

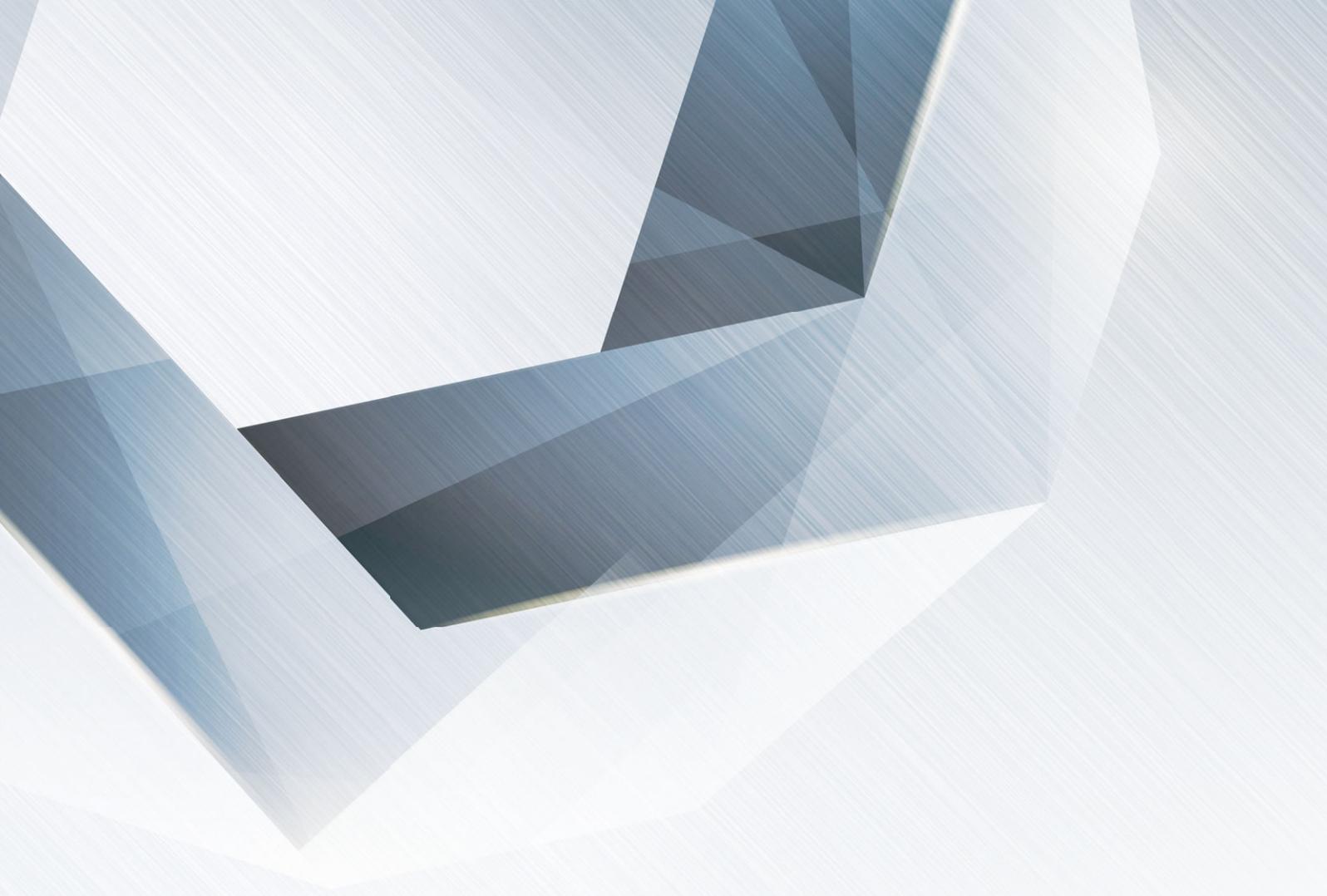


WINOX

Winox Holdings Limited

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

2015
ANNUAL REPORT



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Corporate Information and Key Dates

BOARD OF DIRECTORS

Yiu Hon Ming (Chairman & Managing Director)
Au Wai Ming[#] (Deputy Chairman)
Law Wai Ping
Chau Kam Wing Donald (Finance Director)
Li Chin Keung
Yiu Ho Ting
Carson Wen*
Wong Lung Tak Patrick*
Wu Ming Lam*

[#] Non-Executive Director

* Independent Non-Executive Director

AUDIT COMMITTEE

Wong Lung Tak Patrick (Chairman)
Carson Wen
Wu Ming Lam

REMUNERATION COMMITTEE

Wong Lung Tak Patrick (Chairman)
Yiu Hon Ming
Carson Wen
Wu Ming Lam

NOMINATION COMMITTEE

Yiu Hon Ming (Chairman)
Carson Wen
Wong Lung Tak Patrick
Wu Ming Lam

COMPANY SECRETARY

Huen Lai Chun

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2 & 3, 1/F., Sunray Industrial Centre
610 Cha Kwo Ling Road, Yau Tong
Kowloon, Hong Kong

Telephone: (852) 23493776

Facsimile: (852) 23493780

Website: <http://www.winox.com>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INFORMATION OF SHARES

Place of Listing	: Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange")
Stock Code	: 6838
Board Lot	: 2,000 shares
Financial Year End	: 31 December
Interim dividend	: HK3 cents per ordinary share
Final dividend	: HK4 cents per ordinary share

KEY DATES

Closure of register of members for AGM	: 20 – 23 May 2016 (both days inclusive)
Record date for voting at AGM	: 23 May 2016
Annual general meeting	: 23 May 2016
Closure of register of members for final dividend	: 27 May 2016
Record date for final dividend	: 27 May 2016
Final dividend payment date	: 10 June 2016

Financial Highlights

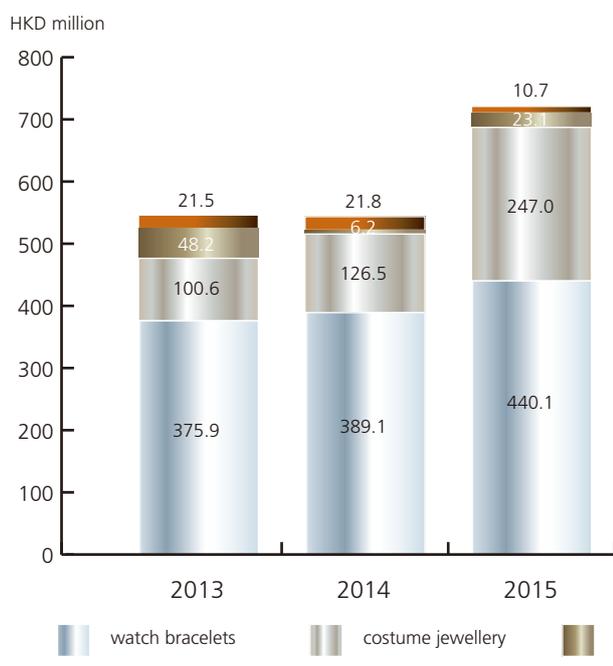
	Year ended 31 December 2015 HKD'000	Year ended 31 December 2014 HKD'000	Change
RESULTS HIGHLIGHTS			
Turnover	720,921	543,666	32.6%
Gross profit	202,077	154,666	30.7%
Profit for the year	80,732	45,670	76.8%
Basic and diluted earnings per share (HK cents)	16.1	9.1	76.9%
Total dividend per share (HK cents)	7.0	4.0	
– Interim dividend (HK cents)	3.0	2.0	
– Final dividend (HK cents)	4.0	2.0	
	At 31 December 2015 HKD'000	At 31 December 2014 HKD'000	Change
BALANCE SHEET HIGHLIGHTS AND RATIOS			
Total assets	764,905	738,036	3.6%
Total borrowings	121,569	132,683	-8.4%
Net assets	559,448	529,413	5.7%
Net assets per share (HKD)	1.12	1.06	5.7%
Return on equity ¹ (%)	14.4%	8.6%	5.8% pts
Current ratio	1.95	2.14	
Gearing ratio ²	0.16	0.18	

¹ Based on equity attributable to shareholders at year end

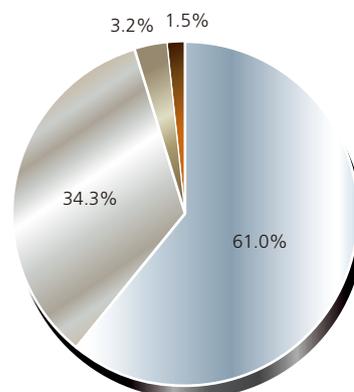
² Gearing ratio = Total borrowings/Total assets

TURNOVER BY PRODUCTS

For the year ended 31 December



2015 TURNOVER DISTRIBUTION BY PRODUCTS



Chairman's Statement

Mission

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

Dear Shareholders,

On behalf of the board ("Board") of directors ("Directors") of Winox Holdings Limited ("Company", together with its subsidiaries, "Group"), I am pleased to present the Group's annual results for the financial year ended 31 December 2015.

FINANCIAL PERFORMANCE

For the year 2015, the Group achieved satisfactory financial results despite the global economy remained challenging. Turnover of the Group for the year ended 31 December 2015 was HKD720,921,000 (2014: HKD543,666,000), representing an increase of 32.6% as compared to last year. Profit for the year and earnings per share were HKD80,732,000 (2014: HKD45,670,000) and HK16.1 cents (2014: HK9.1 cents) respectively, representing an increase of 76.8% and 76.9% as compared to last year respectively.



Chairman's Statement

DIVIDENDS

The Board recommends the payment of a final dividend of HK4 cents per share (2014: HK2 cents per share), which is subject to the approval of shareholders of the Company ("Shareholders") at the 2016 annual general meeting. Together with the interim dividend of HK3 cents per share paid in September 2015, the total dividend for the year ended 31 December 2015 is HK7 cents per share.

BUSINESS

In 2015, the pace of global economy remained slow and private spending on consumption and investment remained robust. Nevertheless, the Group's business strategy of strengthening its technology capabilities in manufacturing high quality stainless steel products for internationally renowned brands continues to make satisfactory progress.

According to the official website of the Swiss watch industry, export value of Swiss watches for 2015 declined by 3.3% as compared to last year. Despite this challenging market condition, the Group's sales of watch bracelets in 2015 achieved an increase of 13.1% as compared to last year. The effort we put in offering comprehensive product development and manufacturing solutions to our major costume jewellery customer continues to pay off in 2015 and the sales of this segment achieved a strong growth of 95.3% as compared to last year. Furthermore, the business of mobile phone cases and parts has recovered well after we aligned our resources to develop market leading customers last year, turnover of this product segment increased significantly by 270.4% as compared to last year. Sales of accessories and parts for leather goods remained slack for the year 2015 and sales was decreased by 50.9% as compared to last year.

