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LUEN THAI HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 311)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

GROUP FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2013	2012
	US$'000	*US$'000*
		(Restated)
Revenue	**1,228,698**	990,198
Operating profit	**51,474**	42,835
Profit attributable to owners of the Company	**48,221**	38,718
Profit margin (ratio of profit attributable to owners of the Company to revenue)	**3.9%**	3.9%
Basic EPS *(US cents)*	**4.7**	3.9

The board of directors (the "Board") of Luen Thai Holdings Limited (the "Company") is pleased to announce the consolidated result of the Company and its subsidiaries (collectively, the "Group" or "Luen Thai") for the year ended 31 December 2013.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Note	**2013**	2012
		US$'000	*US$'000*
			(Restated)
			Note 13
Revenue	3	**1,228,698**	990,198
Cost of sales		**(1,016,697)**	(829,526)
Gross profit		**212,001**	160,672
Other gains — net	4	**1,976**	5,973
Impairment loss on goodwill		**—**	(6,896)
Gain on recognition of contingent consideration		**—**	5,092
Selling and distribution expenses		**(3,648)**	(4,130)
General and administrative expenses		**(158,855)**	(117,876)
Operating profit		**51,474**	42,835
Finance income	6	**5,381**	1,899
Finance costs	6	**(3,626)**	(2,321)
Finance income/(costs) — net	6	**1,755**	(422)
Share of (losses)/gains of an associated company		**(9)**	8
Share of losses of joint ventures		**(500)**	(180)
Profit before income tax		**52,720**	42,241
Income tax expense	7	**(2,589)**	(2,554)
Profit for the year		**50,131**	39,687
Profit attributable to:			
Owners of the Company		**48,221**	38,718
Non-controlling interests		**1,910**	969
		50,131	39,687
Earnings per share attributable to owners of the Company for the year *(expressed in US cents per share)*			
Basic earnings per share	8	**4.7**	3.9
Diluted earnings per share	8	**4.7**	3.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	US$'000	*US$'000*
		(Restated)
Profit for the year	**50,131**	39,687
Other comprehensive income:		
Item that will not be reclassified subsequently to profit or loss:		
Actuarial gain/(losses) on retirement benefit obligations	**4,837**	(1,095)
Item that may be reclassified to profit or loss:		
Currency translation differences	**(2,385)**	(1,088)
Share of other comprehensive income of joint ventures	**—**	667
Total comprehensive income for the year	**52,583**	38,171
Attributable to:		
Owners of the Company	**50,371**	37,247
Non-controlling interests	**2,212**	924
	52,583	38,171

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	As at 31 December **2013** *US$'000*	2012 *US$'000* (Restated)	As at 1 January 2012 *US$'000* (Restated)
ASSETS				
Non-current assets				
Leasehold land and land use rights		**11,809**	12,011	8,787
Property, plant and equipment		**127,813**	112,746	98,117
Intangible assets		**75,337**	61,985	62,519
Interest in an associated company		**550**	559	551
Interests in joint ventures		**6,011**	6,977	13,031
Amount due from a joint venture		**13,655**	36,941	35,285
Deferred income tax assets		**900**	728	741
Other non-current assets		**7,385**	4,255	3,770
Total non-current assets		**243,460**	236,202	222,801
Current assets				
Inventories		**113,033**	96,348	79,795
Trade and other receivables	10	**223,473**	184,340	146,501
Prepaid income tax		**4,915**	4,772	4,722
Cash and bank balances		**229,440**	165,588	138,827
Total current assets		**570,861**	451,048	369,845
Total assets		**814,321**	687,250	592,646
EQUITY				
Equity attributable to owners of the Company				
Share capital		**10,341**	9,998	9,927
Other reserves	12	**139,249**	132,014	133,349
Retained earnings				
— Proposed final dividend	9	**9,028**	7,927	7,981
— Others		**217,750**	184,249	155,737
		376,368	334,188	306,994
Non-controlling interests		**8,986**	8,786	9,222
Total equity		**385,354**	342,974	316,216

	Note	As at 31 December 2013 US$'000	2012 US$'000 (Restated)	As at 1 January 2012 US$'000 (Restated)
LIABILITIES				
Non-current liabilities				
Borrowings		**4,235**	4,643	6,111
Retirement benefit obligations		**6,849**	9,900	7,453
Convertible bond		**—**	5,020	—
Deferred income tax liabilities		**7,475**	5,160	3,671
Total non-current liabilities		**18,559**	24,723	17,235
Current liabilities				
Trade and other payables	11	**228,211**	199,884	164,418
Borrowings		**172,541**	108,415	81,942
Derivative financial instruments		**659**	1,174	949
Current income tax liabilities		**8,997**	10,080	11,886
Total current liabilities		**410,408**	319,553	259,195
Total liabilities		**428,967**	344,276	276,430
Total equity and liabilities		**814,321**	687,250	592,646
Net current assets		**160,543**	131,495	110,650
Total assets less current liabilities		**403,913**	367,697	333,451

1. GENERAL INFORMATION

Luen Thai Holdings Limited (the "Company") is principally an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and real estate development. The Group has manufacturing plants in the People's Republic of China (the "PRC"), the Philippines, Indonesia, Vietnam and Cambodia..

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments and convertible bond) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in accounting policy and disclosures

(a) Amendments to existing standards effective in 2013 and relevant to the Group

- Amendment to HKAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The Group has categorized "Currency translation differences" and "Share of other comprehensive income of joint ventures" under "Items that may be reclassified subsequently to profit or loss", while "Actuarial gains/losses on retirement benefit obligations" under "Items that will not be reclassified to profit or loss" in the consolidated statement of comprehensive income.

