MATRIX

MATRIX HOLDINGS LIMITED

美力時集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1005)

2018 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Directors") of Matrix Holdings Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER, 2018

	Notes	**2018** ***HK$'000***	2017 *HK$'000*
Revenue	*4*	**1,353,665**	1,434,008
Cost of sales		**(887,877)**	(964,724)
Gross profit		**465,788**	469,284
Other income	*5*	**4,328**	2,269
Other gains and losses	*6*	**(9,491)**	3,574
Distribution and selling costs		**(152,950)**	(138,719)
Administrative and other expenses		**(148,946)**	(200,254)
Research and development costs		**(23,969)**	(27,223)
Operating profit		**134,760**	108,931
Finance costs	*7*	**(8,525)**	(2,049)
Profit before income tax	*8*	**126,235**	106,882
Income tax credit	*9*	**1,874**	1,648
Profit for the year		**128,109**	108,530

* *For identification purpose only*

	Notes	2018 HK$'000	2017 HK$'000
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**6,620**	(6,974)
Total comprehensive income for the year, net of tax		**134,729**	101,556
Profit (loss) for the year attributable to:			
Owners of the Company		**134,960**	112,670
Non-controlling interests		**(6,851)**	(4,140)
		128,109	108,530
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**141,580**	105,696
Non-controlling interests		**(6,851)**	(4,140)
		134,729	101,556
Earnings per share attributable to owners of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	*11*	**18**	15
Diluted earnings per share	*11*	**18**	15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER, 2018

	Notes	2018 HK$'000	2017 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**171,255**	177,984
Leasehold land and land use rights		**11,873**	12,354
Intangible assets		**163,501**	120,677
Deferred tax assets		**24,578**	13,891
Deposits paid	*12*	**56,856**	37,979
Other non-current assets		**186,000**	186,000
		614,063	548,885
Current assets			
Inventories		**349,776**	328,472
Trade and other receivables and prepayments	*12*	**301,794**	352,305
Tax receivable		**2,831**	3,140
Cash and cash equivalents		**294,066**	74,284
		948,467	758,201
Total assets		**1,562,530**	1,307,086
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**75,620**	75,620
Reserves		**1,008,560**	944,727
Equity attributable to owners of the Company		**1,084,180**	1,020,347
Non-controlling interests		**360**	7,211
Total equity		**1,084,540**	1,027,558

	Notes	**2018** **HK$'000**	2017 *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**1,352**	938
Obligations under finance leases		**–**	1,469
		1,352	2,407
Current liabilities			
Trade and other payables and accruals	*13*	**171,920**	213,235
Contract liabilities		**3,664**	–
Tax payables		**7,635**	8,570
Bank borrowings		**36,502**	53,567
Loan from third parties		**256,556**	–
Obligations under finance leases		**361**	1,749
		476,638	277,121
Total liabilities		**477,990**	279,528
Total equity and liabilities		**1,562,530**	1,307,086

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2018

1. General information

Matrix Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the manufacturing and trading of toys and lighting products.

The Company is an exempted limited liability company incorporated in Bermuda. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. Application of New And Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1st January, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1st January, 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the manufacturing and trading of toys and lighting products. Revenue is generally recognised when control of the products has transferred, which is the point of time when the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products, which also represented the point of time when goods delivered. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional, as only the passage of time is required before the payment is due.

The Group has performed an assessment on the impact on the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of accumulated losses as at 1st January, 2018 is required.

Accounting policies resulting from application of HKFRS 15 are disclosed in the Company's 2018 annual report.

Summary of effects arising from initial application of HKFRS 15

As at 1st January, 2018, advances from customers of HK$37,739,000 in respect of sales contracts previously included in trade and other payables and accruals were reclassified to contract liabilities. The adjustments were made to the amounts recognised in the consolidated statement of financial position at 1st January, 2018.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1st January, 2018. The difference between carrying amounts as at 31st December, 2017 and the carrying amounts as at 1st January, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 are disclosed in the Company's 2018 annual report.

Summary of effects arising from initial application of HKFRS 9

The directors of the Company reviewed and assessed the Group's financial assets as at 1st January, 2018 based on the fact and circumstances that existed at that date. The application of HKFRS 9 in the current year has no material impact on the classification and measurement of financial assets.

Impairment under ECL model

Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances and collectively using a provision matrix for the remaining balances, which is grouped based on shared credit risk characteristics and the historical observed default rates adjusted for forward-looking estimates that is available without undue costs or effort.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including other receivables and cash and cash equivalents, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1st January, 2018, additional credit loss allowance of HK$2,127,000 has been recognised against retained profits. The additional loss allowance is charged against the respective trade receivables.

All loss allowances of trade receivables as at 31st December, 2017 reconciled to the opening loss allowances as at 1st January, 2018.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs 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.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Revenue and segment information

Revenue represents the fair value of amounts received and receivable for goods sold by the Group to outside customers less discount, rebates, taxes and returns.

A. For the year ended 31st December, 2018

i. Disaggregation of revenue from contracts with customers

Segments	**Toys**	**Lighting products**
	HK$'000	*HK$'000*
Types of goods		
Manufacturing and trading of toys	1,273,000	–
Manufacturing and trading of lighting products	–	80,665
Total	1,273,000	80,665
Timing of revenue recognition		
A point in time	1,273,000	80,665

The revenue disaggregated by geographic markets is detailed below.

ii Performance obligations for contracts with customers

The Group is engaged in the toy manufacturing business for international brand customers and lighting products manufacturing directly to consumers or through sub-distributors on wholesale and trade basis.