The commencement of operation of our Dongfeng Village Factory during the year provided additional manufacturing capacity to cope with the increase in demand from customers.

As at 31 December 2015, the Group maintained a sound asset scale and liquidity for coping challenges in the future.

PROSPECTS

We expected that the global economy of 2016 will be full of challenges and uncertainties. However, we also believe that there will be steady and increasing demand on precision stainless steel products. We aim at taking advantage of utilizing our strengths and expertise to serve our existing prominent customers and to explore new business opportunities in order to achieve long term growth.

CORPORATE SUSTAINABILITY

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

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to my fellow Directors, our clients, staff, suppliers and other stakeholders for their continuous support to the Group.

Yiu Hon Ming

Chairman and Managing Director

Hong Kong, 29 March 2016

Management Discussion and Analysis



The Dongguan Dalang factory

BUSINESS REVIEW

During the year ended 31 December 2015, Winox Holdings Limited recorded a strong growth of 32.6% in turnover which was mainly due to the increase in sales of watch bracelets and costume jewellery. Despite the global demand for luxury goods remained sluggish in 2015, the Group's satisfactory results achieved for the year was attributed to the success of the Group's business strategy of continuous investment in strengthening our production technology and efficiency to serve our prominent customers who are internationally renowned brands. On the cost side, improved scale of economy and depreciation of Renminbi during the year has eased the increase in labour and other manufacturing costs in our factories in China.

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

During the year, the construction of the first phase development of our Dongfeng Village Factory was completed and certain areas of it have been equipped in stages for the production of costume jewellery and mobile phone cases and parts.

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, the Group's audited consolidated turnover increased by 32.6% to HKD720,921,000 (2014: HKD543,666,000) as compared to last year. Turnover attributable to watch bracelets, costume jewellery, mobile phone cases and parts and accessories and parts for leather goods were 61.0%, 34.3%, 3.2% and 1.5% respectively (2014: 71.6%, 23.3%, 1.1% and 4.0% respectively).

Management Discussion and Analysis



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

Production facilities at the factory in Dongfeng Village, Huzhen, PRC



During the year 2015, export value of Swiss made watches rose in the first half and turned to decline in the second half with a 3.3% annual fall as compared to last year. Sales of watch bracelets was also slowed down in the second half of 2015, nevertheless the annual turnover of watch bracelets still increased by 13.1% to HKD440,066,000 (2014: HKD389,120,000) as compared to last year.

Turnover of costume jewellery achieved a strong growth of 95.3% to HKD247,047,000 (2014: HKD126,498,000) as compared to last year which was attributable to the effort we put to maintain our close relationship with our existing prominent customers.

During the year, sales of mobile phone cases and parts was HKD23,099,000 (2014: HKD6,237,000), representing an increase of 270.4% as compared to last year. The picking up of sales was due to the success of the ongoing screening and selection of high quality customers exercise implemented last year.

Sales of accessories and parts for leather goods remained slack for the year and amounted to HKD10,709,000 (2014: HKD21,811,000), representing a decrease of 50.9% as compared to last year.

Profit

As a result of the increase in sales, gross profit increased by 30.7% to HKD202,077,000 (2014: HKD154,666,000) as compared to last year. Gross profit margin for the year slightly reduced to 28.0% (2014: 28.4%) as improved scale of economy and depreciation of Renminbi during the year has eased the increase in labour and other manufacturing costs. Profit for the year increased by 76.8% to HKD80,732,000 (2014: HKD45,670,000) and basic earnings per share for the year increased by 76.9% to HK16.1 cents (2014: HK9.1 cents).

Management Discussion and Analysis

Cost of Sales

Cost of sales included costs of production materials, labour and manufacturing overhead and other costs. The following table sets forth the breakdowns of our cost of sales for the year ended 31 December 2015:

	2015	2014
	HKD'000	HKD'000
Direct material costs	177,249	119,850
Direct labour costs	226,604	175,090
Manufacturing overhead and other costs	114,991	94,060
	518,844	389,000

During the year ended 31 December 2015, direct material costs accounted for 34.1% (2014: 30.8%) of the total cost of sales.

The prices of stainless steel rods and plates remained stable during the year. We did not engage in any hedging transactions with regard to our production materials as we considered that the fluctuations in the price of stainless steel materials were generally corresponding to the fluctuation of the selling price of our products.

For the year ended 31 December 2015, direct labour costs accounted for about 43.7% (2014: 45.0%) of the total cost of sales and manufacturing overhead and other costs accounted for about 22.2% (2014: 24.2%) of the total cost of sales for the year.

Other Income

Other income decreased by approximately 38.1% to HKD3,369,000 for the year as compared to HKD5,444,000 for last year which was primarily due to less government grant was received during the year.

Other gains and losses

Other gains for the year amounted to HKD1,639,000 (2014: losses of HKD3,876,000) which was mainly due to the exchange gain from the depreciation of Renminbi during the year.

Expenses

Selling and distribution expenses increased by approximately 17.3% to HKD26,491,000 for the year as compared to HKD22,583,000 for last year which was mainly due to the increase in sales.

With the commencement of operations of the Dongfeng Village Factory during the year, administrative expenses increased by 7.2% to HKD76,758,000 (2014: HKD71,575,000).

During the year, the Group raised and repaid bank borrowings of HK\$38,699,000 and HKD49,647,000 respectively. Finance costs for the year ended 31 December 2015 amounted to HKD3,928,000 (2014: HKD4,390,000) representing a decrease of 10.5%.

Taxation

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

Under the Law of the PRC on EIT ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Management Discussion and Analysis

Inventories

	2015	2014
	HKD'000	HKD'000
Raw materials	12,469	12,714
Work in progress	35,000	50,408
Finished goods	2,916	12,272
	50,385	75,394

As at 31 December 2015, the Group recorded an inventory balance of HKD50,385,000 (31 December 2014: HKD75,394,000), representing a decrease of 33.2% which was mainly due to the decrease in work in progress and finished goods at the end of the year. The inventory turnover of the Group for 2015 was 44.2 days as compared to 70.7 days for 2014.

Trade Receivables

As at 31 December 2015, the Group recorded trade receivables of HKD71,643,000 (31 December 2014: HKD49,039,000). The increase in trade receivables was due to the increase in sales. The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers whom are new, short-term and placing orders in immaterial scale. As most of our customers were internationally renowned brand owners, we considered we were exposed to relatively minimal default risk. The trade receivables turnover of the Group for the year ended 31 December 2015 was 30.6 days (for the year ended 31 December 2014: 31.7 days).

Trade Payables

As at 31 December 2015, the Group recorded trade payables of HKD33,494,000 (31 December 2014: HKD31,238,000). The trade payables were primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the year ended 31 December 2015 was 22.8 days (for the year ended 31 December 2014: 23.8 days).

Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2015, net current assets of the Group was HKD168,425,000 (31 December 2014: HKD172,153,000). Besides, the Group had cash and bank balances of HKD196,295,000 (31 December 2014: HKD177,653,000), of which 74.6% was in Hong Kong dollars, 6.3% was in Swiss Franc, 14.4% was in Renminbi, and 4.7% was in United State dollars and other currencies.

During the year, the Group obtained new banking facilities of HK\$70,000,000 to finance the acquisition of plant and machineries and to replenish its working capital. As at 31 December 2015, the Group's outstanding bank borrowings totalled HKD121,569,000 (31 December 2014: HKD132,683,000), of which 97.1% was in Hong Kong dollars and 2.9% was in Renminbi. All of the Group's bank borrowings were arranged on floating rate basis. Except for certain bank borrowings which were committed loan facilities with specific maturity dates, the Group's bank borrowings contained repayment on demand clause at any time at the discretion of the bank. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank borrowings as current and non-current liabilities in the consolidated statements of financial position as at 31 December 2015 in accordance with the settlement term. Of the total bank borrowings, according to the repayment schedule, HKD3,580,000 was short-term revolving loans, HKD40,350,000 was loans repayable within one year and the balancing of HKD77,639,000 was repayable after one year.

Parts of the bank borrowings were secured by certain of the Group's assets with an aggregate carrying value of HKD55,329,000 as at 31 December 2015. The charged assets included a piece of land in Dongguan where our factory was situated, certain properties constructed thereon and the deposits for two keyman life insurance policies. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 31 December 2015, the total unutilised banking facilities available for the Group was amounted to approximately HKD63,253,000 (2014: HKD29,485,000).

As at 31 December 2015, the Group's gearing ratio was 0.16 (31 December 2014: 0.18), which was calculated on the basis of outstanding borrowings over the total assets of the Group.

Management Discussion and Analysis

Treasury

The Group adopted conservative treasury policies in cash and financial management. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the year ended 31 December 2015, a large amount of the Group's sales was denominated in Hong Kong dollars whereas the foreign currency sales were mainly denominated in United States dollars and Swiss Franc that were contributed to the total turnover of 2.2% and 1.0% respectively (2014: 2.9% and 2.7% respectively). The expenses of the Group were mainly denominated in Renminbi. As Hong Kong dollar was pegged with United States dollar and the sales denominated in Swiss Franc was not material, the Directors considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in mainland China and the labour costs and manufacturing overheads were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

The Group has used a forward contract to purchase Japanese Yen for settlement of machinery purchase during the year and the Group did not have any hedging instruments outstanding as at 31 December 2015. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments and Significant Investment

Capital expenditure contracted for by the Group but not yet provided in the audited consolidated financial statements as at 31 December 2015 was HKD8,304,000 (31 December 2014: HKD30,909,000), which was mainly related to the acquisition of property, plant and equipment.

Contingent Liabilities

As at 31 December 2015, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any significant contingent liabilities.

Employment and Remuneration Policy

As at 31 December 2015, the total number of employees of the Group was approximately 3,695 (2014: 3,201). During the year, staff costs (including Directors' emoluments) amounted to approximately HKD272,535,000 (2014: HKD215,765,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

The Company had adopted a share option scheme to incentivise its senior management and employees. As at 31 December 2015, no options had been granted by the Company pursuant to the share option scheme.