- HKAS 19 (2011), 'Employee benefits', amends the accounting for employee benefits. There is a new term "remeasurement". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. They are recognized in other comprehensive income and not recycled to income statement. The "corridor" method and the option to spread or recognize immediately in the income statement are no longer available. The standard also requires the entity to present all actuarial gains and losses previously recognized in the income statement in other comprehensive income. The Group has applied HKAS 19 (2011) retrospectively in accordance with the standard and the impact on the financial position of the Group as at the beginning of comparative periods are as follows:

	At 1 January 2012 (as previously reported) *US$'000* Debit/(credit)	Adjustments *US$'000* Debit/(credit)	At 1 January 2012 (as restated) *US$'000* Debit/(credit)	At 31 December 2012 (as previously reported) *US$'000* Debit/(credit)	Adjustments *US$'000* Debit/(credit)	At 31 December 2012 (as restated) *US$'000* Debit/(credit)
Retained earnings	(161,713)	(2,005)	(163,718)	(190,088)	(2,088)	(192,176)
Retirement benefit obligations	(6,480)	(973)	(7,453)	(7,898)	(2,002)	(9,900)
Non-controlling interests	(9,251)	29	(9,222)	(8,859)	73	(8,786)
Other reserves	(136,314)	2,965	(133,349)	(136,029)	4,015	(132,014)
Deferred income tax assets	757	(16)	741	726	2	728

- HKAS 27 (2011) 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. The adoption of this standard has no significant impact on the Group's results and financial position.

- HKAS 28 (2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. The adoption of this standard has no significant impact on the Group's results and financial position.

- Amendment to HKFRS 7 'Financial instruments: Disclosures' on asset and liability offsetting require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset. The Group has applied HKFRS 7 prospectively, additional disclosures required in respect of financial instruments are introduced. The adoption of this standard has no significant impact on the Group's results and financial position.

- Amendments to HKFRSs 10, 11 and 12 on transition guidance provide additional transition relief to HKFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied. The Group has properly followed the transition guidance.

- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group has applied HKFRS 10 retrospectively in accordance with the standard which has no significant impact on the results and the financial position of the Group.

- HKFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The Group has applied HKFRS 11 retrospectively in accordance with the standard which has no significant impact on the results and the financial position of the Group.

- HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The Group has applied HKFRS 12 prospectively, additional disclosures required in respect of interest in other entities are introduced. The adoption of this standard has no significant impact on the Group's results and financial position.

- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The Group has applied HKFRS 13 prospectively, additional disclosures required in respect of fair value measurements are introduced. The adoption of this standard has no significant impact on the Group's results and financial position.

- Annual improvements 2011 address six issues in the 2009–2011 reporting cycle. It includes changes to HKFRS 1 'First time adoption', HKAS 1 'Financial statement presentation', HKAS 16 'Property plant and equipment', HKAS 32 'Financial instruments; Presentation'and HKAS 34 'Interim financial reporting'. The adoption of this standard has no significant impact on the Group's results and financial position.

(b) *Amendments to existing standards effective in 2013 but not relevant to the Group*

- Amendment to HKFRS 1, 'First time adoption' on government loan is effective for annual periods beginning on or after 1 January 2013. This is currently not applicable to the Group, as the Group does not have any government loan.

- HK(IFRIC) Int 20, 'Stripping costs in the production phase of a surface mine' is effective for annual periods beginning on or after 1 January 2013. This is currently not applicable to the Group, as the Group does not involve in surface mining activity.

(c) *New and revised standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.*

The Group's assessment of the impact of these new and revised standards and amendments to existing standards is set out below.

- Amendment to HKAS 19 (2011) regarding defined benefit plans, is a narrow scope amendment that applies to contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits. The Group is yet to assess Amendment to HKAS 19's full impact and intends to adopt the Amendment to HKAS 19 no later than the accounting period beginning on or after 1 July 2014.

- Amendments to HKAS 27, HKFRS 10 and 12, 'Consolidation for investment entities' mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made HKFRS 12 to introduce disclosures that an investment entity needs to make. The Group is yet to assess the full impact of Amendments to HKAS 27, HKFRS 10 and 12 and intends to adopt the Amendments to HKAS 27, HKFRS 10 and 12 no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 32, 'Financial instruments: Presentation' on asset and liability offsetting is to the application guidance in HKAS 32, 'Financial instruments: Presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group is yet to assess the full impact of Amendments to HKAS 32 and intends to adopt Amendment to HKAS 32 no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 36, 'Impairment of assets' on recoverable amount disclosures addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group is yet to assess the full impact of Amendment to HKAS 36 and intends to adopt Amendment to HKAS 36 no later than the accounting period beginning on or after 1 January 2014.

- Amendment to HKAS 39, 'Financial Instruments: Recognition and Measurement — Novation of derivatives' provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria. The Group is yet to assess the full impact of Amendment to HKAS 39 and intends to adopt Amendment to HKAS 39 no later than the accounting period beginning on or after 1 January 2014.

- HKFRS 9, 'Financial instruments' is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply. The Group is yet to assess the full impact of HKFRS 9 and intends to adopt HKFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- Amendments to HKFRS 7 and HKFRS 9, "Mandatory effective date and transition disclosures" delay the effective date to annual periods beginning on or after 1 January 2015, and modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required. The Group is yet to assess the full impact of amendments to HKFRS 7 and HKFRS 9 and intends to adopt the amendments to HKFRS 7 and HKFRS 9 no later than the accounting period beginning on or after 1 January 2015.

- HK(IFRIC) 21 'Levies' is an interpretation of HKAS 37, 'Provisions, contingent liabilities and contingent assets'. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group is yet to assess the full impact of HK(IFRIC) 21 and intends to adopt HK(IFRIC) 21 no later than the accounting period beginning on or after 1 January 2014.