For sales of toys and lighting products to international brand customers and the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the customers' specific location. Payment of the transaction price is due immediately at the point the customers purchase the goods.

Following the delivery, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 14 to 90 days upon delivery.

B. For the year ended 31st December, 2017

An analysis of the Group's revenue for the year is as follows:

	HK$'000
Toys	1,362,940
Lighting products	71,068
	1,434,008

The chief operating decision-makers ("CODM") have been identified as the Executive Directors. Reportable segments are reported in a manner consistent with internal reports of the Group that are regularly reviewed by the CODM in order to assess performance and allocate resources. The CODM assess the performance of the reportable segments based on the profit and loss generated.

The Group's operating segments under HKFRS 8 are the United States, Europe, Mexico, Canada, South America, Australia and New Zealand and other locations based on the geographical location of customers.

The CODM assess the performance of the operating segments based on segment results. Finance income and costs, corporate income and expenses are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Assets of reportable segments exclude property, plant and equipment, intangible assets, deferred income tax assets and other corporate assets, all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, bank borrowings and other corporate liabilities. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

The revenue from external parties, assets and liabilities, reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

There are two main businesses of the Group, including toys and lighting business. CODM do not consider the lighting business as a separate segment for both years as it is not material to the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segment based on the geographic location of customers:

For the year ended 31st December, 2018

	The United States	Europe	Mexico	Canada	South America	Australia and New Zealand	Other locations	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*	*HK$'000*
REVENUE									
External sales	1,151,698	99,344	5,151	57,085	8,550	24,856	6,981	–	1,353,665
RESULTS									
Segment profit (loss)	250,665	(12,311)	(762)	4,879	1,499	812	535	–	245,317
Unallocated income, gains and losses									4,030
Unallocated expenses									(114,587)
Finance costs									(8,525)
Profit before income tax									126,235
Other segment information:									
Depreciation and amortisation	37,020	2,184	46	367	77	116	59	4,124	43,993

For the year ended 31st December, 2017

	The United States HK$'000	Europe HK$'000	Mexico HK$'000	Canada HK$'000	South America HK$'000	Australia and New Zealand HK$'000	Other locations HK$'000 (Note)	Unallocated HK$'000	Consolidated HK$'000
REVENUE									
External sales	1,248,335	90,154	4,996	50,284	7,712	25,836	6,691	–	1,434,008
RESULTS									
Segment profit (loss)	262,824	(7,537)	595	4,056	1,127	(1,153)	(2,024)	–	257,888
Unallocated income, gains and losses									1,044
Unallocated expenses									(150,001)
Finance costs									(2,049)
Profit before income tax									106,882
Other segment information:									
Depreciation and amortisation	30,131	4,078	91	602	143	343	101	3,718	39,207

Segment profit (loss) represents the profit (loss) before income tax earned by each segment without allocation of certain income, other gains and losses, central administration costs and finance costs. This is the measure reported to the CODM, for the purposes of resource allocation and performance assessment.

Segments assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segment based on the geographical location of customers:

As at 31st December, 2018

	The United States	Europe	Mexico	Canada	South America	Australia and New Zealand	Other locations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(Note)*	*HK$'000*
ASSETS								
Segment assets	**485,127**	**50,029**	**3,177**	**34,896**	**5,227**	**17,634**	**112,336**	**708,426**
Property, plant and equipment								**171,255**
Leasehold land and land use rights								**11,873**
Unallocated and other corporate assets								**670,976**
Total assets								**1,562,530**
LIABILITIES								
Segment liabilities	**87,170**	**26,089**	**341**	**3,783**	**567**	**1,898**	**270,607**	**390,455**
Unallocated and other corporate liabilities								**87,535**
Total liabilities								**477,990**

As at 31st December, 2017

	The United States HK$'000	Europe HK$'000	Mexico HK$'000	Canada HK$'000	South America HK$'000	Australia and New Zealand HK$'000	Other locations HK$'000 (Note)	Consolidated HK$'000
ASSETS								
Segment assets	539,277	46,195	1,775	21,045	2,833	10,934	96,697	718,756
Property, plant and equipment								177,984
Leasehold land and land use rights								12,354
Unallocated and other corporate assets								397,992
Total assets								1,307,086
LIABILITIES								
Segment liabilities	91,017	26,670	332	3,340	512	1,816	10,109	133,796
Unallocated and other corporate liabilities								145,732
Total liabilities								279,528

Note: Other locations include the PRC (including Hong Kong), Taiwan, Korea, Asia Pacific and others. These locations are considered by the CODM as one operating segment.

For the purposes of monitoring segment performances and allocating resources amongst segments, only inventories, trade receivables and certain other receivables are allocated to segment assets, and only trade payables and certain other payables and accruals are allocated to segment liabilities.

Other segment information

No analysis of capital expenditures is disclosed for both years as these items are neither included in segment assets nor segment results and are not reviewed by the CODM regularly.

Geographical information

The Group's operations are located in Hong Kong, Vietnam, the United States, the PRC, Europe and other countries.