OUTLOOK

The pickup of global economy for the year 2016 is projected to be gradual and slow. A modest and uneven recovery is expected to continue in advanced economies and that of developing countries will be challenging. The ongoing slowdown of Chinese economy, lower commodity prices and strains in some large emerging market economies will further suppress demand. Facing such difficult conditions, we remains focus on the business segments that we have strengths and expertise. With the extensive experience of our core team and our advanced technology in handling precision stainless steel materials and product design, we are very optimistic on the development of stainless steel product business ahead. We are committed to improve our operational efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

Directors, Senior Management and Company Secretary

EXECUTIVE DIRECTORS

YIU HON MING, *Chairman and Managing Director*

Mr. Yiu Hon Ming, aged 57, is the Chairman and Managing Director of the Company. He was appointed as a Director of the Company on 28 January 2010 and is also a director of each of the wholly owned subsidiaries of the Company. Mr. Yiu is the founder of the Group and has over 30 years of experience in metallic products manufacturing industry. Mr. Yiu is responsible for the overall strategic development of the Group's business as well as the implementation of strategic objectives and business plans for the Group. Besides, he provides leadership to the Board, organises board meetings and facilitates effective coordination among Directors. Mr. Yiu also founded other businesses which include real estate investment and development and jewellery retailing. Mr. Yiu completed a business management course organised by School of Continuing Education, Tsinghua University (清華大學繼續教育學院) in April 2007. Mr. Yiu is the husband of Ms. Law Wai Ping and the father of Ms. Yiu Ho Ting, both are Executive Directors of the Company. He is also a director of each of Ming Fung Investment Limited, the immediate holding company of the Company, and Ming Fung Holdings (Hong Kong) Limited, the ultimate holding company of the Company.

LAW WAI PING

Ms. Law Wai Ping, aged 51, is an Executive Director of the Company. She was appointed as a Director of the Company on 11 March 2011 and is also a director and the company secretary of certain subsidiaries of the Company. Ms. Law has over 20 years of experience in the management of metallic product business and is primarily responsible for the Group's corporate resources management. She also partakes in formulating the development strategies of the Group. Ms. Law is the wife of Mr. Yiu Hon Ming, Chairman and Managing Director of the Company, and mother of Ms. Yiu Ho Ting, Executive Director of the Company. She is also a director of Ming Fung Holdings (Hong Kong) Limited, the ultimate holding company of the Company.

CHAU KAM WING DONALD, *Finance Director*

Mr. Chau Kam Wing, Donald, aged 53, is the Finance Director of the Company. He was appointed as a Director of the Company on 11 March 2011 and is responsible for overseeing the financial management of the Group. Mr. Chau has over 20 years of experience in auditing, taxation and financial management and had been appointed as financial controller of certain listed companies in Hong Kong. Mr. Chau obtained a master's degree in business administration from the University of San Francisco, United States in December 2000. He is also a Fellow Member of The Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants. Mr. Chau is currently an independent non-executive director of China Water Affairs Group Limited and Carpenter Tan Holdings Limited, which are listed on the Main Board of the Stock Exchange. Mr. Chau is currently also an independent non-executive director of Eco-Tek Holdings Limited, Zhejiang Chang'an Renheng Technology Co., Ltd. and Ching Lee Holdings Limited, which are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chau was an independent non-executive director of Zhejiang Shibao Company Limited which is listed on both the Main Board of the Stock Exchange and the SME Board of Shenzhen Stock Exchange, from November 2009 to June 2015.

LI CHIN KEUNG

Mr. Li Chin Keung, aged 47, was appointed as an Executive Director of the Company on 24 March 2015. He has been the general manager of Winox Enterprise Company Limited ("Winox Enterprise") and Winox Watch Manufactory (Dongguan) Limited ("Winox Watch"), both being the wholly-owned subsidiaries of the Company, since July 2010, in charge of overall management of the Group. Mr. Li is also the general manager of Winox Management Limited, Bo Luo Ming Fung Kitchen Appliance Manufacturing Limited, Huizhou Fengcai Precious Metal Manufacturing Limited and Shengfeng Precision Manufacturing (Huizhou) Company Limited, all being the wholly-owned subsidiaries of the Company. Mr. Li joined Stelux Industries Limited in 1991 and held various positions during his tenure there including computer programmer, production material control manager, manager of sales department, assistant general manager and assistant manager of logistics department. Mr. Li joined the Group in 1999 and was responsible for the production and administrative work of the Group. He was the deputy general manager of Winox Manufacturing Company Limited for the period from October 1999 to March 2005. Mr. Li took the position of sales manager from April 2005 to December 2007, and was responsible for the European jewellery and related accessories markets and successfully opened up the European leading brand market for the Company. Mr. Li was then transferred to Winox Enterprise as a sales manager from January 2008 to August 2008. During the period from August 2008 and June 2010, Mr. Li was appointed as an assistant general manager of Winox Enterprise. In July 2010, he was promoted to the general manager of Winox Enterprise and Winox Watch. Mr. Li graduated from The Hong Kong Polytechnic University with a Diploma in Industrial and Operations Management in November 1998 and is the holder of a Diploma in Computing Studies (Technical Applications) awarded by the Chai Wan Technical Institute of the Vocational Training Council in September 1991.

Directors, Senior Management and Company Secretary

YIU HO TING

Ms. Yiu Ho Ting, aged 30, was appointed as an Executive Director of the Company on 24 March 2015. She graduated from the Imperial College London, the United Kingdom and obtained a Master's degree in Mechanical Engineering. Ms. Yiu joined the Group in 2011, serving as an assistant manager of human resources and administration department. Currently, she is mainly responsible for the human resources and internal operations management of the Group. Before joining the Group, she worked in a real estate company for 2 years, in charge of the internal operations management. Ms. Yiu is the daughter of Mr. Yiu Hon Ming, Chairman and General Manager of the Company, and Ms. Law Wai Ping, Executive Director of the Company. Mr. Yiu Hon Ming and Ms. Law Wai Ping are also the controlling shareholders of the Company.

NON-EXECUTIVE DIRECTOR

AU WAI MING, *Deputy Chairman*

Mr. Au Wai Ming, aged 69, is the Deputy Chairman and a Non-Executive Director of the Company. He was appointed as a Director of the Company on 11 March 2011. Mr. Au pursued his studies at Harbin Institute of Engineering (哈爾濱工程學院) and was graduated in August 1970. Mr. Au has about 40 years of experience in corporate development and management. He has worked for Guangdong Yuehai Property Group (廣東粵海地產集團) as well as Hutchison Whampoa Properties Limited. He had been an executive director of Guangdong Investment Limited for 10 years and was the former chairman and managing director of Kingway Brewery Holdings Limited, both companies are listed on the Main Board of the Stock Exchange. Mr. Au has extensive experience in property development and management and he has participated in the planning and development of certain well-known property projects such as Guangzhou Riverside Garden, Teem Plaza, Cape Coral and The Riverside. Mr. Au is currently an independent director of Rainbow Department Store Company Limited, the shares of which are listed on the Shenzhen Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CARSON WEN

Mr. Carson Wen, BBS, JP, aged 62, was appointed as an Independent Non-Executive Director of the Company on 24 June 2011. Mr. Wen is a practising solicitor and senior consultant of Jones Day, a law firm in Hong Kong. He was qualified as a solicitor in Hong Kong in May 1980 and has more than 30 years of experience in business, corporate and securities law.

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

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

WONG LUNG TAK PATRICK

Professor Patrick Wong Lung Tak, BBS, JP, aged 68, was appointed as an Independent Non-Executive Director of the Company on 24 June 2011. Professor Wong is a Certified Public Accountant (Practising) in Hong Kong, a Chartered Secretary and a Certified Tax Advisor (Hong Kong) and the Managing Practising Director of Patrick Wong CPA Limited. He has over 40 years experience in the accountancy profession. Professor Wong holds a Doctor of Philosophy degree in Business. He was awarded a Badge of Honour by the Queen of England in 1993. He was also appointed a Justice of the Peace in 1998 and was awarded a Bronze Bauhinia Star in 2010 by the Government of the Hong Kong Special Administrative Region. He was appointed Adjunct Professor, School of Accounting and Finance of The Hong Kong Polytechnic University from 2002 to 2013. Professor Wong is currently an independent non-executive director of Galaxy Entertainment Group Limited, CC Land Holdings Limited, China Precious Metal Resources Holdings Co., Ltd., Guangzhou Baiyunshan Pharmaceutical Holdings Co. Ltd. (formerly known as Guangzhou Pharmaceutical Company Limited), Water Oasis Group Limited, Real Nutraceutical Group Limited (formerly known as Ruinian International Limited), Sino Oil and Gas Holdings Limited, National Arts Entertainment and Culture Group Limited and BAIC Motor Corporation Limited, all of which are companies listed on the Stock Exchange. Mr. Wong was an independent non-executive director of Excel Development (Holdings) Limited, which is listed on Main Board of the Stock Exchange, from November 2013 to August 2015.

Directors, Senior Management and Company Secretary

WU MING LAM

Mr. Wu Ming Lam, aged 69, was appointed as an Independent Non-Executive Director of the Company on 24 March 2015. Mr. Wu has more than 30 years of experience in the industry of industrial products manufacturing. Mr. Wu has founded a number of corporations engaging in industrial production and investment business in Hong Kong since 1976. Currently, he serves as a director in Full Tat Company Limited, Cadillac Enterprises Limited, Roysun Development Company Limited, Cearns Co., Limited, Kowloon Spring Factory Limited, and Eastern Rainbow Precision Limited, and is in charge of resources management for those corporations, and participates in the development of company's strategies.

SENIOR MANAGEMENT AND COMPANY SECRETARY

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

Mr. Chan Kai Ming, aged 61, is the Head of Factory (Division B) of Winox Enterprise and Winox Watch and also partakes in the marketing issues of Winox Enterprise. Mr. Chan joined the Stelux Group in 1987 and joined our Group in 1999. Mr. Chan is mainly responsible for the management of our factories in China and the development and production of Swiss brand watch products as well as leading the Company for self innovation. Mr. Chan has over 30 years of experience in metallic products manufacturing industry and is the holder of a bachelor of science degree awarded by The Hong Kong Polytechnic University in November 2009.

HUEN LAI CHUN, *Company Secretary*

Ms. Huen Lai Chun, aged 50, is the company secretary of the Company. She was appointed as the company secretary and authorised representative of the Company on 13 June 2014. Ms. Huen is a fellow of The Association of Chartered Certified Accountants, and an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. Ms. Huen has over 8 years of experience in handling the secretarial and compliance related matters of listed corporations.

Report of Directors

The Directors are pleased to present the annual report together with the audited consolidated financial statements of Winox Holdings Limited and its subsidiaries for the year ended 31 December 2015 (“Annual Report”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company which provides corporate management services to its subsidiaries.

The Group is principally engaged in the development and manufacturing of stainless steel products such as watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts. The activities and particulars of its principal subsidiaries are set out in note 31 to the consolidated financial statements.

There was no significant change in the nature of the Group’s principal activities during the year.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including an indication of likely future developments in the Group’s business, can be found in the Financial Highlights, Chairman’s Statement and Management Discussion and Analysis set out on page 3, pages 4 to 5 and pages 6 to 10 of this Annual Report respectively. This discussion forms part of this Report of Directors.

KEY RISK AND UNCERTAINTIES

Our Group’s financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group’s businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Risks relating to the industry

Business of the Group depends substantially on the global economic and market conditions. During periods of slowing economic growth or recession, consumer spending may drop as they are less willing to spend money. As our products are ultimately sold by our ultimate brand owners as part of their products to consumers in the high-end retail market, a drop in consumer spending power in luxury products could lead to a drop in demand for the brand owners’ products, and in turn, adversely affect the demand of our products and thereby adversely affecting our results of operations and financial condition.