- Annual improvements 2012, include changes from the 2010–2012 cycle of the annual improvements project, that affect 7 standards:

  - HKFRS 2, 'Share-based payment', clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

  - HKFRS 3, 'Business combinations' and consequential amendments to HKFRS 9, 'Financial instruments', HKAS 37, 'Provisions, contingent liabilities and contingent assets', and HKAS 39, 'Financial instruments — Recognition and measurement', is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in HKAS 32, 'Financial instruments: Presentation'. All non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.

  - HKFRS 8, 'Operating segments', is amended to require disclosure of the judgements made by management in aggregating operating segments and a reconciliation of segment assets to the entity's assets when segment assets are reported.

- HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets', are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

- HKAS 24, 'Related Party Disclosures', the reporting entity is not required to disclose the compensation paid by the management entity (as a related party) to the management entity's employee or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

The Group is yet to assess the full impact of the Annual improvements 2012 and intends to adopt the Amendments no later than the accounting period beginning on or after 1 July 2014.

- Annual improvements 2013, include changes from the 2011–2013 cycle of the annual improvements project that affect 4 standards:

  - HKFRS 3, 'Business combinations', clarifies that HKFRS 3 does not apply to the accounting for the formation of any joint arrangement under HKFRS 11 in the financial statements of the joint arrangement.

  - HKFRS 13, 'Fair value measurement', clarifies that the portfolio exception in HKFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of HKAS 39 or HKFRS 9.

  - HKAS 40, 'Investment property', preparers also need to refer to the guidance in HKFRS 3 to determine whether the acquisition of an investment property is a business combination.

  The Group is yet to assess the full impact of the Annual improvements 2013 and intends to adopt the Amendments no later than the accounting period beginning on or after 1 July 2014.

There are no other HKASs, HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3. SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of apparels and accessories, the provision of freight forwarding and logistics services and also real estate development. Revenue consists of sales revenue from casual and fashion apparel, life-style apparel, sweaters, accessories, and income from the provision of freight forwarding and logistics services.

The executive directors have been identified as the chief operating decision maker. The executive directors have determined the operating segments based on the reports reviewed by them that are used to make strategic decisions.

Management considers the business from a product perspective whereby management assesses the performance of casual and fashion apparel, life-style apparel, sweaters, accessories, freight forwarding and logistics services and real estate development.

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2013 and 2012 is as follows:

	Casual and fashion apparel *US$'000*	Life-style apparel *US$'000*	Sweaters *US$'000*	Accessories *US$'000*	Freight forwarding/ logistics services *US$'000*	Real estate *US$'000*	Total *US$'000*
For the year ended 31 December 2013							
Total segment revenue	**951,670**	**132,405**	**122,502**	**406,745**	**18,984**	**—**	**1,632,306**
Inter-segment revenue	**(287,146)**	**(590)**	**(20,951)**	**(94,407)**	**(514)**	**—**	**(403,608)**
Revenue (from external customers)	**664,524**	**131,815**	**101,551**	**312,338**	**18,470**	**—**	**1,228,698**
Segment profit for the year	**35,346**	**4,746**	**1,601**	**13,550**	**1,394**	**3,861**	**60,498**
Profit for the year includes:							
Depreciation and amortization	**(12,871)**	**(1,552)**	**(2,319)**	**(5,698)**	**(959)**	**—**	**(23,399)**
Provision for inventory obsolescence	**(1,462)**	**—**	**—**	**(656)**	**—**	**—**	**(2,118)**
Reversal of provision/(provision) for impairment of trade and bills receivable	**100**	**(280)**	**(115)**	**26**	**(205)**	**—**	**(474)**
Share of loss of an associated company	**—**	**—**	**—**	**—**	**(9)**	**—**	**(9)**
Share of profits/(losses) of joint ventures	**100**	**—**	**—**	**—**	**—**	**(600)**	**(500)**
Income tax (expense)/credit	**(3,309)**	**(687)**	**(914)**	**2,541**	**(220)**	**—**	**(2,589)**

	Casual and fashion apparel *US$'000*	Life-style apparel *US$'000*	Sweaters *US$'000*	Accessories *US$'000*	Freight forwarding/ logistics services *US$'000*	Real estate *US$'000*	Total *US$'000*
For the year ended 31 December 2012							
Total segment revenue	647,422	148,472	152,072	339,316	18,924	—	1,306,206
Inter-segment revenue	(219,776)	(2,188)	(21,801)	(71,690)	(553)	—	(316,008)
Revenue (from external customers)	427,646	146,284	130,271	267,626	18,371	—	990,198
Segment profit/(loss) for the year, as restated	33,702	(4,817)	4,351	10,732	1,290	4,677	49,935
Profit/(loss) for the year, as restated, includes:							
Depreciation and amortization	(9,483)	(1,964)	(2,044)	(4,555)	(970)	—	(19,016)
Impairment loss on goodwill	—	(6,896)	—	—	—	—	(6,896)
Provision for inventory obsolescence	(348)	—	—	(281)	—	—	(629)
Provision for impairment of trade and bills receivable	(20)	(219)	(40)	(464)	(304)	—	(1,047)
Share of profit of an associated company	—	—	—	—	8	—	8
Share of profits/(losses) of joint ventures	235	—	—	—	—	(415)	(180)
Gain on disposal of a subsidiary	392	—	—	—	—	—	392
Income tax (expense)/credit, as restated	(882)	(342)	(1,772)	637	(195)	—	(2,554)

Revenues between segments are carried out in accordance with the terms mutually agreed between the respective parties. The revenue from external parties is derived from numerous external customers and the revenue reported to the management is measured in a manner consistent with that in the consolidated income statement. The management assesses the performance of the operating segments based on a measure of profit before corporate expenses and effective interest expense on convertible bond for the year.