The Group's information about its non-current assets by geographical location of the assets is detailed below:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**2,443**	1,493
Vietnam	**167,064**	137,562
The United States	**10,219**	12,778
The PRC	**235,239**	237,223
Europe	**7,172**	20,815
Other countries	**3,847**	4,446
	425,984	414,317

Note: Non-current assets excluded intangible assets and deferred tax assets.

Information about major customers

For the year ended 31st December, 2018, there are 2 customers (2017: 2 customers) in the United States with revenue amounted to HK$799,869,000 (2017: HK$799,978,000) and HK$146,858,000 (2017: HK$224,843,000), contributing to approximately 59.1% and 10.8% (2017: 55.8% and 15.7%), respectively, of the total revenue of the Group. There is no other single customer contributing over 10% of the total revenue of the Group.

5. Other income

	2018	2017
	HK$'000	*HK$'000*
Interest income on bank deposits	**3,976**	48
Sales of scrap materials and samples	**56**	94
Others	**296**	2,127
	4,328	2,269

6. Other gains and losses

	2018	2017
	HK$'000	*HK$'000*
(Loss) gain on disposal of property, plant and equipment	**(1,966)**	994
Net exchange gain	**4,876**	5,921
Net measurement of loss allowance for trade receivables	**(12,401)**	(3,341)
	(9,491)	3,574

7. Finance costs

	2018	2017
	HK$'000	*HK$'000*
Interests on:		
Bank borrowings	**1,822**	2,013
Loan from third parties	**6,667**	–
Finance leases	**36**	36
	8,525	2,049

8. Profit before income tax

	2018	2017
	HK$'000	*HK$'000*
Profit before income tax has been arrived at after charging (crediting):		
Raw materials and consumables used	**398,968**	491,320
Changes in inventories of finished goods and work-in-progress	**21,853**	(50,357)
Employee benefit expense	**409,742**	539,341
Depreciation of property, plant and equipment	**42,286**	37,906
Operating lease expenses	**25,499**	26,279
Advertising costs	**22,150**	26,691
Auditor's remuneration		
– Audit services	**3,650**	3,941
– Non-audit services	**1,557**	1,844
Amortisation of leasehold land and land use rights	**481**	483
Amortisation of intangible assets (included in cost of sales)	**1,226**	818
Royalty expenses	**40,119**	28,042
Freight charges	**24,182**	25,307
Litigation claim	**–**	15,592
Other expenses	**222,029**	183,713
	1,213,742	1,330,920

	2018	2017
	HK$'000	*HK$'000*
Representing:		
Cost of sales	**887,877**	964,724
Distribution and selling costs	**152,950**	138,719
Administrative and other expenses	**148,946**	200,254
Research and development costs	**23,969**	27,223
	1,213,742	1,330,920

9. Income tax (credit) expense

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong	**281**	322
– Other jurisdictions	**7,868**	8,541
(Over)underprovisions in prior years:		
– Hong Kong	**(321)**	–
– Other jurisdictions	**538**	(2,505)
Deferred tax	**(10,240)**	(8,006)
	(1,874)	(1,648)

10. Dividends

The total dividends paid in 2018 and 2017 were HK$75,620,000 (HK10.0 cents per share) and HK$86,964,000 (HK11.5 cents per share), respectively. A final dividend in respect of the year ended 31st December, 2018 of HK5 cents (2017: HK5 cents) per share, amounting to approximately HK$37,810,000 (2017: HK$37,810,000), is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable as the final dividend was proposed after the date of statement of financial position and will be accounted for in equity as an appropriation of retained profits in the year ending 31st December, 2018 when approved at the forthcoming annual general meeting.

	2018	2017
	HK$'000	*HK$'000*
Paid		
Interim dividend paid HK5 cents (2017: HK4.5 cents) per ordinary share	**37,810**	34,030
Proposed		
Final dividend proposed HK5 cents (2017: HK5 cents) per ordinary share	**37,810**	37,810

11. Earnings per share

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

	2018	2017
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**134,960**	112,670
	'000	*'000*
Weighted average number of ordinary shares in issue	**756,203**	756,203
	HK cents	*HK cents*
Basic and diluted earnings per share	**18**	15

The computation of diluted earnings per share for the year ended 31st December, 2018 and 2017 did not assume the exercise of the Company's share options because the exercise price of these share options was higher than the average market price of the shares for both 2018 and 2017.

12. Deposits paid, trade and other receivables and prepayments

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**263,606**	295,557
Less: Allowance for credit losses	**(22,028)**	(8,047)
	241,578	287,510
Prepayments	**34,541**	27,945
Other deposits and other receivables	**18,186**	22,017
Deposits paid for purchase of land	**11,012**	–
Deposits paid for acquisition of a subsidiary (Note)	**37,916**	–
Deposits paid for purchase of raw materials	**5,772**	11,223
Deposits paid for purchase of property, plant and equipment	**–**	30,940
Deposits paid for purchase of patents	**4,877**	4,877
Rental and utilities deposits	**4,768**	5,772
	358,650	390,284
Less: Non-current deposits paid	**(56,856)**	(37,979)
	301,794	352,305

Note:

On 12th December, 2018, the Group entered into a memorandum of understanding with Nguyễn Chí Dững and four other Vietnamese individuals, which are independent third parties, to acquire the entire equity interests in Javi Investment Joint Stock Company ("Javi") at a cash consideration of VND561,400,000,000 (approximately equivalent to HK$189,579,000). A 20% deposit of VND112,280,000,000 (approximately equivalent to HK$37,916,000) has been paid as at year ended 31st December, 2018. For detail, please refer to the announcement date on 9th January, 2019. Subsequent of the end of the reporting period, the Group has further paid VND392,980,000,000 (approximately equivalent to HK$132,705,000) to the shareholders of Javi. As a result, the Group has acquired 90% shareholding of Javi.