Risk relating to concentration of customers

The largest and top five customers of the Group accounted for approximately 53.7% and 93.3% of our total revenue for the year ended 31 December 2015 respectively (2014: 58.0% and 88.6% respectively). There is no assurance that our business relationship with our major customers will continue in the future.

Risk relating to conducting business in the PRC

Our results, financial condition and prospects are to a significant degree subject to the economic, political and legal developments of the PRC, as a substantial part of our assets and business operations are located in the PRC. The economic, political and social conditions, as well as government policies, including taxation policies, of the PRC, could affect our business.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There was no significant event took place subsequent to 31 December 2015.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection, making efficient use of resources, following all applicable laws and regulations, and proactively promoting environmental awareness among its staffs and business partners.

The Group has constructed environmental facilities in our factories in China. We have installed a monitoring system to regularly monitor emissions, dispose and implement controls on effluent discharges, and conduct waste water recycling and sewage treatment process to ensure the compliance with the relevant environmental standards in the mainland, which is also under the stringent supervision of the environmental protection bureaus in the PRC.

Report of Directors

The Group also deals with hazardous waste cautiously. In addition to the compliance with statutory environmental requirements over storage of hazardous waste, secondary waste disposal measures have been implemented. Such waste has been disposed by qualified hazardous waste management companies recognised by local environmental protection bureau regularly in accordance with environmental requirements in order to reduce environmental impact.

In the meantime, energy-saving facilities have been introduced at the factories, in which energy-efficient lightings practices are adopted to reduce power consumption. An incentive system has been employed for the use of raw material to promote waste reduction and conservation of resources.

The Company believes that the environmental systems and facilities of our factories in China have complied with the relevant national and local regulations on environmental protection in the PRC.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The principal activities of the Group during the year are development and manufacturing of stainless steel products such as watch bracelets, costume jewellery, accessories and parts for leather goods, and mobile phone cases and parts. During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS PARTIES

The Company is of the view that it has been maintaining a good relationship with the following key stakeholders of the Group:

- employees and workers
- major customers
- major suppliers such as production materials suppliers and component parts suppliers
- bankers

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 33 of this Annual Report and in the accompanying notes to the consolidated financial statements.

The Board recommends the payment of a final dividend of HK4 cents (2014: HK2 cents) per ordinary share for the year ended 31 December 2015 to Shareholders whose names appear on the register of members of the Company ("Register of Members") on Friday, 27 May 2016. Subject to the approval of the Shareholders in the annual general meeting ("AGM") to be held on Monday, 23 May 2016, the proposed final dividend of approximately HKD20,000,000 (2014: HKD10,000,000) in aggregate will be payable on or about Friday, 10 June 2016. The proposed final dividend, together with the Interim dividend of HK3 cents (2014: HK2 cents) per ordinary share paid to the Shareholders on 25 September 2015, amount to a total dividend for the year of HK7 cents (2014: HK4 cents) per ordinary share.

For the purpose of ascertaining Shareholders' right to attend and vote at the AGM, the Register of Members will be closed from Friday, 20 May 2016 to Monday, 23 May 2016, both days inclusive, during which no transfer of the shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("Branch Share Registrar") for registration not later than 4.30 p.m. on Thursday, 19 May 2016.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Friday, 27 May 2016 on which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Thursday, 26 May 2016.

Report of Directors

RESERVES

As at 31 December 2015, reserves of the Company available for distribution to the Shareholders were approximately HKD304,918,000 (2014: HKD237,937,000). Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity and note 30 to the consolidated financial statements on pages 35 and 66 of this Annual Report respectively. Under the Companies Law of the Cayman Islands (2013 Revised), the share premium account of the Company of approximately HKD213,244,000 (2014: HKD213,244,000) is distributable to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business. The share premium account of the Company may also be distributed in the form of fully paid bonus shares to be issued to Shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 68 of this Annual Report.

DONATIONS

During the year, the Group made charitable and other donations amounted to HKD315,000 (2014: HKD368,000).

FIXED ASSETS

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

SHARE CAPITAL

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

BORROWINGS

Details of the Group's borrowings as at 31 December 2015 are set out in note 23 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

DIRECTORS

The Directors during the year and up to the date of this Annual Report were:

Executive Directors

Mr. Yiu Hon Ming (*Chairman & Managing Director*)

Ms. Law Wai Ping

Mr. Chau Kam Wing Donald (*Finance Director*)

Mr. Li Chin Keung (appointed on 24 March 2015)

Ms. Yiu Ho Ting (appointed on 24 March 2015)

Non-executive Director

Mr. Au Wai Ming (*Deputy Chairman*)

Independent Non-executive Directors

Mr. Carson Wen

Professor Wong Lung Tak Patrick

Mr. Wu Ming Lam (appointed on 24 March 2015)

Mr. Ma Weihua (resigned on 24 March 2015)

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

Report of Directors

Biographical details of Directors and senior management and Company Secretary of the Company are set out on pages 11 to 13 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the Independent Non-executive Directors an annual confirmation of his independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

NON-COMPETITION UNDERTAKING

On 25 June 2011, the controlling shareholders of the Company, Mr. Yiu Hon Ming ("Mr. Yiu") and Ms. Law Wai Ping ("Ms. Law"), who are also Directors of the Company, entered into a deed of non-competition undertaking ("NCU Deed") with the Company under which each of Mr. Yiu and Ms. Law has undertaken that he/she will not, and will procure that his/her associates (other than members of the Group) will not:

- (a) Directly or indirectly whether as principal or agent or through any person, firm, company or organization carry on, participate or be interested or engaged in any business in any form or manner that is, directly or indirectly, in competition with the business of any member of our Group in the PRC, Hong Kong or any part of the world in which any member of our Group may from time to time operate;
- (b) Directly or indirectly, solicit, interfere with or entice away from any member of our Group any person, firm, company or organization who to, Mr. Yiu and/or Ms. Law's knowledge, as at the date of the NCU Deed, was or had been or would after the date of the NCU Deed be, a customer, supplier, distributor or management, technical staff or employees (of managerial grade or above) of any member of our Group; and
- (c) Will not exploit his/her knowledge or information obtained from our Group to compete, directly or indirectly, with the business carried on by our Group from time to time.

During the year, both Mr. Yiu and Ms. Law have complied with terms of the NCU Deed. Each of them have provided to the Company written confirmations in respect of their compliance with the NCU Deed on a half-yearly basis for the period ended 30 June 2015 and for the year ended 31 December 2015.

The Independent Non-executive Directors have reviewed the status of compliance with the undertakings in the NCU Deed by Mr. Yiu and Ms. Law for the year ended 31 December 2015 and have confirmed that, as far as they can ascertain, Mr. Yiu and Ms. Law have complied with the terms of the NCU Deed for the year ended 31 December 2015.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, the Company's subsidiaries or holding companies, or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year.

Report of Directors

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, each Director or other officers of the Company shall be indemnified out of the assets and profits of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

MANAGEMENT CONTRACTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme of the Company as disclosed below, at no time during the year was the Company, the Company's subsidiaries or holding companies, or fellow subsidiaries, a party to any arrangements to enable Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The share option scheme of the Company ("Share Option Scheme") was approved and adopted by the Board on 25 June 2011. No options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme, i.e. 24 June 2021.

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

No option had been granted under the Share Option Scheme as at the date of this Annual Report. The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall be 50,000,000 shares, representing 10 per cent of the Company's total issued share capital as at the date of this Annual Report.

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

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

The period within which the options must be exercised will be specified by the Company at the time of grant. Such period must expire no later than ten years from the date of grant.

The amount payable upon acceptance of an option is HKD1. At the time of grant of options, the Company may specify any minimum periods for which an option must be held before it can be exercised or any performance targets which must be achieved before the options can be exercised. The Share Option Scheme does not contain any such minimum period and any performance targets.

The subscription price for shares on the exercise of the options shall be no less than the higher of: (a) the closing price of the shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share on the date of grant.

Report of Directors

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

During the year ended 31 December 2015, no option was granted or outstanding under the Share Option Scheme.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

(a) The Company

Director	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Yiu Hon Ming	1	Interest in controlled corporation and interest of spouse	331,700,000	66.34%
Law Wai Ping	2	Beneficial owner, interest in controlled corporation and interest of spouse	331,700,000	66.34%
Yiu Ho Ting	3	Beneficial owner and interest of spouse	5,358,000	1.07%
Li Chin Keung	4	Interest of spouse	804,000	0.16%
Au Wai Ming		Beneficial owner	3,776,000	0.76%

Notes:

- Mr. Yiu Hon Ming ("Mr. Yiu") is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. Mr. Yiu is the husband of Ms. Law Wai Ping ("Ms. Law"). By virtue of the SFO, Mr. Yiu is deemed to be interested in the same block of ordinary shares in which Ms. Law is interested.
- Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company. In addition, Ms. Law is directly and beneficially interested in 1,700,000 shares of the Company. Ms. Law is the wife of Mr. Yiu. By virtue of the SFO, Ms. Law is deemed to be interested in the same block of ordinary shares in which Mr. Yiu is interested.
- Ms. Yiu Ho Ting ("Ms. Yiu") is directly and beneficially interested in 4,340,000 shares of the Company. In addition, her husband, Mr. Cheung Justin Chi Yen ("Mr. Cheung"), is directly interested in 1,018,000 shares of the Company. By virtue of the SFO, Ms. Yiu is deemed to be interested in the same block of ordinary shares in which Mr. Cheung is interested.
- Ms. Cheung Wing Yan ("Ms. Cheung"), wife of Mr. Li Chin Keung ("Mr. Li"), is directly interested in 804,000 shares of the Company. By virtue of the SFO, Mr. Li is deemed to be interested in the same block of ordinary shares in which Ms. Cheung is interested.

Report of Directors

(b) Associated Corporations

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

Notes:

1. Mr. Yiu is legally and beneficially interested in 60% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company.
2. Ms. Law is legally and beneficially interested in 40% of the entire issued share capital of Ming Fung Holdings (Hong Kong) Limited, which in turn is directly interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited, which in turn is directly interested in 330,000,000 shares of the Company.