A reconciliation of total segment profit to the profit for the year is provided as follows:

	2013	2012
	US$'000	*US$'000*
		(Restated)
Segment profit for the year	**60,498**	49,935
Corporate expenses *(Note)*	**(10,265)**	(10,122)
Effective interest expense on convertible bond	**(102)**	(126)
Profit for the year	**50,131**	39,687

Note: Corporate expenses represent general corporate expenses such as executive salaries and other unallocated general and administrative expenses.

	2013	2012
	US$'000	*US$'000*
Analysis of revenue by category		
Sales of garment, textile products and accessories	**1,201,414**	969,081
Freight forwarding and logistics service fee	**18,470**	18,371
Others	**8,814**	2,746
Total revenue	**1,228,698**	990,198

The Group's revenue is mainly derived from customers located in the United States of America (the "United States"), Europe, Japan, Canada and the PRC, while the Group's business activities are conducted predominantly in Hong Kong, Macao, the PRC, the Philippines, Cambodia and the United States.

	2013	2012
	US$'000	*US$'000*
Analysis of revenue by geographical location		
United States	**620,250**	496,451
Europe	**308,215**	256,176
PRC	**111,182**	99,883
Japan	**89,596**	70,210
Canada	**27,550**	11,520
Others	**71,905**	55,958
	1,228,698	990,198

Revenue is allocated based on the countries where the Group's customers are located.

Revenue of approximately US$176,444,000 (2012: US$144,804,000) and US$145,821,000 (2012: US$125,875,000) are derived from two single external customers whose sales account for more than 10% of the total year revenue. These revenues are attributable to the segments of casual and fashion apparels and accessories, respectively.

4. OTHER GAINS — NET

	2013	2012
	US$'000	*US$'000*
Fair value (losses)/gains on derivative financial instruments		
— net losses on forward foreign exchange contracts	**(244)**	(530)
— net gains on interest rate swaps	**285**	166
Net gains on forward foreign exchange contracts	**950**	926
Net foreign exchange gains	**985**	3,631
Gain on disposal of interest in a subsidiary	**—**	392
Gain on measuring equity interest in the joint ventures held before the business combination	**—**	336
Indemnification income for income tax	**—**	1,052
	1,976	5,973

5. EXPENSES BY NATURE

	2013	2012
	US$'000	*US$'000*
		(Restated)
Raw materials and consumables used	**806,980**	656,808
Changes in inventories of finished goods and work in progress	**20,561**	335
Employee benefit expenses	**244,960**	195,328
Gains on disposals of property, plant and equipment — net	**(120)**	(516)
Auditors' remuneration	**1,363**	1,078
Amortization of leasehold land and land use rights	**333**	277
Amortization of intangible assets	**3,718**	2,353
Depreciation of property, plant and equipment	**19,348**	16,386
Provision for impairment of trade and bills receivable	**474**	1,047
Provision for inventory obsolescence	**2,118**	629
Operating leases		
— office premises and warehouses	**9,226**	7,181
— plant and machinery	**415**	366
Transportation expenses	**7,192**	5,487
Commission	**345**	600
Communication, supplies and utilities	**29,550**	23,064
Other expenses	**32,737**	41,109
	1,179,200	951,532

6. FINANCE INCOME/(COSTS) — NET

	2013	2012
	US$'000	*US$'000*
Interest expense on bank loans and overdrafts	**(3,513)**	(2,195)
Interest expense on finance lease	**(11)**	—
Effective interest expenses on convertible bond	**(102)**	(126)
Finance costs	**(3,626)**	(2,321)
Interest income from bank deposits	**2,210**	1,571
Effective interest income from amount due from a joint venture	**3,171**	328
Finance income	**5,381**	1,899
Finance income/(costs) — net	**1,755**	(422)

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2013	2012
	US$'000	*US$'000*
		(Restated)
Current income tax	**6,534**	3,929
Over-provision in prior years	**(3,277)**	(1,054)
Deferred income tax	**(668)**	(321)
Income tax expense	**2,589**	2,554

Note:

(i) The Inland Revenue Department ("IRD") has been reviewing the 50:50 offshore claim made by a subsidiary of the Group since the years of assessment 2000/01 to 2011/12 and 100% offshore profits claim in 2012/13. In prior years, the IRD has tentatively disallowed the 50:50 offshore claim or 100% offshore profits claim and issued notices of additional assessments/assessments for the years of assessment 2000/01 to 2012/13. The Group has lodged an objection on the assessments and the objection case is being reviewed by the IRD.

The Group has thoroughly revisited the situations and conducted that even through the IRD may eventually deny the 50:50 offshore profits claim, the Group should have grounds to argue that entire profits are not subject to Hong Kong Profits Tax on the basis that its manufacturing and trading activities including negotiation and conclusion of sale orders, sourcing of raw materials and arrangement of production of goods were wholly carried out outside Hong Kong and hence, the related profits should be regarded as wholly offshore sourced and non-taxable.

The Group paid an amount of US$3,752,000 in the form of Tax Reserve Certificates which the amount has been included in prepaid income tax in the consolidated balance sheet as at 31 December 2013 and the Group considered that sufficient tax provision has been made in the consolidated financial statement.

(ii) In prior years, the IRD conducted a tax audit on two other subsidiaries of the Group and had issued additional assessments for 2000/01 to 2008/09. Pursuant to the notices of revised assessment and notices for penalty issued by the IRD on 14 September 2013 and 20 February 2013, respectively, the IRD has agreed with the settlement proposed by these subsidiaries of US$2,897,000.

Pursuant to the sales and purchase agreement in relation to the acquisition of these subsidiaries, the former shareholder has to indemnify the Group for the settlement of the additional tax provision in excess of the tax liabilities being provided in the subsidiaries' books and records as at the acquisition date. Therefore, the Group has recorded indemnification income from the former shareholder of these subsidiaries of US$1,052,000 during the year ended 31 December 2012.