The Group allows a credit period of 14 to 90 days to its trade customers. An ageing analysis of trade receivables based on invoice date at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**167,170**	234,335
61 – 90 days	**37,709**	45,649
More than 90 days	**36,699**	7,526
	241,578	287,510

As of 31st December, 2018, trade receivables of HK$202,482,000 (2017: HK$253,905,000) were fully performing and not past due.

As at 31st December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$39,096,000 which are past due as at the reporting date. Out of the past due balances, HK$4,840,000 has been past due 90 days or more and is not considered as in default due to the management's historical experience on the settlement pattern or record from these debtors.

As of 31st December, 2017, trade receivables of HK$33,605,000 were past due but not impaired. These related to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables which are past due but not impaired based on invoice date at the end of the reporting date is as follows:

	2017
	HK$'000
0 – 60 days	30,483
61 – 90 days	451
More than 90 days	2,671
	33,605

Before the application of HKFRS 9 on 1st January, 2018, the Group has policy regarding impairment losses on trade receivables which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the current creditworthiness and the past collection history of each customer.

As of 31st December, 2018, the Group has provided for impairment of HK$22,028,000 (2017: HK$8,047,000) on certain individually impaired trade receivables who have either been placed under liquidation or in severe financial difficulties.

Movements in the Group's provision for impairment of trade receivables are as follows:

	2017
	HK$'000
At 1st January	5,113
Provision for impairment of trade receivables	3,341
Amount written-off as uncollectible	(419)
Exchange difference	12
At 31st December	8,047

Upon the application of HKFRS 9 on 1st January, 2018, the Group applies simplified approach on non-credit impaired trade receivables to provide for ECL prescribed by HKFRS 9 and assessed credit impaired balances individually. To measure the ECL, trade receivables are assessed individually for debtors with significant balance and collectively using a provision matrix for the remaining balances, which is grouped based on shared credit risk characteristics and the historical observed default rates adjusted for forward-looking estimates that is available without undue costs or effort.

The other classes within trade and other receivables and prepayments do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

13. Trade and other payables and accruals

Trade and other payables and accruals principally comprise amounts outstanding for trade purposes and daily operating costs.

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**89,695**	95,263
Accrued employee benefit expenses	**45,831**	53,352
Advance receipts from customers	**–**	37,739
Other payables and accruals	**36,394**	26,881
	171,920	213,235

The credit period taken for trade purchases is 30 to 60 days. The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2018	2017
	HK$'000	*HK$'000*
0 – 60 days	**52,691**	68,318
61 – 90 days	**13,630**	18,474
More than 90 days	**23,374**	8,471
	89,695	95,263

14. Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2018	2017
	HK$'000	*HK$'000*
Property, plant and equipment	**23,181**	27,727
Acquisition of a subsidiary	**151,663**	–
	174,844	27,727

15. Contingent liabilities

The Group has held a number of licenses from Hasbro, Inc. and Hasbro International (together referred to as "Hasbro Group") to produce and distribute various products. During the year, Hasbro Group alleged that an audit of the Group's records established that the Group owed Hasbro Group US$10,061,000, inclusive of purported unpaid royalties, marketing expenses, interest and audit fees.

Upon receipt of the audit findings of Hasbro Group and completion of own investigation, the Group determined that Hasbro Group, at best, was owed approximately US$863,000, which was promptly paid. Hasbro Group disputed the Group's conclusion and issued a notice of termination of the remaining license agreement. The Group filed an action in the United States of America disputing Hasbro Group's interpretation of the license agreement, denying Hasbro Group's alleged right to terminate the license agreement, and alleged that Hasbro Group breached the license agreement by wrongfully attempting to terminate the license. Hasbro Group has filed a counterclaim, contending that the Group owes the amount alleged in the audit and the Group has violated Hasbro Group's intellectual property rights. Hasbro Group has agreed, without prejudice to any claim, to allow the Group to continue to perform pursuant to the license agreement until a court resolution, settlement or the termination of the license by its terms which will occur on 31st December, 2019. Both parties involved are currently engaged in an early mediation.

The Group has sought legal advices and intends to vigorously contest Hasbro Group's claim and as such no further provision is considered required to be made in the consolidated financial statements for the year ended 31st December, 2018 in respect of these matters.

RESULTS

As at 31st December, 2018, the Group's consolidated revenue decreased by approximately HK$80,343,000 or 5.6 % to approximately HK$1,353,665,000 from approximately HK$1,434,008,000 of the last year. The profit attributable to the owners of the Company increased by approximately HK$22,290,000 or 19.8% to HK$134,960,000 from approximately HK$112,670,000 of last year.

FINANCIAL REVIEW

Revenue

The year under review recorded a decrease in turnover by HK$80,343,000 to HK$1,353,665,000.

Gross profit

The Group's gross profit slightly decreased to approximately HK$465,788,000 as at 31st December, 2018 due to the decrease in sales.

Distribution and selling costs

Distribution and selling costs increased to approximately HK$152,950,000 as at 31st December, 2018. The increase in distribution and selling costs was mainly attributable to the increase in royalty expenses for the toys products.