Save as disclosed above, as at 31 December 2015, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive have taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2015, each of the following persons and entities, other than a Director or chief executive of the Company, had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Note	Capacity	Total number of ordinary shares interested or deemed to be interested (Long positions)	Approximate percentage of total issued share capital of the Company
Ming Fung Investment Limited	1	Beneficial owner	330,000,000	66%
Ming Fung Holdings (Hong Kong) Limited	1	Interest in controlled corporation	330,000,000	66%
Winholme Holdings Limited	2	Beneficial owner	42,500,000	8.5%
Tang Wai Fong	3	Interest in controlled corporation	42,500,000	8.5%
Chan Kai Ming	4	Interest in controlled corporation	42,500,000	8.5%
Leung Wai Yin Edith	5	Interest of spouse	42,500,000	8.5%

Notes:

1. Ming Fung Holdings (Hong Kong) Limited is interested in approximately 95.45% of the entire issued share capital of Ming Fung Investment Limited.
2. Mr. Li Chin Keung, an executive Director, is the legal and beneficial owner of approximately 8.82% of the entire issued share capital of Winholme Holdings Limited.
3. Ms. Tang Wai Fong is the legal and beneficial owner of approximately 44.12% of the entire issued share capital of Winholme Holdings Limited.
4. Mr. Chan Kai Ming is the legal and beneficial owner of approximately 35.29% of the entire issued share capital of Winholme Holdings Limited.
5. Ms. Leung Wai Yin Edith is the wife of Mr. Chan Kai Ming. By virtue of SFO, she is deemed to be interested in the same block of shares in which Mr. Chan Kai Ming is interested.

Save as disclosed above, as at 31 December 2015, the Company has not been notified by any person or entity who had or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of SFO.

CORPORATE GOVERNANCE

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

RELATED PARTIES TRANSACTIONS

Details of related parties transactions of the Group for the year ended 31 December 2015 are set out in note 29 to the consolidated financial statements. All of such related parties transactions constituted exempt connected transactions under rule 14A.76(1) of the Listing Rules, and the Company did not have any connected transactions which were subject to the relevant disclosure requirements under Chapter 14A of the Listing Rules.

Report of Directors

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the largest and top five customers of the Group accounted for approximately 53.7% and 93.3% of the total revenue of the Group respectively (2014: 58.0% and 88.6% respectively).

The aggregate purchases during the year attributable to the Group's largest and top five suppliers were approximately 10.8% and 32.2% of the Group's total purchase respectively (2014: 11.7% and 39.5% respectively).

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

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

PUBLIC FLOAT

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

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

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

On 15 May 2012, Winox Enterprise, as borrower, entered into another facilities letter with the same financial institution in relation to two 5-year term loans at an aggregate amount of HKD70,000,000. These loan facilities (a) are interest bearing and secured, (b) are repayable by 60 monthly instalments commencing one month after each drawdown, and (c) contain repayment on demand clause at the discretion of the financial institution. The loans were drawn by 5 instalments on dates ranging from 28 May 2012 to 24 December 2012.

On 21 June 2013, Winox Enterprise, as borrower, entered into another facilities letter with the same financial institution in relation to two term loans, which are interest bearing and secured, at the amounts of HKD40,000,000 (converted to committed loan on 27 December 2013, and is repayable by 12 equal quarterly instalments and will be fully repaid by 30 September 2016) and HKD60,000,000 (converted to committed loan on 24 March 2014 for the first 2 years from the loan drawdown date and is repayable by 28 equal quarterly instalments) respectively. During the year ended 31 December 2014, HKD30,000,000 was drawn from the latter loan on 25 June 2014 and HKD30,000,000 was drawn on 25 September 2014.

On 24 November 2015, Winox Enterprise, as borrower, entered into another facilities letter with the same financial institution in relation to a term loan of up to HKD70,000,000. The loan facility (a) is interest bearing, (b) is repayable by 20 equal quarterly instalments commencing three months after first drawdown, and (c) contains repayment on demand clause at the discretion of the financial institution which was effective after 22 months from the date of the first drawdown. During the year ended 31 December 2015, HKD35,000,000 was drawn on 28 December 2015 and HKD35,000,000 is available for drawdown on or before 31 March 2016.

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



Report of Directors

As at 31 December 2015, the amount of loan outstanding under these loan facilities was approximately HKD117,989,000 and the unutilised facilities available for drawdown was amounted to HKD37,000,000.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding the Company's securities.

CHANGE OF AUDITOR

There was no change of auditor in the past three years.

INDEPENDENT AUDITOR

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

On behalf of the Board

Yiu Hon Ming

Chairman and Managing Director

Hong Kong, 29 March 2016

Corporate Governance Report

Winox Holdings Limited is committed to establish and maintain high standard of corporate governance and believes that good corporate governance system provides a sustainable and solid foundation for the Company to manage business risks, enhance transparency, advance accountability and maximise Shareholders' interests.

Throughout the year ended 31 December 2015, the Company has applied the principles of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules and complied with all the applicable code provisions of the CG Code, save and except for the deviations from code provisions A.2.1 and A.6.7.

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yiu Hon Ming is the Chairman and Managing Director (being defined as Chief Executive under the CG Code) of the Company who is responsible for overseeing the overall operations of the Group. Mr. Yiu is the founder of the Group who possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group's overall operations. Directors consider this structure is conducive to strong and consistent leadership, and effective and efficient planning and implementation of business decisions and strategies of the Group. The Board meets regularly to discuss major matters affecting the Group's operations and considers this structure does not impair the balance of power and authority between the Board and the management of the Company.

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director was unable to attend the Company's annual general meeting held on 26 May 2015 due to his other business engagements.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of Directors. The Model Code applies to Directors, relevant employees and officers who are likely to be in possession of unpublished price-sensitive information of the Company. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied with the required standard set out in the Model Code during the year ended 31 December 2015 and up to the date of this Annual Report.

THE BOARD

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

There was in place a directors' and officers' liabilities insurance cover in respect of legal actions against the Directors and officers arising from corporate activities.

Corporate Governance Report

Board Composition

As at the date of this Annual Report, the Board consisted of nine Directors (including the Chairman), amongst which five are Executive Directors and four are Non-executive Directors of whom three are independent.

Executive Directors

Mr. Yiu Hon Ming (*Chairman and Managing Director*)
Ms. Law Wai Ping
Mr. Chau Kam Wing Donald (*Finance Director*)
Mr. Li Chin Keung (appointed on 24 March 2015)
Ms. Yiu Ho Ting (appointed on 24 March 2015)

Non-executive Director

Mr. Au Wai Ming (*Deputy Chairman*)

Independent Non-executive Directors

Mr. Carson Wen
Professor Wong Lung Tak Patrick
Mr. Wu Ming Lam (appointed on 24 March 2015)
Mr. Ma Weihua (resigned on 24 March 2015)

The Board includes three Independent Non-executive Directors, representing one-third of the Board.

Professor Wong Lung Tak Patrick, an Independent Non-executive Director, is a practising certified public accountant in Hong Kong who possesses over 40 years of experience in the accountancy profession. He has appropriate accounting and related financial management expertise.

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

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

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

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

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

Save as disclosed in the section entitled "Directors, Senior Management and Company Secretary" of this Annual Report, there is no financial, business, family or other material/relevant relationship between Board members and Managing Director. Biographical details of Directors, which demonstrate a diversity of skills, expertise, experience and qualifications in the Board, are set out in pages 11 to 13 of this Annual Report.

Corporate Governance Report

Non-Executive Directors

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

All Non-executive Directors (including Independent Non-executive Directors) were appointed with specific term of 3 years and are subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company.

Chairman and Managing Director

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

Directors' Commitments and Continuous Professional Development

The Company has received confirmation from each Director that he/she has given sufficient time and attention to the affairs of the Company for the year ended 31 December 2015. Directors have disclosed to the Company the number and nature of offices held in Hong Kong and overseas listed public companies or organisations.

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

According to the records maintained by the Company, Directors received continuous professional development with an emphasis on the roles, functions and duties of being a director of a listed company in compliance with code provision A.6.5 of the CG Code during year ended 31 December 2015:

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

Corporate Governance Report

AUDIT COMMITTEE

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

Members of the Audit Committee

Professor Wong Lung Tak Patrick (*Chairman*)
Mr. Carson Wen
Mr. Wu Ming Lam (appointed on 24 March 2015)
Mr. Ma Weihua (resigned on 24 March 2015)

Main functions of the Audit Committee are:

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

The Audit Committee is provided with sufficient resources to discharge its responsibilities. For the year ended 31 December 2015, the Audit Committee held three meetings, among others, to review with external auditor and senior management the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. Our Finance Director, senior management, internal auditor and external auditor, as appropriate, attended the meetings to respond to any queries raised by the Audit Committee. The Audit Committee also reviewed the external auditor's independence and made recommendations to the Board on the re-appointment of external auditor.

REMUNERATION COMMITTEE

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

Members of the Remuneration Committee

Professor Wong Lung Tak Patrick (*Chairman*)
Mr. Yiu Hon Ming
Mr. Carson Wen
Mr. Wu Ming Lam (appointed on 24 March 2015)
Mr. Ma Weihua (resigned on 24 March 2015)

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

For the year ended 31 December 2015, the Remuneration Committee held one meeting to discuss the 2014 performance bonus scheme of the Company, and the remuneration packages of the newly appointed Independent Non-executive Director and Executive Directors.

Corporate Governance Report

Remuneration of Directors and Senior Management

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of senior management by band for the year ended 31 December 2015 is set out below:

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

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

NOMINATION COMMITTEE

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

Members of the Nomination Committee

Mr. Yiu Hon Ming (*Chairman*)

Mr. Carson Wen

Professor Wong Lung Tak Patrick

Mr. Wu Ming Lam (appointed on 24 March 2015)

Mr. Ma Weihua (resigned on 24 March 2015)

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

For the year ended 31 December 2015, the Nomination Committee held one meeting to review the composition and diversity of the Board, to assess the independence of Independent Non-executive Directors and to make recommendations to the Board on the appointment and re-appointment of Directors taking into account their experience and qualifications.

Board Diversity Policy

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

Corporate Governance Report

BOARD AND COMMITTEE MEETINGS

During the year ended 31 December 2015, the Board held five meetings. At these meetings, the Board, among others, reviewed and discussed the Group's business updates and strategies. The individual attendance record of each Director at the Board meetings, Board Committee meetings and general meetings during the year is set out below:

Directors	Number of meetings attended/held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General meeting
Executive Directors					
Yiu Hon Ming	5/5	N/A	1/1	1/1	1/1
Law Wai Ping	5/5	N/A	N/A	N/A	1/1
Chau Kam Wing Donald	5/5	3/3	N/A	N/A	1/1
Li Chin Keung (appointed on 24 March 2015)	3/4	N/A	N/A	N/A	1/1
Yiu Ho Ting (appointed on 24 March 2015)	4/4	N/A	N/A	N/A	1/1
Non-executive Director					
Au Wai Ming	5/5	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Carson Wen	4/5	3/3	1/1	1/1	0/1
Wong Lung Tak Patrick	5/5	3/3	1/1	1/1	1/1
Wu Ming Lam (appointed on 24 March 2015)	4/4	2/2	0/0	0/0	1/1
Ma Weihua (resigned on 24 March 2015)	0/1	0/1	0/1	0/1	0/0

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

COMPANY SECRETARY

The Company engaged an external service provider as its Company Secretary since 12 June 2014. The Finance Director of the Company is the contact person of the external service provider. The biographical detail of the Company Secretary is disclosed in the section entitled "Directors, Senior Management and Company Secretary" of this Annual Report. During the year under review, the Company Secretary undertook over 15 hours of relevant professional training to update her skills and knowledge.