The Group has signed a settlement deed ("Deed") with the former shareholder of the subsidiaries on 21 August 2013. In accordance with the Deed, the Group was required to (i) deliver to the former shareholder a cheque in the sum of HK$1 million (equivalent to US$129,000) and (ii) waive any claim that it may have against the former shareholder in relation to the additional tax provision.

Upon the signing of the Deed, the Group has no obligation to pay to the former shareholder any amount in relation to any reversal of PRC tax provision with a maximum cap of US$2,323,000 up to 31 December 2016. Moreover, the Group has given up the collection of a receivable of US$1,052,000 and has recognised an impairment provision of the receivable from the former shareholder of US$1,052,000 in the consolidated income statement of the Group for the year ended 31 December 2013.

(iii) An Singapore subsidiary has been awarded the "Global Trader Programme" status in Singapore whereby its profits derived from qualifying trading transactions of approved products are taxed at a concessionary rate of 10% up to December 2013, subject to compliance with certain terms and conditions.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2013 ***US$'000***	2012 *US$'000* (Restated)
Profit attributable to owners of the Company	**48,221**	38,718
Weighted average number of ordinary shares in issue *(thousands)*	**1,018,685**	996,844
Basic earnings per share *(US cents per share)*	**4.7**	3.9

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has share options and convertible bond which have potential dilutive effect on its ordinary shares. Potential ordinary shares are weighted for the period they are outstanding. The share options and convertible bond have been converted into ordinary shares during the year and are included in the calculation of diluted earnings per share from the beginning of the year to the date of conversion; from the date of conversion, the resulting ordinary shares are included in both basic and diluted earnings per share. The net profit is adjusted to eliminate the interest expense related to the convertible bond less the tax effect.

	2013	2012
	US$'000	*US$'000*
		(Restated)
Earnings		
Profit attributable to owners of the Company	**48,221**	38,718
Interest expense on convertible bond (net of tax)	**102**	126
Profit used to determine diluted earnings per share	**48,323**	38,844
Weighted average number of ordinary shares in issue *(thousands)*	**1,018,685**	996,844
Adjustments for:		
— Assumed conversion of 29,746,666 convertible bond outstanding at 31 May 2012 (issue date) up to 31 December 2012 *(thousands)*	**—**	17,330
— Assumed conversion of 11,500,000 convertible bond outstanding at the beginning of the year up to 17 April 2013 *(thousands)*	**3,340**	—
— Assumed conversion of 18,246,666 convertible bond outstanding at the beginning of the year up to 9 July 2013 *(thousands)*	**9,448**	—
— Share options *(thousands)*	**831**	1,860
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**1,032,304**	1,016,034
Diluted earnings per share *(US cents per share)*	**4.7**	3.8

9. DIVIDENDS

	2013	2012
	US$'000	*US$'000*
Interim dividend paid of US0.526 cent or equivalent to HK4.08 cents (2012: US0.367 cent) per ordinary share	**5,439**	3,664
Proposed final dividend of US0.873 cent or equivalent to HK6.774 cents (2012: US0.791 cent) per ordinary share	**9,028**	7,927
	14,467	11,591

The directors have recommended the payment of a final dividend of US cent of 0.873 per share, totaling US$9,028,000. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These financial statements do not reflect this proposed dividend.

10. TRADE AND OTHER RECEIVABLES

	2013 US$'000	2012 US$'000
Trade and bills receivable — net	**171,789**	159,474
Deposits, prepayments and other receivables	**22,238**	21,476
Amounts due from related companies	**1,568**	1,876
Amounts due from joint ventures	**27,878**	1,514
	223,473	184,340

	2013 US$'000	2012 US$'000
Trade and bills receivable	**173,084**	163,265
Less: provision for impairment	**(1,295)**	(3,791)
Trade and bills receivable — net	**171,789**	159,474

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

The Group normally grants credit terms to its customers up to 120 days. The ageing analysis of the trade and bills receivable based on due date, net of provision, is as follows:

	2013 US$'000	2012 US$'000
Current	**135,597**	113,728
1 to 30 days	**17,185**	32,373
31 to 60 days	**7,179**	8,313
61 to 90 days	**7,806**	1,056
91 to 120 days	**1,021**	796
Over 120 days	**3,001**	3,208
Amounts past due but not impaired	**36,192**	45,746
	171,789	159,474

11. TRADE AND OTHER PAYABLES

	2013 US$'000	2012 US$'000
Trade and bills payables	**126,078**	113,017
Other payables and accruals	**99,685**	84,646
Amounts due to related companies	**2,336**	2,108
Amounts due to joint ventures	**112**	113
	228,211	199,884

At 31 December 2013 and 2012, the ageing analysis of the trade and bills payable based on invoice date is as follows:

	2013	2012
	US$'000	*US$'000*
0 to 30 days	**106,871**	102,230
31 to 60 days	**12,598**	4,411
61 to 90 days	**4,017**	768
Over 90 days	**2,592**	5,608
	126,078	113,017