Administrative expenses

Administrative expenses mainly consisted of office staff salaries, rent and rates of offices, depreciation of property, plant and equipment and other administrative expenses. The total expenses decreased was attributable to the one-time equity-settled share based expense incurred in 2017 and the decrease in salary and related expenses.

Finance costs and income tax

Finance costs of this year increased to approximately HK$8,525,000 as compared to last year due to increase in the loan from third parties, and income tax credit of this year was HK$1,874,000 as compared to last year due to the increase in deferred income tax assets.

Research and development cost

Research and development cost decreased by approximately HK$3,254,000 or 12.0%, primarily due to the cost control for our toys business.

Trade and other receivables and prepayments

Trade and other receivables and prepayments decreased by approximately HK$50,511,000 to approximately HK$301,794,000 for this year as compared to last year, which was resulted from our product mix of terms of credit.

Trade and other payables and accruals

Trade and other payables and accruals decreased by approximately HK$41,315,000 to approximately HK$171,920,000 for this year as compared to last year, which was mainly due to the decrease in purchases and other payables and accruals.

Quick Ratio

During the year, the quick ratio was slightly lower than last year, but the liquidity still maintain at a healthy position.

Current Ratio

During the year, the current ratio was slightly lower than last year.

Financial position and cash flows review

The Group's cash flow position was healthy and the bank borrowing was maintained at a minimum level.

Liquidity and Financial Resources

As at 31st December, 2018, the Group had cash and cash equivalents of approximately HK$294,066,000 (2017: HK$74,284,000). As at 31st December, 2018, the Group obtained banking facilities in a total of approximately HK$121,180,000 (2017: HK$144,621,000) of which was supported by corporate guarantee and was secured with floating charge on certain assets of the Group.

As at 31st December, 2018, the Group had bank borrowings of approximately HK$36,502,000 (2017: HK$53,567,000).

The Group's gearing ratio, representing the total debt divided by equity attributable to owners of the Company, increased to 27.0% (2017: 5.2%) due to the increase in loan from third parties during the year.

During the year, net cash generated from operating activities amounted to approximately HK$159,052,000 (2017: HK$76,241,000). The Group has maintained an adequate level of cash flows for its business operations and capital expenditures.

Capital Expenditure and Commitments

During the year, the Group acquired property, plant and equipment at a cost of approximately HK$47,835,000 (2017: HK$46,394,000) to further enhance and upgrade the production capacity. These capital expenditures were financed primarily by cash flow generated from operations.

Assets and Liabilities

As at 31st December, 2018, the Group had total assets of approximately HK$1,562,530,000 (2017: HK$1,307,086,000), total liabilities of approximately HK$477,990,000 (2017: HK$279,528,000) and equity attributable to owners of the Company of approximately HK$1,084,180,000 (2017: HK$1,020,347,000). The net assets of the Group increased by 5.5% to approximately HK$1,084,540,000 as at 31st December, 2018 (2017: HK$1,027,558,000).

SIGNIFICANT INVESTMENT AND ACQUISITION

There was no significant investment and acquisition for the year ended 31st December, 2018.

SIGNIFICANT DISPOSAL/IMPORTANT EVENT

There was no significant disposal/important corporate event for the year ended 31st December, 2018.

SUBSEQUENT EVENT

Pursuant to the term of the loan from third parties, the lenders are entitled to the option (the "Option") to obtain the right to purchase for the residential properties in its current state (the "Right to Purchase") so as to make good of the loan principal of RMB225,000,000 (equivalent to HK$256,556,000) and the relevant accrued interest payable amounting to RMB7,040,000 (equivalent to HK$8,027,000) in full. On 15th March, 2019, the lenders exercised the Option and the transfer of the Right to Purchase has been completed on the same date. Under the terms of the loan agreement, upon the exercise of the option, the lenders undertook not to pursue any outstanding loan amounts against the Group.

EXCHANGE RATE RISK

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Certain bank balances, and trade and other receivables and prepayments, trade and other payable and accruals of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

BUSINESS REVIEW

The Group continued to fully leverage its core business, namely OEM business, to generate stable revenue and harness a solid foundation for its development. With its excellent product quality, competitive prices and timely delivery of quality products through its strong capacity, the Group continued to secure support from renowned international brands and customers and received orders from new licensees. This has contributed to the Group's revenue and alleviated the impact brought by the global economy challenges including, but not limited to, the increasing tariff measures caused by the ongoing US-China trade war, as well as the closedown of a toy retailer last year and customers in the North American market being more prudent on placing orders. The Group has adopted lean production approach with various effective cost control measures to implement stringent cost controls in product manufacturing process, streamline logistic management and minimize inventory level, and focused more on orders of products with a higher profit margin, which led to a slight improvement in gross profit margin. Due to a decrease in labour costs as a result of lower labour overtime payment, the gross profit margin increased. The aforesaid, coupled with a decrease in professional fees, offset the negative impact of bad debt provision arising from a toy retailer filing a voluntary petition to the bankruptcy court. As a result, the Group recorded an increase in profit.