Corporate Governance Report

INTERNAL CONTROL AND RISK MANAGEMENT

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

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

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

The Board was satisfied that the Group's internal control system in place that covers all material controls including financial, operational and compliance controls, and risk management functions is reasonably effective and adequate during the year.

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, Shareholders may hold the extraordinary general meeting, and all reasonable expenses incurred by the Shareholders as a result of the failure of the Board shall be reimbursed to the Shareholders by the Company.

Shareholders' enquiries and proposals

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

Publications of the Company's documents

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

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

Corporate Governance Report

INVESTOR RELATIONS

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

AUDITOR'S REMUNERATION

An analysis of the remuneration payable to the Group's independent auditor, Messrs. Deloitte Touche Tohmatsu, to perform audit and non-audit services for the year ended 31 December 2015 is as follows:

	2015 HKD'000	2014 HKD'000
Services rendered		
Audit service	1,300	1,220
Non-audit service	310	310

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

OTHER SPECIFIC DISCLOSURES

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

Directors have acknowledged their responsibility for preparing all information and representations contained in the consolidated financial statements of the Company for the year ended 31 December 2015.

Directors consider that the consolidated financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong, and reflect amounts that are based on the best estimates, and reasonable, informed and prudent judgment of the Board and management of the Company with an appropriate consideration to materiality.

Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Company on a going concern basis.

Independent Auditor's Report

Deloitte. **德勤**

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

We have audited the consolidated financial statements of Winox Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 67, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Turnover	7	720,921	543,666
Cost of goods sold		(518,844)	(389,000)
Gross profit		202,077	154,666
Other income	8	3,369	5,444
Other gains and losses	9	1,639	(3,876)
Selling and distribution costs		(26,491)	(22,583)
Administrative expenses		(76,758)	(71,575)
Finance costs	10	(3,928)	(4,390)
Profit before taxation	11	99,908	57,686
Taxation	13	(19,176)	(12,016)
Profit for the year		80,732	45,670
Other comprehensive expense			
Item that may be subsequently reclassified to profit or loss:			
– exchange differences on translation of financial statement of foreign operation		(25,697)	(11,825)
Total comprehensive income for the year		55,035	33,845
Earnings per share – Basic	14	HK16.1 cents	HK9.1 cents

Consolidated Statement of Financial Position

At 31 December 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	16	354,797	337,560
Prepaid lease payments	17	34,507	36,952
Deposit for land use right		21,668	22,685
Deposits paid for acquisition of property, plant and equipment		3,713	13,689
Deposit and prepayments for a life insurance policy	18	4,338	4,588
		419,023	415,474
Current assets			
Inventories	19	50,385	75,394
Trade and other receivables	20	99,202	69,515
Bank balances and cash	21	196,295	177,653
		345,882	322,562
Current liabilities			
Trade and other payables	22	74,420	72,388
Taxation payable		9,468	3,552
Bank borrowings – amount due within one year	23	93,569	74,469
		177,457	150,409
Net current assets		168,425	172,153
Total assets less current liabilities		587,448	587,627
Non-current liability			
Bank borrowings – amount due after one year	23	28,000	58,214
		559,448	529,413
Capital and reserves			
Share capital	25	50,000	50,000
Reserves		509,448	479,413
		559,448	529,413

The consolidated financial statements on pages 33 to 67 were approved and authorised for issue by the Board of Directors on 29 March 2016 and are signed on its behalf by:

YIU HON MING
DIRECTOR

CHAU KAM WING DONALD
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital HK\$'000	Share Premium HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	50,000	213,244	34,276	213,048	510,568
Profit for the year	–	–	–	45,670	45,670
Other comprehensive expense for the year	–	–	(11,825)	–	(11,825)
Total comprehensive (expense) income for the year	–	–	(11,825)	45,670	33,845
Dividends paid (note 15)	–	–	–	(15,000)	(15,000)
At 31 December 2014	50,000	213,244	22,451	243,718	529,413
Profit for the year	–	–	–	80,732	80,732
Other comprehensive expense for the year	–	–	(25,697)	–	(25,697)
Total comprehensive (expense) income for the year	–	–	(25,697)	80,732	55,035
Dividends paid (note 15)	–	–	–	(25,000)	(25,000)
At 31 December 2015	50,000	213,244	(3,246)	299,450	559,448

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
Operating activities		
Profit before taxation	99,908	57,686
Adjustments for:		
Interest income	(1,168)	(998)
Interest expenses	3,928	4,390
Depreciation	31,465	24,998
Release of prepaid lease payments	823	823
Loss on disposal/write-off of property, plant and equipment	1,299	279
Imputed interest income from deposit placed for a life insurance policy	(195)	(185)
Premium charges on a life insurance policy	445	446
Write-off of trade receivables	–	2,500
Operating cash flows before movements in working capital	136,505	89,939
Decrease (increase) in inventories	22,330	(1,957)
Increase in trade and other receivables	(30,789)	(6,874)
Increase in trade and other payables	10,501	13,632
Cash generated from operations	138,547	94,740
Income tax paid		
Hong Kong Profits Tax	(11,303)	(4,306)
The People's Republic of China ("PRC") Enterprise Income Tax	(1,768)	(1,243)
Net cash from operating activities	125,476	89,191
Investing activities		
Purchase of property, plant and equipment	(56,610)	(53,785)
Cash transferred by customer for purchase of property, plant and equipment	(31,660)	–
Deposits paid for acquisition of property, plant and equipment	(3,713)	(13,689)
Purchase of property, plant and equipment from cash provided by customer	31,660	–
Interest received	1,168	998
Proceeds from disposal of property, plant and equipment	801	470
Net cash used in investing activities	(58,354)	(66,006)
Financing activities		
Bank borrowings raised	38,699	70,053
Repayment of bank borrowings	(49,647)	(61,069)
Dividends paid	(25,000)	(15,000)
Interest paid	(3,928)	(4,390)
Net cash used in financing activities	(39,876)	(10,406)
Net increase in cash and cash equivalents	27,246	12,779
Cash and cash equivalents at 1 January	177,653	167,511
Effect of foreign exchange rate changes	(8,604)	(2,637)
Cash and cash equivalents at 31 December, representing bank balances and cash	196,295	177,653

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL

The Company is a limited company incorporated in Cayman Island and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Ming Fung Holdings (Hong Kong) Limited, a company with limited liability incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yiu Hon Ming, who is also the Chairman and Managing Director of the Company. The address of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report. The Company is an investment holding company and the principal activities of its principal subsidiaries are set out in note 31.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial instruments ²
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ¹
Amendments to HKAS 1	Disclosure initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ¹

¹ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after a date to be determined.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 “Financial instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 that are relevant to the Group are described as follows:

- all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company are in the process of assessing the impact of application of HKFRS 9 in the future on amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised HKFRSs or amendments will have no material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Hong Kong Financial Reporting Standards 2 "Share-based payment", leasing transactions that are within the scope of Hong Kong Accounting Standard 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Hong Kong Accounting Standard 2 "Inventories" or value in use in Hong Kong Accounting Standard 36 "Impairment of assets".

The principal accounting policies are set out below.

Basis of Consolidation

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

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

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

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

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

Revenue Recognition

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

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

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

Service income is recognised when services are provided.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, Plant and Equipment

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

Property, plant and equipment which are transferred from customers in cash but the Group does not have control on such property, plant and equipment are not recognised as property, plant and equipment in the consolidated statement of financial position in accordance with Hong Kong (IFRIC) Interpretation 18 "Transfer of assets from customers".

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

Buildings under development for future owner-occupied purpose

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

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

Prepaid Lease Payments

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

Borrowing Costs

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

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

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

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

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

Financial liabilities and equity instruments

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

Equity instrument

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment

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

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

Taxation

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for the business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

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

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

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

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Government Grants

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

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

Retirement Benefits Costs

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Property, Plant and Equipment

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

5. CAPITAL RISK MANAGEMENT

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS

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

Categories of financial instruments

	2015 HK\$'000	2014 HK\$'000
Loans and receivables (including cash and cash equivalents)	275,901	235,285
Financial liabilities Amortised cost	187,573	197,649

Financial risk management objectives and policies

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

Credit risk

As at 31 December 2015, the Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

As at 31 December 2015, the Group has concentration of credit risk on trade receivables as 42% (2014: 48%) and 91% (2014: 85%) respectively of the trade receivables was due from the Group's largest customer and the five largest customers, respectively.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS (Continued)

Market Risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. During the year ended 31 December 2015, about 3% (2014: 6%) of the Group's sales are denominated in currency other than the functional currency of the group entities. The group entities also have foreign currency purchases, which also expose the Group to foreign currency risk. During the year ended 31 December 2015, about 13% (2014: 16%) of the Group's purchases are denominated in currencies other than the functional currency of the group entities making the purchase.

The carrying amounts of relevant group entities' foreign currencies denominated monetary assets and liabilities other than their functional currency for the year (including trade and other receivables as disclosed in note 20, bank balances and cash as disclosed in note 21 and trade and other payables as disclosed in note 22) at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Renminbi ("RMB")	2,753	81,327	–	–
Swiss Franc ("CHF")	13,010	10,333	18	169
United States dollars ("US\$")	12,143	10,269	806	4,681

Sensitivity analysis

The Group mainly exposes to currencies of RMB, US\$ and CHF, which are arising from relevant group entities' foreign currency denominated monetary assets and liabilities for the Group's operating activities in Hong Kong and PRC. The following table details the Group's sensitivity to a 3% (2014: 3%) increase and decrease in the functional currency the Company against the relevant foreign currencies. Under the linked exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial and therefore no sensitivity analysis has been presented. 3% (2014: 3%) is the sensitivity rate used when the management assesses the reasonably possible change in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 3% (2014: 3%) change in the foreign currency rates. The sensitivity analysis includes certain bank balances, trade and other receivables and trade and other payables which are exposed to foreign currency risk. A positive (negative) number below indicates an increase (decrease) in profit after taxation where the functional currency strengthens 3% (2014: 3%) against the relevant foreign currencies or the functional currency of the relevant group entities. For a 3% (2014: 3%) weakening of the functional currency against the relevant foreign currencies, there would be an equal and opposite impact on the profit after taxation.