12. OTHER RESERVES

	Share premium	Capital reserve	Other capital reserves	Share-based compensation reserves	Convertible bond equity conversion reserve	Employment benefits reserve	Exchange reserve	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2012, as restated	117,018	11,722	(4,799)	1,800	—	(2,965)	10,573	133,349
Exchange differences arising on translation of foreign subsidiaries	—	—	—	—	—	—	(1,088)	(1,088)
Share of other comprehensive income from joint ventures	—	—	—	—	—	—	667	667
Exercise of share options by employees	814	—	—	(232)	—	—	—	582
Forfeiture/lapse of share options	—	—	—	(1,426)	—	—	—	(1,426)
Convertible bond-equity conversion component	—	—	—	—	980	—	—	980
Actuarial losses on retirement benefit obligations	—	—	—	—	—	(1,050)	—	(1,050)
At 31 December 2012, as restated	117,832	11,722	(4,799)	142	980	(4,015)	10,152	132,014
At 1 January 2013, as restated	**117,832**	**11,722**	**(4,799)**	**142**	**980**	**(4,015)**	**10,152**	**132,014**
Exchange differences arising on translation of foreign subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**(2,563)**	**(2,563)**
Exercise of share options by employees	**513**	**—**	**—**	**(142)**	**—**	**—**	**—**	**371**
Conversion of convertible bond	**5,694**	**—**	**—**	**—**	**(980)**	**—**	**—**	**4,714**
Actuarial gains on retirement benefit obligations	**—**	**—**	**—**	**—**	**—**	**4,713**	**—**	**4,713**
At 31 December 2013	**124,039**	**(11,722)**	**(4,799)**	**—**	**—**	**698**	**7,589**	**139,249**

13 COMPARATIVE FIGURES

Certain comparative figures related to selling and distribution expenses have been reclassified to cost of sales to conform with the current year's presentation.

14. EVENTS AFTER THE BALANCE SHEET DATE

On 18 February 2014, the Group entered into a subscription agreement with Thien Nam Sunrise Textile Joint Stock Company ("Thien Nam Sunrise"), pursuant to which Thien Nam Sunrise shall allot and issue and the Group shall subscribe for the 18,900,000 shares for a consideration of Vietnam Dong ("VND") 189,000,000,000 (equivalent to approximately US$9,000,000). Thien Nam Sunrise is principally engaged in fabric manufacturing in Vietnam. Upon Completion, the Group will hold 33.34% of the total issued capital of Thien Nam Sunrise.

The Group will be granted with a put option to sell its entire shareholding interests in Thien Nam Sunrise to certain remaining shareholders of Thien Nam Sunrise.

The above transaction had no financial impact to the consolidated financial statements for the year ended 31 December 2013 since the completion of the transaction was subsequent to the year end.

MANAGEMENT DISCUSSION & ANALYSIS

Result Review

For the year ended 31 December 2013, the Group's revenue amounted to approximately US$1,228,698,000, representing an increase of approximately 24.1% over 2012. The Group produced about 131 million units of apparel and accessories products in 2013 representing an increase of 45.6% over 2012. The increase in revenue is mainly due to (1) the continuous organic growth of certain strategic business units during the year (2) the completion of the acquisition of the Ocean Sky Group as at 30 April 2013, (3) the full year consolidation of the footwear business acquired in the second half of 2012, and (4) the full year consolidation of Yuen Thai Industrial Company Limited, Yuen Thai Holdings Limited and Yuenthai Philippines, Inc. (collectively, "Yuen Thai Group") which became wholly-owned subsidiaries of the Company, from being held as a joint venture of the Company, in May 2012. In line with the growth of the revenue, Luen Thai's overall gross profit for 2013 was approximately US$212,001,000, representing an increase of approximately US$51,329,000 over 2012.

During the year under review, Ocean Sky Group was grouped under the Casual and Fashion Apparel Division. The operations and transition of Ocean Sky Group have been stable and smooth since the completion of acquisition in April 2013. Due to the inclusion of the amortization of the intangible assets and additional depreciation of approximately US$1.2 million, the net profit of Ocean Sky Group for the eight months in 2013 was approximately US$2.8 million. With the completion of integrating Ocean Sky Group into Luen Thai and the continuous improvement in production efficiency in Cambodia and Vietnam operations, the Board is optimistic that Ocean Sky Group shall become part of the growth driver for the Company in the next few years.

The operating expenses (including the general administration and the selling and distribution expenses) increased to US$162,503,000 representing an increase of 33.2% over 2012. Such increase in expenses was mainly attributable to (1) the full year effect on consolidation of Yuen Thai Group and the footwear business (2) the acquisition of Ocean Sky Group and (3) the organic growth of other strategic business units.

As a result, the profit attributable to the owners of the Company increased to approximately US$48,221,000 as compared to approximately US$38,718,000 in 2012, representing a year-on-year increase of approximately US$9,503,000 or 24.5%.

Segmental Review

Apparel and Accessories businesses represented the Group's most significant source of revenue, which accounted for approximately 73.1% and 25.4% respectively of the Group's total revenue for the year under review.

Apparel Supply Chain Management Services

The business of Casual and Fashion Apparel Division achieved encouraging result for the year, with revenue rose by 55.4% to approximately US$664,524,000 when compared to 2012. The segment profit of Casual and Fashion Apparel Division is approximately US$35,346,000 representing an increase of 4.9% over 2012. Notable growth in the segment turnover was contributed by the acquisition of Ocean Sky Group, the strong performance of the ladies wear business and the rapid growth of our business with one Japan based customer. Due to the economic instability in Europe during the year under review, the revenue of Life-style Apparel Division decreased by 9.9% to approximately US$131,815,000.

However, despite such decrease in revenue, the segment profit of the Division increased to US$4,746,000 due to its strategic increase in provision of product design and development services to some of its customers, and the implementation of certain effective cost control initiatives.

The Sweaters Division has reported a segment profit of approximately US$1,601,000 for 2013, representing a decline of 63.2% when compared to 2012. The decrease in segment profit was mainly due to certain execution issues in one of its China factories and the loss of orders from one of its customers which adversely affected the level loading and efficiency of one of the factories under the Division. As this execution issue and sudden loss of orders have since been addressed with level loading restored, the Board has confidence in the long-term development and prospect of the Sweater Division.

Accessories Supply Chain Management Services

The Accessories Division recorded a profit of approximately US$13,550,000, representing an increase of approximately 26.3% from last year. Despite the start-up loss incurred by the footwear and travel goods business outside China, the segment margin increased in 2013 as a result of the continuous growth of the luxury bag business. With the flexibility of Luen Thai's China plus one strategy, Luen Thai has successfully gained one new luxury bag customer at the end of 2013. The management therefore expects further growth of the Accessories Division in the next few years.

