	428,036
Net current (liabilities)/assets	**213,470**	(104,440)
Current ratio	**174.0%**	75.6%
Quick ratio	**150.4%**	57.9%
Gearing ratio	**68.2%**	103.5%
Debt to equity ratio	**27.8%**	73.3%

Bank and other borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2014 are set out in note 13 to the consolidated financial statements.

Pledge of Assets

As at 31 December 2014, the Group's land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB305.5 million were pledged to secure banking facilities for purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2013: approximately RMB159.2 million).

Paid in capital

On 25 April 2014, the Company completed the initial public offering and the shares of the Company were duly listed on the Main Board of the SEHK. An aggregate amount of approximately RMB128.7 million has been raised as the initial public offering proceeds.

Upon completion of the initial public offering, the total number of issued shares of the Company has increased to 1,010,000,000.

Foreign exchange risk

The Group mainly operates in the mainland China with most of the revenue and expenditure transactions denominated and settled in RMB, where its foreign exchange risk is limited. The Group's exposure to foreign exchange risk is mainly on its sales and purchase transactions (i.e., export or import of products) denominated in USD and HKD, and amounts due from/to related parties denominated in USD. The Group does not hedge its foreign exchange risk during the year but will monitor closely the Group's foreign exchange exposure and manage its foreign exchange risks by performing regular reviews.

Contingent liabilities

Save as disclosed in the Company's prospectus dated 10 April 2014, the Group did not have any material contingent liabilities as at 31 December 2014.

Material Acquisitions and Disposals

Save as disclosed in the Company's prospectus dated 10 April 2014, there were no material acquisitions or disposals during the year.

USE OF PROCEEDS AND EXPANSION PLAN

From 25 April 2014 (the "Listing Date") to the date of this announcement, the Group has been following the pattern of application of the net proceeds as described in the prospectus dated 10 April 2014. In addition, the Group does not intend to change its expansion plan as described in the prospectus with the reschedule of the second phase of Hubei Production Facilities, as at 31 December 2014, the unutilised net proceeds are approximately HKD59.4 million, equivalent to approximately RMB47.5 million of which the whole amount of the unutilised net proceeds was deposited in bank accounts in the PRC. Details of the reschedule of the construction of the second phase of Hubei Production Facilities were set out in the Company's announcement dated 19 September 2014.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 30 December 2014, the Company announced voluntarily on the entering into the placing agreement in relation to the placing of 7% three year term corporate bonds in an aggregate principal amount of HKD200 million for the working capital purpose. Pursuant to the placing agreement, on 22 January 2015, the Company issued bonds in the principal amount of HKD84.0 million. The bonds were unsecured, interest bearing at a rate of 7% per annum, payable semi-annually and repayable by year 2018. Other than that, the Group does not have any further significant event incurred after 31 December 2014.

ANNUAL GENERAL MEETING (THE "AGM")

The AGM will be held on 22 May 2015 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in due course.

HUMAN RESOURCES

As at 31 December 2014, the Group had a total workforce of 832 (as at 31 December 2013: 898). The Group successfully follows a higher ratio of the number of operating staff to the number of machines to scale down the total workforce. New employees were recruited to cater for the Group's business expansion during the year. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated staff.

DIVIDEND POLICY

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil). As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2014.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the Company's shares by the Company or its subsidiaries since the Listing Date.

CORPORATE GOVERNANCE

The Company was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises three executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules. Since the Listing Date and up to the date of this announcement, the Company had complied with the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct for dealing in securities of the Company by the Directors. After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standards set out in the Model Code and the Company's code of conduct regarding the Directors' securities transactions since the Listing Date and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") on 27 March 2014. The Audit Committee comprises three independent non-executive Directors, including Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Chan Sui Wa is the chairman of the Audit Committee. The rights and duties of the Audit Committee are consistent with those set out in the Code Provisions. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board. The Audit Committee met on a semi-annual basis and the review covers the findings of internal auditors, internal control, risk management and financial reporting matters.

The Audit Committee has discussed with the management and reviewed the annual results for the year ended 31 December 2014.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") on 27 March 2014. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. Mr. Ma Chongqi is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the Code Provisions. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "Nomination Committee") on 27 March 2014. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Chan Sui Wa, Mr. Yu Yubin and Mr. Ma Chongqi. The chairman of the Nomination Committee is Mr. Yu Yubin. The Nomination Committee has adopted terms of reference which are in line with the Code Provisions. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

REGULATORY COMPLIANCE COMMITTEE

The regulatory compliance committee was established by the Company on 26 February 2014, which is led by Mr. Qiu Zhiqiang, the executive director of the Company, Mr. Deng Qinghui, the executive director and Mr. Siu Kai Chun, the Chief Financial Officer and Company Secretary. The committee directly reports to our Board and is primarily responsible for ensuring that our business operations and activities are in compliance with the relevant laws and regulations.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute and 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 PricewaterhouseCoopers on the results announcement.

CLOSURE OF REGISTERED MEMBERS

In order to determine the entitlement to attend the AGM, the register of members of the Company will be closed from 20 May 2014 to 22 May 2015 (both day inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by not later than 4:30 p.m. on 19 May 2015.

PUBLICATIONS OF RESULTS ANNOUNCEMENT

This results announcement is published on the websites of the Company (www.texitm.com) and the Stock Exchange (www.hkexnews.hk). An annual report for the year ended 31 December 2014 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and available on the websites of the Company and the Stock Exchange in due course.

ACKNOWLEDGEMENT

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

By order of the Board
Wang Tai Holdings Limited
Lin Qingxiong
Chairman

Hong Kong
30 March 2015

As at the date of this announcement, the Board comprises the following directors:

Executive Directors:	Mr. Lin Qingxiong Mr. Qiu Zhiqiang Mr. Deng Qinghui
Independent non-executive Directors:	Mr. Chan Sui Wa Mr. Yu Yubin Mr. Ma Chongqi