	2015 HK\$'000	2014 HK\$'000
RMB	(69)	(2,037)
CHF	(325)	(255)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

Market Risk *(Continued)*

(ii) Interest rate risk

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank balances and bank borrowings at variable interest rates at the end of each reporting period and assumed that the said financial instruments outstanding at the end of each reporting period were outstanding for the whole year. 50 basis points (2014: 50 basis points) increase represents management's assessment of the reasonably possible change in interest rates. The management does not anticipate a decrease in interest rate in the next financial year having regard to the trends in Hong Kong dollar prime rate, HIBOR and The People's Bank of China Standard Loan Interest Rate. Accordingly, sensitivity analysis on a decrease in interest rates is not presented.

If interest rates on bank balances and bank borrowings at variable interest rates had been 50 basis points (2014: 50 basis points) higher and all other variables were held constant, the potential effect on profit before taxation is as follows:

	2015 HK\$'000	2014 HK\$'000
Increase in profit before taxation	312	188

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity Risk Management

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

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

	Weighted average interest rate %	On demand or less than 3 months HK\$'000	Over 3 months but less than 1 year HK\$'000	Over 1 year but less than 2 years HK\$'000	Over 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2015								
Trade and other payables	-	66,004	-	-	-	-	66,004	66,004
Bank borrowings	3.51	82,038	12,003	7,870	23,039	-	124,950	121,569
		148,042	12,003	7,870	23,039	-	190,954	187,573
At 31 December 2014								
Trade and other payables	-	64,966	-	-	-	-	64,966	64,966
Bank borrowings	3.44	58,733	18,240	18,832	28,618	14,384	138,807	132,683
		123,699	18,240	18,832	28,618	14,384	203,773	197,649

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 December 2015, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$76,568,000 (2014: HK\$52,565,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within six years (2014: three years) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements and the aggregate principal and interest cash outflows according to the scheduled repayment dates are set out as follows:

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

Liquidity Risk Management *(Continued)*

	Less than 3 months HK\$'000	Over 3 months but less than 1 year HK\$'000	Over 1 year but less than 2 years HK\$'000	Over 2 years but less than 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
31 December 2015	10,077	19,019	19,945	27,702	5,439	82,182	76,568
31 December 2014	10,808	18,155	15,330	10,166	–	54,459	52,565

Fair Value of Financial Instruments

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

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

7. TURNOVER AND SEGMENT INFORMATION

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

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

Turnover by products are as follows:

	2015 HK\$'000	2014 HK\$'000
Watch bracelets	440,066	389,120
Costume jewellery	247,047	126,498
Mobile phone cases and parts	23,099	6,237
Accessories and parts for leather goods	10,709	21,811
	720,921	543,666

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. TURNOVER AND SEGMENT INFORMATION (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Switzerland	424,265	366,627
Liechtenstein	235,072	103,625
Hong Kong	27,715	43,486
PRC	21,812	6,672
Other countries	12,057	23,256
	720,921	543,666

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

	2015 HK\$'000	2014 HK\$'000
Customer A ¹	387,252	315,408
Customer B ²	235,072	103,625

Notes:

¹ Turnover from sales of watch bracelets.

² Turnover from sales of costume jewellery and accessories.

At 31 December 2015, substantially all of the non-current assets of the Group were located in the Mainland China amounting to HK\$413,862,000 (2014: HK\$407,553,000).

8. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Bank interest income	1,168	998
Imputed interest income from a deposit placed for a life insurance policy	195	185
Gain from sales of scrap	999	1,206
Management and administrative service fee received (note 29(i))	252	252
Government grants recognised in respect of export incentive payments/research expenses	289	2,513
Others	466	290
	3,369	5,444

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

9. OTHER GAINS AND LOSSES

	2015 HK\$'000	2014 HK\$'000
Loss on disposal/write-off of property, plant and equipment	(1,299)	(279)
Net foreign exchange gains (losses)	2,938	(3,597)
	1,639	(3,876)

10. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interests on bank borrowings	3,928	4,390

11. PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 12)	4,698	3,161
Other staff's retirement benefits scheme contributions	18,551	13,662
Other staff costs	249,286	198,942
	272,535	215,765
Auditor's remuneration	1,300	1,220
Cost of inventories recognised as expenses	498,946	374,882
Depreciation on property, plant and equipment	31,465	24,998
Release of prepaid lease payments	823	823
Operating lease rentals in respect of rented premises	2,311	2,203
Write-off of trade receivables	-	2,500

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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

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

	2015					2014				
	Fees HK\$'000	Salaries and other benefit HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000	Fees HK\$'000	Salaries and other benefit HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contribution HK\$'000	Total HK\$'000
Executive directors										
Mr. Yiu Hon Ming ("Mr. Yiu")	-	600	215	18	833	-	600	215	17	832
Ms. Law Wai Ping	-	600	100	18	718	-	600	100	17	717
Mr. Chau Kam Wing, Donald	-	840	35	18	893	-	840	35	17	892
Mr. Li Chin Keung* (appointed on 24 March 2015)	-	825	215	18	1,058	-	-	-	-	-
Ms. Yiu Ho Ting* (appointed on 24 March 2015)	-	453	4	18	475	-	-	-	-	-
Non-executive directors										
Mr. Au Wai Ming	180	-	-	-	180	180	-	-	-	180
Independence non-executive directors										
Mr. Carson Wen	180	-	-	-	180	180	-	-	-	180
Professor. Wong Lung Tak, Patrick	180	-	-	-	180	180	-	-	-	180
Mr. Wu Ming Lam (appointed on 24 March 2015)	139	-	-	-	139	-	-	-	-	-
Mr. Ma Weihua (resigned on 24 March 2015)	42	-	-	-	42	180	-	-	-	180
Total emoluments	721	3,318	569	90	4,698	720	2,040	350	51	3,161

* The amount represents the services period from 1 January 2015 to 31 December 2015 in the Group.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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

The five highest paid individuals included 4 directors (2014: 2) of the Company for the year ended 31 December 2015. Details of whose emoluments are included in above. The emoluments of the remaining highest paid individuals during the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Employees		
– salaries and other benefits	641	2,669
– discretionary bonus	480	695
– retirement benefits scheme contributions	18	50
	1,139	3,414

The emoluments of the employees were within the following band:

	2015	2014
Within HK\$1,000,000	–	1
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,500,000	–	–

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

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were mainly for their services to the directors of the Company.

13. TAXATION

	2015 HK\$'000	2014 HK\$'000
The tax charge comprises:		
Current tax – Hong Kong Profits Tax		
Current year	13,552	9,238
Overprovision in prior years	(40)	(65)
	13,512	9,173
Current tax – PRC Enterprise Income Tax ("PRC EIT")		
Current year	5,496	2,688
Underprovision in prior years	168	155
	5,664	2,843
	19,176	12,016

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

13. TAXATION (Continued)

(i) Hong Kong Profit Tax

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

(ii) PRC EIT

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

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

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	99,908	57,686
Tax charge at the domestic income tax rate at 16.5% (2014: 16.5%)	16,485	9,518
Tax effect of income not taxable for tax purposes	(417)	(368)
Tax effect of expenses not deductible for tax purposes	277	185
Tax effect of tax losses not recognised	1,092	2,117
Tax effect of different tax rates applied to certain subsidiaries regarded as foreign enterprises in the PRC	1,611	474
Underprovision in prior years	128	90
Taxation for the year	19,176	12,016

14. EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	80,732	45,670

	Number of shares '000	'000
Number of shares for the purpose of calculating basic earnings per share	500,000	500,000

No dilutive earnings per share is presented as there were no potential dilutive shares in both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

15. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Dividends recognised as distribution during the year:		
2013 final dividend – HK1 cent per ordinary share	–	5,000
2014 interim dividend – HK2 cents per ordinary share	–	10,000
2014 final dividend – HK2 cents per ordinary share	10,000	–
2015 interim dividend – HK3 cents per ordinary share	15,000	–
	25,000	15,000

On 29 March 2016, a final dividend of HK4 cents (2014: HK2 cents) in respect of the year ended 31 December 2015 per ordinary share, totalling HK\$20,000,000 (2014: HK\$10,000,000), has been proposed by the board of directors of the Company. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Properties, plant and equipment in progress HK\$'000	Total HK\$'000
Cost							
At 1 January 2014	75,146	266,910	35,120	4,556	4,786	64,174	450,692
Currency realignment	(1,855)	(5,060)	(457)	(57)	(105)	(1,796)	(9,330)
Additions	–	21,743	5,565	–	215	42,662	70,185
Reclassification	–	–	–	4,956	–	(4,956)	–
Disposals	–	(1,693)	(59)	–	(9)	(420)	(2,181)
At 31 December 2014	73,291	281,900	40,169	9,455	4,887	99,664	509,366
Currency realignment	(6,180)	(10,859)	(1,255)	(596)	(200)	(1,823)	(20,913)
Additions	–	39,988	8,406	–	248	18,332	66,974
Reclassification	88,640	762	–	11,258	–	(100,660)	–
Disposals/write-off	–	(3,984)	(395)	–	(68)	–	(4,447)
At 31 December 2015	155,751	307,807	46,925	20,117	4,867	15,513	550,980
DEPRECIATION							
At 1 January 2014	16,333	105,680	23,474	2,926	1,569	–	149,982
Currency realignment	(422)	(1,081)	(211)	–	(28)	–	(1,742)
Provided for the year	2,302	19,097	3,062	159	378	–	24,998
Eliminated on disposals	–	(1,383)	(45)	–	(4)	–	(1,432)
At 31 December 2014	18,213	122,313	26,280	3,085	1,915	–	171,806
Currency realignment	(973)	(3,134)	(557)	(5)	(72)	–	(4,741)
Provided for the year	4,477	21,486	4,889	225	388	–	31,465
Eliminated on disposals/ write-off	–	(2,067)	(239)	–	(41)	–	(2,347)
At 31 December 2015	21,717	138,598	30,373	3,305	2,190	–	196,183
CARRYING VALUES							
At 31 December 2015	134,034	169,209	16,552	16,812	2,677	15,513	354,797
At 31 December 2014	55,078	159,587	13,889	6,370	2,972	99,664	337,560

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

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

The carrying values of buildings as at 31 December 2015 of HK\$134,034,000 (2014: HK\$55,078,000) shown above are situated in PRC.

At 31 December 2015, the Group has pledged certain of its buildings situated in PRC with an aggregate carrying value of about HK\$44,129,000 (2014: HK\$43,111,000) to a bank to secure the credit facilities granted to the Group.