Real Estate

As disclosed in our 2012 Annual Report, the Company disposed of its controlling interest in the real estate project in Qingyuan to Sunshine 100 Real Estate Group Co., Limited ("**Sunshine 100**"), thereby resulting in the formation of a joint venture between Sunshine 100, the Group and Luen Thai Land Limited. This real estate project site is near to the Guangzhou-Qingyuan Light Rail ("**Light Rail**") system which will connect Qingyuan with the Guangzhou Metro. The first phase pre-sale of this real estate project was launched in May and June 2013 with an excellent sale through rate. According to certain news reporting in the mainland China, the Light Rail from Guangzhou to Qingyuan is expected to be completed in 2016.

The Board expects that this real estate project could possibly bring in additional income stream to the Group commencing from 2015.

During the year, the Real Estate Division has reported a segment profit of approximately US$3,861,000 which is mainly attributable to the interest income accrued from the consideration receivable arisen from the disposal of the real estate project in Qingyuan to Sunshine 100.

Logistics

The Group's freight forwarding and logistics services recorded a revenue of approximately US$18,470,000 for the year under review, representing a slight increase of approximately 0.5% over 2012.

Markets

Geographically, the USA was the Group's key export market for the year under review, accounting for approximately 50.5% of the total revenue of the Group in 2013. The revenue derived from customers in the USA is approximately US$620,250,000, representing an increase of approximately US$123,799,000 over 2012. This increase is attributable mainly to the consolidation of Ocean Sky Group and the organic growth of other strategic business units.

Europe continued to be the second largest export market of the Group in 2013. Europe accounted for approximately 25.1% of the Group's total revenue in 2013. The revenue derived from customers in Europe is approximately US$308,215,000, representing an increase of approximately US$52,039,000 over that recorded for 2012. Such increase is also mainly due to the consolidation of Ocean Sky Group starting from May 2013.

Asia market (the PRC and Japan) accounted for approximately 16.3% of the Group's total revenue in 2013.

Acquisitions and Joint Ventures

It has been one of the Group's strategies to strengthen its core business by way of selective value-enhancing acquisitions and joint ventures. During the year under review, the Group has completed the following significant transaction:

As disclosed in the Company's circular dated 29 April 2013, the Company, through its indirect wholly owned subsidiary, entered into a share purchase agreement on 6 January 2013 with Ocean Sky International Limited to acquire the entire interest in Ocean Sky Group which are primarily engaged in the business of designing, manufacturing, sales and marketing of apparel with operations in Vietnam, Cambodia, Singapore and Hong Kong.

The Board believes that through the acquisition of Ocean Sky Group, the Group can further diversify its production bases outside China in other Southeast Asia countries (i.e. Cambodia and Vietnam) with lower labour costs and expand its customer base.

Luen Thai will continue to seek for value-enhancing acquisition and joint venture opportunities to maximize the return to shareholders.

The Company is in preliminary discussions with different potential acquisition targets with a view to expanding capacities and diversifying our product range on consumer products manufacturing. None of these discussions has materialized into any binding commitment to the Group at this stage.

Future Plans and Prospect

Increase Production Capacities Outside China

As the operating costs in China are still surging, the Group will ensure the most effective use of the Group's current capacities in China and continue to expand in the Southeast Asia in order to maintain our competitiveness.

In order to cope with the development strategy of certain key customers, the Group will continue to increase the production capacities outside China in 2014. The Group will enhance its existing production capacities through the expansion of current production lines and establishment of new production capacities in the Philippines for the current and the new luxury bag customers.

In addition, the Group will also expand new production capacity in Cambodia for the sportswear business with an aim to enhancing its competitiveness in the servicing of its European customers, as Cambodia is entitled to exemption of customs duties for importing of apparel products to the European Union Market.

As a result of the aforementioned expansions of production capacities in Cambodia and the Philippines, the start-up costs on business expansion will be relatively higher than usual which is likely to affect the result of first half 2014. Despite the operation for first half of 2014 is going to be challenging, the Board believes the enhancement of production capacities will enable the Group to sustain its long term development. With a much bigger revenue base achieved in 2013, coupled with the support from our customers, the management believes that the goal of 10% annual revenue growth is achievable.

Diversification of Business

Trade preferences are different forms of free trade agreement ("FTA") or arrangement between trading countries. Certain FTAs have been signed between The Association of Southeast Asian Nations ("ASEAN") and countries like Japan, China and Korea. Other trade arrangements including Vietnam-European Union FTA and Trans-Pacific Partnership Agreement are under negotiation. Most of these trade preferences related to apparel products require ASEAN Fabrics in order to enjoy import duty savings/duty free into Japan, the European Union and the relevant countries under negotiation. As a strategic move to invest into ASEAN fabric mill, Sunny Force Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement on 18 February 2014 with Thien Nam Sunrise Textile Joint Stock Company (the "JV Company") which is principally engaged in fabric manufacturing in Vietnam. The Board believes that the Group can enhance its competitiveness and gain market share in its ASEAN production facilities through investing into the JV Company.

In addition, the Group is considering a plan to form a joint venture to invest into a garment and textile industrial park with an initial developmental area of several hundred hectares in Vietnam. The Group has not entered into any binding commitment to implement the plan at this stage. If the plan proceeds and the joint venture is formed, the Group will upon completion own one-third of the equity capital in this joint venture with an investment of approximately US$16 million. Given the increasing demand for fabric and garment facilities in Vietnam, the Board believes that the investment into this industrial park is beneficial to the Group as a whole. The industrial park will also enable the future potential cooperation with other industry players in Vietnam.