Manufacturing operations

The Group maintains its main production base in Vietnam. It continued to invest in facilities to enhance production efficiency, adopted more effective methods and techniques to ensure product quality and safety and continued to upgrade its production facilities in order to meet the quality requirements of customers and latest regulations of local government. The Group also reorganised its plants, expanded warehouse areas and optimised supply chain processes, which effectively reduced its transportation costs and enhanced its growth potential. The Group now operates a total of four plants, the production and management processes of which have been reorganised and improved. Moreover, part of production facilities for lighting products have been moved to the upgraded Vietnam plant, which contributed to the cost control of the Group. The Group endeavours to localise its operations through investing additional costs to protect and maintain plant environment and provide continuous trainings for local employees and workers so as to enhance its production capacity and quality to maintain competitiveness.

Segment performance

The international business environment has been uncertain amid the rising tensions of the US-China trade war, which, coupled with the foreseen tightening of monetary policy and interest rate hikes by the US Fed, has curtailed global capital market performance. On the European side, the final outcome of Brexit remains uncertain, leading to corporates delaying long-term investment decisions and adopting more prudent business approaches. Despite such macroeconomic environment, the performance of OEM toy business remained relatively stable, as the Group provides more stable and diverse product mix mainly for clients with higher credit through its strong customer base comprising top-tier international toy companies worldwide. The Group continued to focus mainly on developing the US market and explore more business opportunities by introducing a wider variety of product categories. The management focused on R&D enhancement, product line expansion, distribution channel development and integration and continued to deploy the multi-brand and multi-product strategy to meet different customers' needs. So far, we have entered into partnerships with a few world-leading brands and streamlined our distribution networks by focusing more on large distributors with extensive networks. Overall speaking, there was a decrease in sales orders from mass-market retailers for ODM toy products, including outdoor game products of "Gazillion ® Bubbles", toy car products of "Tonka", girls role-playing products and plush toy products. However, sales of the Group's OEM business remained stable during the period, and therefore, the Group's overall revenue reported only a slight decrease. Nevertheless, the Group has been actively producing new toy products and introducing sales programs for other new brands such as "DC Superfriends", "Space Racers", "Herodrive", "Sunny Bunnies", "Rainbow Butterfly Unicorn Kitty (RBUK)" and "Wonder Park".

The US

The US was still a major export market for the Group's toy products. Our turnover decreased by approximately HK$96,637,000 or 7.7% to approximately HK$1,151,698,000 this year from approximately HK$1,248,335,000 last year.

In recent years, private consumption, the main engine of the US economy, has remained strong thanks to low unemployment and high wages. Meanwhile, rising energy prices, tame inflation and an improving housing market remain in place for stable economic performance which will benefit exports. Nevertheless, global trade tensions and emerging geopolitical tensions could pose challenges for the US in the years to come. During the year, China imposed tariffs on a range of US goods in response to similar US measures. The uncertainties in business conditions and outlooks created by the US-China trade war, along with the foreseen tightening of monetary policy and interest rate hikes by the US Fed, has curtailed global capital market performance. Moreover, affected by the shock waves arising from the closedown of one of our customers in the US during the year, retailers were becoming more cautious in placing orders. Nevertheless, the Group conducted its production operations in the Vietnam plant, so as to reduce the impact of tariff increase.

The sales of new products for brands of "Luna Petunia", "Wonder Park", "Herodrive" and "Sunny Bunnies" recorded an increase, which mitigated the impact of a decrease in sales orders of outdoor products of "Gazillion ® Bubbles", "Tonka" toy car products, girls role-playing products and plush toy products. Overall, the sales in the US market still recorded a decline. The Group would strive to maintain its authorised licensing business for major brands, enrich other product lines and retain existing distributors and clients, including Wal-Mart, Walgreens, Target and Amazon.

Canada

Our turnover in the Canadian market increased by approximately HK$6,801,000 or 13.5% to HK$57,085,000 this year from approximately HK$50,284,000 last year.

Canada's healthy banking and financial system, plus continued growth in non-commodity export-related industries aided by a weaker Canadian dollar, has lent support to domestic business investment and consumer consumption. The Canadian economy is expected to strengthen in line with the stronger US economy as well as the end of the era of ultra-low interest rates and the stabilisation of commodity prices. However, the uncertainties stemming from North American Free Trade Agreement (NAFTA) renegotiation and the US's post quantitative easing policies and tax reform will likely cloud the country's growth ahead.

The sales of the Group's mass market retailers in respect of outdoor game products and girls role-playing products continued to increase, which partially offset the decrease in the sales of toy car products and plush toy products in ODM business. As a whole, the revenue generated from the Canadian market still recorded an increase. The Group will make efforts to maintain its existing distributors and clients, such as Wal-Mart, Toys "R" Us Canada and Costco Canada.

Europe

Our turnover in Europe increased by approximately HK$9,190,000 or 10.2% to approximately HK$99,344,000 this year from approximately HK$90,154,000 last year.

So far, the EU economy has demonstrated resilience as it maintains the course of growth and job creation, thanks to a number of favourable factors such as acceleration in exports, a weaker euro, lower deflationary pressure and a continued support of accommodative monetary policy and fiscal stance of the European Central Bank. Overall, the EU economy expanded by a faster pace. This steady expansion was mainly driven by the falling unemployment rate in the EU during the year under review. Despite continued improvement in financing conditions, there are certain uncertainties related to Brexit, the post-election developments in some major Member States, as well as the uncertainty over future US external policies, plus the heightened geopolitical tensions and the lingering refugee problem. On the other hand, steady improvement in the labour market and rebound in asset prices have greatly encouraged domestic consumption in Netherlands. Spurred by the firming domestic demand and the stronger global economy, the Italian economy has returned to growth in recent years.