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

Buildings	Over the shorter of the lease terms, or 3% – 5%
Plant and machinery	10% – 25%
Furniture, fixtures and equipment	10% – 20%
Leasehold improvements	3.3% – 20%
Motor vehicles	20%

17. PREPAID LEASE PAYMENTS

	2015 HK\$'000	2014 HK\$'000
Carrying amount		
At 1 January	37,770	39,549
Currency realignment	(1,644)	(956)
Released to profit or loss	(823)	(823)
At 31 December	35,303	37,770
Comprising land use rights held under medium-term leases situated in PRC	35,303	37,770
Analysed for reporting purposes as:		
Non-current assets	34,507	36,952
Current assets (included in trade and other receivables)	796	818
	35,303	37,770

At the end of both reporting periods, the Group has pledged its land use rights at the carrying value of HK\$6,416,000 (2014: HK\$6,899,000) situated in PRC to a bank to secure the credit facilities granted to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. DEPOSIT AND PREPAYMENTS FOR A LIFE INSURANCE POLICY

In September 2010, a subsidiary of the Company entered into a life insurance policy (the "Policy") to insure a director of the Company, Mr. Yiu. Under the Policy, the beneficiary and policy holder is a subsidiary of the Company and the total insured sum is US\$4,000,000 (equivalent to HK\$31,000,000). At inception of the Policy, the Group paid an upfront payment of US\$800,000 (equivalent to HK\$6,200,000). The Group will receive cash back based on the net nominal account value of the Policy at the date of withdrawal. The Group receives an interest at interest rates guaranteed by the insurer.

The directors of the Company expected that the Policy will be terminated at 7th policy year in 2017 and there will be a specified surrender charge of US\$97,560 (equivalent to HK\$756,000) in accordance with the Policy. The expected life of the Policy remained unchanged from the date of initial recognition and the directors of the Company considered that the financial impact of the option to terminate the policy was not significant.

The effective interest rate of the deposit is 5.00% which was determined on initial recognition by discounting the estimated future cash receipts through the expected life of the Policy of 7 years.

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

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

19. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Raw materials	12,469	12,714
Work in progress	35,000	50,408
Finished goods	2,916	12,272
	50,385	75,394

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For the year ended 31 December 2015

20. TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	71,643	49,039
Prepayments and deposits	8,529	8,716
Prepaid lease payments	796	818
Value added tax receivables	14,609	6,937
Prepayment for a life insurance policy	446	446
Others	3,179	3,559
	99,202	69,515

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-established customers with good payment history. The following is an aged analysis of trade receivables at the end of each reporting period based on the invoice date, which approximated the respective revenue recognition dates.

	2015 HK\$'000	2014 HK\$'000
Age		
0 to 30 days	53,566	35,572
31 to 60 days	12,389	8,678
61 to 90 days	4,058	3,092
Over 90 days	1,630	1,697
	71,643	49,039

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period. The directors considered that the trade receivables that are neither past due nor impaired have a good credit quality.

At 31 December 2015, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HK\$8,060,000 (2014: HK\$7,731,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables which are past due but not impaired is as follows:

	2015 HK\$'000	2014 HK\$'000
Overdue:		
Within 60 days	7,953	6,392
61 to 90 days	71	772
Over 90 days	36	567
	8,060	7,731

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

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

	2015 HK\$'000	2014 HK\$'000
US\$	2,980	4,156
CHF	540	235

21. BANK BALANCES AND CASH

The bank balances carry interest at the prevailing market rate of about 0.01% to 0.38% per annum for the year ended 31 December 2015 (2014: 0.01% to 0.38%).

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

	2015 HK\$'000	2014 HK\$'000
RMB	2,753	81,327
US\$	9,163	6,113
CHF	12,470	10,098

Notes to the Consolidated Financial Statements

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22. TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	33,494	31,238
Payroll and welfare payable	17,405	15,816
Other tax payables	5,478	4,236
Commissions and other payables to intermediary agents	7,798	7,094
Payables for acquisition of property, plant and equipment	7,256	10,581
Others	2,989	3,423
	74,420	72,388

The Group normally receives credit terms of 30 to 90 days from its suppliers. The following is an aged analysis of trade payables at the end of the reporting period based on invoice date:

	2015 HK\$'000	2014 HK\$'000
Age		
0 to 30 days	12,940	11,566
31 to 60 days	13,210	10,899
61 to 90 days	3,618	6,425
Over 90 days	3,726	2,348
	33,494	31,238

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

	2015 HK\$'000	2014 HK\$'000
US\$	806	4,681
CHF	18	169

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23. BANK BORROWINGS

	2015 HK\$'000	2014 HK\$'000
Bank borrowings	121,569	132,683
Secured	86,569	131,183
Unsecured	35,000	1,500
	121,569	132,683
The bank borrowings are repayable (note):		
Within one year	43,930	49,694
More than one year but not exceeding two years	7,000	18,572
More than two years but not exceeding five years	21,000	25,714
More than five years	–	13,928
	71,930	107,908
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment clause (shown under current liabilities)	49,639	24,775
	121,569	132,683
Less: Amount due within one year and/or repayable on demand shown under current liabilities	(93,569)	(74,469)
Amount due after one year	28,000	58,214

Note: The amounts due are based on the schedule repayable dates set out in loan agreements.

The bank borrowings carry variable interests at (i) 1.00% to 3.25% (2014: 1.00% to 3.25%) over 1-month Hong Kong Interbank Offered Rate and (ii) 2.5% (2014: 2.5%) over The People's Bank of China Standard Loan Interest Rate.

At 31 December 2015, the range of effective interest rates on the variable rate bank borrowing are 1.18% to 8.3% per annum (2014: 1.22% to 8.30%).

At the end of the reporting period, the Group has pledged its buildings, land use rights and the life insurance policy having an aggregate carrying value of approximately HK\$55,329,000 (2014: HK\$55,044,000) to secure general banking facilities granted to the Group. Details of these pledged assets are disclosed in the respective notes.

Notes to the Consolidated Financial Statements

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24. DEFERRED TAXATION

At 31 December 2015, the Group had unused tax losses of approximately HK\$22,942,000 (2014: HK\$17,906,000) available to offset against future profits. No deferred tax assets has been recognised in respect of these losses due to the unpredictability of future profit streams. The unrecognised tax losses of HK\$11,877,000 (2014: HK\$9,317,000) may be carried forward indefinitely and the remaining balances of HK\$11,065,000 (2014: HK\$8,589,000) will expire up to 2020 (2014: up to 2019).

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC Subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in respect of temporary differences attributable to accumulated distributable profits of a subsidiary in PRC amounting to HK\$10,209,000 (2014: HK\$9,368,000) at 31 December 2015, as the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. SHARE CAPITAL

	2015 & 2014 HK\$'000
Authorised: 4,000,000,000 ordinary shares of HK\$0.1 each	400,000
Issued and fully paid: 500,000,000 ordinary shares of HK\$0.1 each	50,000

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

26. OPERATING LEASE COMMITMENTS

The Group as Lessee

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

	Rented premises	
	2015 HK\$'000	2014 HK\$'000
Within one year	502	626
In the second to fifth year inclusive	870	817
After five years	6,979	7,315
	8,351	8,758

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

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27. CAPITAL COMMITMENTS

	2015 HK\$'000	2014 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	8,304	30,909

28. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group and each employee makes monthly mandatory contributions of 5% of relevant payroll costs with monthly cap of HK\$1,500 with effect from 1 June 2014 (before 1 June 2014: HK\$1,250) to the scheme.

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

No forfeited contributions are available to reduce the contribution payable in future years.

29. RELATED PARTIES TRANSACTIONS

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

	2015 HK\$'000	2014 HK\$'000
Management and administrative service fee received from Ming Fung (Holdings) Limited, a company controlled by Mr. Yiu [#]	252	252
Rental expense fee paid to Mr. Yiu [#]	676	676

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

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

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

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30. INFORMATION OF STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Interests in subsidiaries	291,520	270,821
Current assets		
Prepayments	160	160
Amounts due from subsidiaries	3,378	510
Bank balances and cash	61,165	56,605
	64,703	57,275
Current liabilities		
Other payables	1,305	1,220
Amount due to subsidiaries	–	38,939
	1,305	40,159
Net current assets	63,398	17,116
Net assets	354,918	287,937
Capital and reserves		
Share capital (note 25)	50,000	50,000
Reserves	304,918	237,937
Total equity	354,918	287,937

The financial statements were approved and authorised for issue by the Board of Directors on 29 March 2016.

YIU HON MING
DIRECTOR

CHAU KAM WING DONALD
DIRECTOR

Movement of Reserves

	Share premium HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2014	213,244	16,663	229,907
Profit and total comprehensive income for the year	–	23,030	23,030
Dividends paid (note 15)	–	(15,000)	(15,000)
At 31 December 2014	213,244	24,693	237,937
Profit and total comprehensive income for the year	–	91,981	91,981
Dividends paid (note 15)	–	(25,000)	(25,000)
At 31 December 2015	213,244	91,674	304,918

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

31. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2015 and 31 December 2014 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ registered capital	Attributable equity interest held by the Group		Principal activities
			2015	2014	
Winox Enterprise Company Limited	Hong Kong 23 March 2001	Ordinary capital HK\$60,000,000	100%	100%	Investment holdings and trading of stainless steel products
Winox Management Limited	Hong Kong 8 September 2010	Ordinary capital HK\$1	100%	100%	Provision of management and administration service
盈利時錶業(東莞)有限公司	PRC 4 April 2002 for a term of 20 years as a wholly foreign owned enterprise	Registered capital HK\$127,900,000 Paid-up capital HK\$127,900,000	100%	100%	Manufacture and trading of stainless steel products
惠州豐采貴金屬製造有限公司	PRC 10 June 2010 for a term of 30 years as a wholly foreign owned enterprise	Registered capital HK\$140,000,000 Paid-up capital HK\$140,000,000	100%	100%	Manufacture and trading of stainless steel products
博羅明豐廚具製造有限公司	PRC 31 December 2010 for a term of 32 years as a wholly foreign owned enterprise	Registered capital RMB80,000,000 Paid-up capital RMB68,761,638 (2014: RMB61,662,618)	100%	100%	Properties holding
盛豐精密製造(惠州)有限公司	PRC 25 September 2014 for a term of 30 years as a wholly foreign owned enterprise	Registered capital HK\$17,500,000 Paid-up capital HK\$17,500,000 (2014: HK\$6,000,000)	100%	100%	Manufacture and trading of stainless steel products

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

None of the subsidiaries had issued any debt securities at 31 December 2015 or at any time during the year.

Five-Year Financial Summary

RESULTS

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Turnover	519,470	635,275	546,218	543,666	720,921
Profit before taxation	136,011	129,430	56,979	57,686	99,908
Taxation	(23,126)	(19,870)	(10,653)	(12,016)	(19,176)
Profit for the year	112,885	109,560	46,326	45,670	80,732

ASSETS AND LIABILITIES

	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Total assets	620,613	708,338	692,306	738,036	764,905
Total liabilities	(179,028)	(203,638)	(181,738)	(208,623)	(205,457)
Total equity	441,585	504,700	510,568	529,413	559,448