Investor Relations and communications

The Group acknowledges the importance of communication with our shareholders. The Group has a policy of proactively promoting investor relations through meetings with analysts and investors, and participation in investors' conferences, company interviews and manufacturing plant visits. The Annual General Meeting will be called by not less than 21 days' notice or 20 clear business days' notice (whichever is longer) and our Directors shall be available in the Annual General Meeting to answer questions on the Group's businesses.

The Group encourages dual communication with both private and institutional investors and responds to their enquiries in an informative and timely manner. The Group has established various forms of communication channels to improve its transparency, including proactive and timely issuance of press releases so as to inform investors of our latest corporate developments. The Group regularly updates its corporate information on the Company's website (www. luenthai.com) in both English and Chinese on a timely basis to all concerned parties.

Contingent Liabilities and Off-Balance Sheet Obligations

The Group is involved in various labour lawsuits and claims arising from the normal course of business. The Directors believe that the Group has substantial legal and factual bases for their position and are of the opinion that losses arising from these lawsuits, if any, will not have a material adverse impact on the results of the operations or the financial position of the Group. Accordingly, no provision for such liabilities has been made in the financial statements.

Human Resources and Corporate Social Responsibilities

Luen Thai continues to be an employer of choice through focused and strategic human resources strategies and social responsibility programmes that are aligned with the Company's growth and changing needs. Improved governance and strengthened partnership serve as the foundation for all these initiatives as Luen Thai maintains its position as a leader in Corporate Social Responsibility in the fashion industry.

This leadership role is perhaps best recognized by leading US retailer Ann Inc in its presentation of the 2013 Leadership award to one of Luen Thai Group's subsidiaries GJM as being the leader and role model of being a socially responsible supplier committed to improving the health and welfare of its employees.

With over 42,000 employees around the world, Luen Thai continuously strives to foster open communications with employees through various channels. Under its employee care initiatives, Luen Thai has provided safe and enjoyable work and living environments, equitable compensation and benefit schemes, and opportunities for career growth through a variety of formal and informal learning and development programmes; and a strong corporate culture where employee' contributions are recognized and rewarded.

In addition, Luen Thai is also committed to advocating corporate wellness in its various global facilities, believing that healthy employees will indeed enable better returns for the community and the business.

Financial Results and Liquidity

As at 31 December 2013, the total amount of cash and bank deposit of the Group was approximately US$229,440,000, representing an increase of approximately US$63,852,000 as compared to that as at 31 December 2012. The Group's total bank borrowings as at 31 December 2013 was approximately US$176,776,000, representing an increase of approximately US$63,718,000 as compared to that as at 31 December 2012.

As at 31 December 2013, based on the scheduled repayments set out in the relevant loan agreements with banks, the maturity profile of the Group's bank borrowings spread over five years with approximately US$115,080,000 repayable within one year, approximately US$14,384,000 in the second year and approximately US$47,312,000 in the third to fifth year.

Gearing ratio of the Company is defined as the net debt (represented by bank borrowings net of cash and bank balances) divided by shareholders' equity. As at 31 December 2013, the Group is in a net cash position. Hence, no gearing ratio is presented.

Foreign Exchange Risk Management

The Group adopts a prudent policy to hedge against the fluctuations in exchange rates. Most of the Group's operating activities are denominated in US dollar, Euro, Hong Kong dollar, Vietnam Dong, Cambodian Riel, Chinese Yuan and Philippine Peso. For those activities denominated in other currencies, the Group may enter into forward contracts to hedge its receivables and payables denominated in foreign currencies against the exchange rate fluctuations.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares for the year ended 31 December 2013.

CORPORATE GOVERNANCE

The Group acknowledges the need and importance of corporate governance as one of the key elements in creating shareholders' value. It is committed to ensuring high standards of corporate governance in the interests of shareholders and takes care to identify practices designed to achieve effective oversight, transparency and ethical behavior.

Throughout the year ended 31 December 2013, the Company was in compliance with the Code as set out in the Appendix 14 of the Listing Rules.

Full details on the subject of corporate governance are set out in the Company's 2013 annual report.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference that set out the authorities and duties of the Committee adopted by the Board.

The Audit Committee's review covers the accounting principles and practices adopted by the Group, audit plans and findings of the internal and external auditors, and financial matters including the review of consolidated financial statements of the Group for the year ended 31 December 2013.

FINAL DIVIDEND

An interim dividend of US0.526 cent per share was paid to the shareholders during the year and the Directors recommend the payment of a final dividend of US0.873 cent per share (or equivalent to HK6.774 cents) to the shareholders on the register of members on 6 June 2014 totaling to approximately US$9,028,000.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 21 May 2014 to 26 May 2014 (both days inclusive), during which period no transfers of shares will be registered. To determine the entitlement to attend and vote at the Annual General Meeting of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 20 May 2014.

In addition, the Board has resolved to recommend the payment of a final dividend of HK6.774 cents per share for members whose names appear on the Register of Members of the Company on 6 June 2014. The Register of Members of the Company will also be closed from 4 June 2014 to 6 June 2014 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, subject to approval at the Annual General Meeting of the Company, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 3 June 2014.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The Company's annual results announcement is published on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at http://luenthai.quamir.com.

The annual report of the Company for year ended 31 December 2013 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders in due course.

By order of the Board
Tan Henry
Executive Director and Chief Executive Officer

Hong Kong, 26 March 2014

As at the date of this announcement, the Board of Directors comprises Mr. Tan Siu Lin, Mr. Tan Henry, Mr. Tan Cho Lung, Raymond and Ms. Mok Siu Wan, Anne as executive Directors; Mr. Tan Willie and Mr. Lu Chin Chu as non-executive Directors; Mr. Chan Henry, Mr. Cheung Siu Kee and Mr. Seing Nea Yie as independent non-executive Directors.