The Group continued to focus on sales of "Tonka" products and outdoor products of "Gazillion ® Bubbles". The increase of orders from customers in the UK, Croatia, Russia, Switzerland, Denmark, Ukraine, Spain, Romania, France, Spain and Portugal offset the decrease from those in Netherlands, Italy, Poland, Finland, Estonia and Ireland. Overall, our revenue in the European market recorded an increase. The Group will continue its efforts to maintain existing distributors and clients such as Argos, Tesco and Costco.

Mexico

Our turnover in Mexico increased by approximately HK$155,000 or 3.1% to approximately HK$5,151,000 this year from approximately HK$4,996,000 last year.

While trade growth in Mexico remains strong, emerging risks stemming from NAFTA renegotiations and the pace of internal reforms may impact investment. Significant tightening of Mexico's fiscal and monetary policy in recent years has also weighed on domestic demand. But, the EU and Mexico reached an agreement on a new free trade deal, which marks a boon for Mexico. The deal will, for example, cut Mexican tariffs and will also allow Mexican companies to bid for government contracts in Europe.

However, overall, due to the increase in ODM product orders secured through the distribution office in Mexico, our total revenue in the Mexican market recorded an increase.

Australia and New Zealand

Our turnover in the Australia and New Zealand markets decreased by approximately HK$980,000 or 3.8% to approximately HK$24,856,000 this year from approximately HK$25,836,000 last year.

Australia's economy appears to be slowing. However, the economy is expected to improve backed by a boost of public investment in infrastructure and tourism-related activities as the key growth drivers. The EU, Australia's second largest trade partner, has launched negotiations for a comprehensive trade agreement with Australia. Bilateral trade in goods between the two partners has risen steadily in recent years. New Zealand has an open trading regime and sound rule of law practices. The government aims to improve its business environment to attract more foreign investment.

The Group recorded a decrease in revenue in Australia and New Zealand with decreased sales of lighting products and decreased sales of plush toy products. Our overall market revenue in Australia and New Zealand recorded a decrease. The Group will continue its efforts to maintain its existing distributors and clients such as Big W, etc.

South America

Our turnover in South America markets increased by approximately HK$838,000 or 10.9% to approximately HK$8,550,000 this year from HK$7,712,000 last year.

Benefitting from stable and consistent economic policies, a dollarised economy, and a government that consistently supports trade and open markets, Panama has been one of the fastest growing economies worldwide. Chile has been one of Latin America's fastest-growing economies. More inclusive fiscal management provides a solid base for growth.

Orders for "Tonka" toy car products and outdoor game products and girls role-playing products increased. Overall, the Group recorded an increase in our sales in Chile, Brazil, Paraguay, Trinidad and Belize, which offset the decrease in our sales in Panama, Costa Rica, Colombia, Bolivia, Peru, Honduras, Ecuador, Guatemala, Nicaragua and El Salvador. As a whole, our revenue in South American markets recorded an increase.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2018, the Group had a total of approximately 9,500 (2017: 14,000) employees in Hong Kong, Macau, the PRC, Vietnam, Australia, the US, Canada, Taiwan, Mexico and Europe. The Group provides its employees with competitive remuneration packages commensurate with the level of pay established by the market trend in comparable businesses. A share option scheme was adopted by the Group for selected participants (including full-time employees) as incentives or rewards for their contributions to the business and operation of the Group. A mandatory provident fund scheme and respective local retirement benefit schemes are also in place.

ENVIRONMENTAL PROTECTION

The Group believes that maintaining a healthy and harmonious relationship with its stakeholders and fulfilling its social responsibilities to the community is essential for building and preserving the value of the Group. Adhering to the principle of Reducing, Recycling and Reusing, the Group encourages green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off lightings and electrical appliances, and will consider implementing further eco-friendly measures and practices in the operation of the Group's business.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those that have significant impact on the Group. The Board and internal audit function team delegated by the Board monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. In accordance with the requirements of the laws, regulations and related policies in Hong Kong, the PRC, Vietnam and other relevant jurisdictions, the Company provides and maintains statutory benefits for its staff, including but not limited to mandatory provident fund, basic medical insurance and labour insurance. All employees are entitled to statutory holidays. The Group has registered its products, domain name and trademarks in Hong Kong, the PRC and other relevant jurisdictions and takes all appropriate actions to protect and enforce its intellectual property rights.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group acknowledges that employees, customers and business partners are crucial to its sustainable growth. The Group is hence committed to building up close and caring relationship with its employees, provide exceptional service to its customers and enhance partnership with its business partners.

PROSPECT

With the US-China trade war and the multilateral trade wars among the US and its adjacent territories and some of the European countries, the global macro environment is expected to be subject to further fluctuations, which may impact the purchase orders placed by customers located in such territories. Going forward, as its clientele spans the globe, the Group will continue to constantly review its market and products profile and be more pro-active in working in accordance with its customers' requests as well as structure of its customers, and explore business opportunities on products involving a potentially higher margin with existing customers or reliable potential new customers, in response to any changes in political and economic environments globally. Though the US-China trade war is exerting an influence on the global stage, the Group remains cautiously optimistic about the impact of relevant policies on the Group since our products are not included in the target of the trade dispute. In fact, the production base of the Group is located in Vietnam. Therefore, our business operations would not be materially affected.

In view of its leading position in the global toy industry, stable customer base and diversified manufacturing base located in Vietnam as well as healthy financial position, it is expected that the Group will be able to achieve the target of sustainable development in the long run. The Group has launched a number of new toy products under licensed brands, including a new line of “Tonka” toy cars, enriched its girls role-playing series of “Luna Petunia”, and actively promoted other new products to other retailers. In addition, the Group has launched a range of innovative toy products with several renowned brands such as “Luna Petunia”, “Wonder Park”, “Herodrive”, “Sunny Bunnies” and “CAT”. The Group has several related products under development that have good potential to create new revenue streams for the Group. The Group has been committed to the R&D of new high-end LED lighting products and relocated its production lines for new lighting products to Vietnam, which would potentially create new income sources for the Group.

On 9th January, 2019, an indirect wholly-owned subsidiary of the Company (as the transferee) entered into a master share transfer agreement with the transferors in respect of an acquisition, pursuant to which, the transferors conditionally agreed to sell and the transferee conditionally agreed to acquire the sale shares, being the entire equity interests in Javi, for a total cash consideration of VND561,400,000,000 (equivalent to approximately HK$189,579,000) (subject to adjustment). The Group has a long history of running the manufacturing business in Da Nang, Vietnam and is familiar with the business environment of Da Nang. The acquisition is in line with the overall development strategy of the Group of actively identifying and exploring different investments and good merger and acquisition opportunities in order to acquire new business or asset that will bring additional value, synergistic effects and new income streams to the Group, with a view to broadening its asset and income bases. Javi has the land use rights to five parcels of lands located at Lien Chieu District of Da Nang City, and the Group intends to develop these lands for property investment purpose.

Looking ahead, the OEM business will remain as the growth driver for the Group in the near future, while the Group will also endeavour to maintain sales of toy car and outdoor game products and girls role-playing products. The Group will continue to pursue the ultimate goals of maintaining profitability and achieving cost efficiency. Leveraging on its established business foundation and good relationship with its renowned customers, the Group will actively explore opportunities so as to further boost business development whenever an adequate target emerges. Meanwhile, the Group will also continue to advance diversified development, in order to strengthen its leading position in the global toy industry and bring long-term returns to its shareholders. As such, we will closely monitor the Company’s development strategy so as to maximise the return for our shareholders.

DIVIDEND

During the year, the Company paid an interim dividend of HK5 cents (2017: HK4.5 cents) in cash per share to the shareholders. The Directors have resolved to recommend the payment of a final dividend of HK5 cents in cash (2017: HK5 cents) per share for the year ended 31st December, 2018, payable to shareholders whose names appear on the Register of Members of the Company on 16th May, 2019. Together with the interim dividend paid of HK5 cents per share, the total dividend per share for the year is HK10 cents (2017: HK9.5 cents).

Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be paid on or about 24th May, 2019 in cash.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed shares of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CG")

The Board has adopted a new corporate governance code (the "CG Code") and amended it on 31st December, 2018, which is based on the principles set out in Appendix 14 (the "HKEx Code") to the Listing Rules on the Stock Exchange.

None of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for any part of the period under review, in compliance with the HKEx Code and CG Code except for the deviation from code provision A.4.1 that none of the existing non-executive directors of the Company is appointed for a specific term. However, as all the non-executive directors of the Company (including independent non-executive) are subject to retirement provision under the Company's Bye-laws, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the HKEx Code and CG Code as well.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted and amended from time to time its code for securities transactions by directors of listed issuers as the code of conduct governing directors' securities transactions in compliance with the recently amended Appendix 10 to the Listing Rules (the "Model Code"). All Directors of the Company during the year, following specific enquiry by the Company, have confirmed that they have complied with the required standard set out in the Company's own code and the amended Model Code throughout the year.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") of the Company will be held at Peony Room, Crowne Plaza Hotel & Suites Landmark Shenzhen, No. 3018, Nanhu Road, Shenzhen on 9th May, 2019 at 2:30 p.m.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 2nd May, 2019 to 9th May, 2019, both days inclusive for the entitlement to attend the AGM, and be closed on 16th May, 2019 for the final dividend entitlement, during such periods no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 30th April, 2019 In order to be eligible to have final dividend, all transfers accompanied by the relevant share certificates must be lodged with the address of the Company's Branch Share Registrar in Hong Kong as abovementioned, not later than 4:30 p.m. on 15th May, 2019.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31st December, 2018, including the accounting principles and practices adopted by the Group.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange. The 2018 Annual Report and Notice of AGM of the Company will be despatched to the shareholders of the Company as well as published on the website of the Stock Exchange in due course.

BOARD COMPOSITION

As at the date of this announcement, the Board comprises Mr. Cheng Yung Pun, Mr. Cheng King Cheung, Mr. Tsang Chung Wa, Mr. Tse Kam Wah, Mr. Yu Sui Chuen and Ms. Yip Hiu Har as executive Directors and Dr. Loke Yu alias Loke Hoi Lam, Mr. Mak Shiu Chung, Godfrey, Mr. Wan Hing Pui and Mr. Heng Victor Ja Wei as independent non-executive Directors.

By Order of the Board
Cheng Yung Pun
Chairman

Hong Kong, 21st March, 2019