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芯智控股有限公司
Smart-Core Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2166)

FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- The total revenue of the Group for the year ended 31 December 2018 amounted to HK$4,935.6 million (2017: HK$4,785.2 million), representing an increase of 3.1% as compared with the year ended 31 December 2017.

- The gross profit of the Group amounted to HK$234.1 million for the year ended 31 December 2018 (2017: HK$230.8 million), representing an increase of 1.4% as compared with the year ended 31 December 2017.

- The net profit attributable to the owners of the Company for the year ended 31 December 2018 reached HK$80.4 million (2017: HK$77.6 million), representing an increase of 3.7% as compared with the year ended 31 December 2017.

- Basic earnings per share for the year ended 31 December 2018 was HK16.1 cents (2017: HK15.5 cents).

- The Board resolved to recommend a final dividend of HK4 cents per share for the year ended 31 December 2018 (2017: HK3 cents).

FINAL RESULTS

The board ("**Board**") of directors (the "**Directors**") of Smart-Core Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2018 (the "**Reporting Period**") with the comparative figures for the previous year, as follows:

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

		Year ended 31 December	
	NOTES	**2018**	2017
		HK$'000	*HK$'000*
			(Restated)
Revenue	3	**4,935,634**	4,785,166
Cost of sales		**(4,701,564)**	(4,554,371)
Gross profit		**234,070**	230,795
Other income		**14,896**	20,904
Other expenses, gains or losses, net		**(1,043)**	1,154
Reversal of (impairment loss) on trade and other receivables, net		**17,752**	(23,204)
Research and development expenses		**(27,059)**	(25,135)
Administrative expenses		**(54,514)**	(49,916)
Selling and distribution expenses		**(54,669)**	(40,650)
Interest expenses on bank borrowings		**(27,444)**	(25,227)
Profit before tax	4	**101,989**	88,721
Income tax expenses	5	**(20,443)**	(11,302)
Profit for the year		**81,546**	77,419
Other comprehensive income (expenses)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(1,659)**	1,339
Fair value (loss) gain on:			
Available-for-sale investments		**—**	305
Debt instruments measured at fair value through other comprehensive income		**(113)**	—
Total comprehensive income for the year		**79,774**	79,063

	NOTE	Year ended 31 December 2018 HK$'000	2017 HK$'000 (Restated)
Profit (loss) for the year attributable to:			
Owners of the Company		**80,415**	77,582
Non-controlling interests		**1,131**	(163)
		81,546	77,419
Total comprehensive income (expenses) for the year attributable to:			
Owners of the Company		**78,654**	79,234
Non-controlling interests		**1,120**	(171)
		79,774	79,063
Earnings per share (HK cents):	7		
Basic		**16.14**	15.52
Diluted		**15.97**	N/A

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position
As at 31 December 2018

	NOTES	**As at 31 December 2018 *HK$'000***	As at 31 December 2017 *HK$'000* *(Restated)*	As at 1 January 2017 *HK$'000* *(Restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		**4,614**	4,078	3,352
Goodwill		**7,230**	—	—
Intangible asset		**5,790**	—	—
Available-for-sale investments		**—**	55,152	60,618
Deposits, prepayments and other receivables		**109**	67,981	22,378
Financial assets at fair value through profit or loss		**123,297**	—	—
		141,040	127,211	86,348
CURRENT ASSETS				
Inventories		**256,169**	250,142	248,880
Trade and bills receivables	8	**471,044**	319,026	440,700
Deposits, prepayments and other receivables		**51,666**	30,218	21,198
Tax recoverable		**—**	2,547	—
Debt instruments at fair value through other comprehensive income		**4,232**	—	—
Financial assets at fair value through profit or loss		**4,197**	—	—
Pledged bank deposits		**103,664**	69,491	253,410
Bank balances and cash		**159,568**	177,299	217,077
		1,050,540	848,723	1,181,265
CURRENT LIABILITIES				
Trade and bills payables	9	**398,174**	369,320	535,616
Other payables and accrued charges		**96,291**	91,765	106,389
Contract liabilities		**13,808**	—	—
Amount due to non-controlling shareholder of a subsidiary		**2,005**	—	—
Tax liabilities		**14,686**	—	6,345
Bank and other borrowings		**59,255**	2,129	175,911
		584,219	463,214	824,261
NET CURRENT ASSETS		**466,321**	385,509	357,004
TOTAL ASSETS LESS CURRENT LIABILITIES		**607,361**	512,720	443,352

	As at 31 December 2018 HK$'000	As at 31 December 2017 HK$'000 (Restated)	As at 1 January 2017 HK$'000 (Restated)
NON-CURRENT LIABILITY			
Deferred tax liability	**955**	—	—
NET ASSETS	**606,406**	512,720	443,352
CAPITAL AND RESERVES			
Share capital	**39**	39	39
Reserves	**568,253**	512,556	443,313
Equity attributable to owners of the Company	**568,292**	512,595	443,352
Non-controlling interests	**38,114**	125	—
	606,406	512,720	443,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the"**Stock Exchange**"). Its parent is Smart IC Limited, a private company incorporated in the British Virgin Islands and its ultimate controlling party is Mr. Tian Weidong. The Company is an investment holding company. The Company's subsidiaries are principally engaged in the trading of electronic components.

The functional currency of the Company is United States Dollars ("**US$**") and accordingly, the consolidated financial statements of the Group was presented in US$ in prior years. Starting from 1 January 2018, the Group has changed its preparation of its consolidated financial statements from US$ to Hong Kong Dollars ("**HK$**"). The Directors of the Company considered that the change of presentation currency to HK$ enables the shareholders and potential investors of the Company to have a more accurate picture of the Group by aligning the Group's financial performance with its share price.

The effects of the change in the presentation currency have been accounted for retrospectively with comparative figures restated. The comparative amounts in the consolidated financial statements are presented as if HK$ had always been the presentation currency of the consolidated financial statements. The Group has also presented the consolidated statement of financial position as at 1 January 2017 without related notes.

2. APPLICATION OF NEW AND REVISED 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 Hong Kong Accounting Standards ("**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 recognises revenue from the sales of integrated circuit and other electronic components.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 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 1 January 2018 and has used the practical expedient for all contract of the modifications were reflected at the date of initial application. 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.

Summary of effects arising from initial application of HKFRS 15

As at 1 January 2018, advance payments from customers included in other payables and accrued charges of HK$6,881,000 were reclassified as contract liabilities and disclosed as "contract liabilities" on the consolidated statement of financial position.

As at 31 December 2018, contract liabilities of HK$13,808,000, representing advance payments from customers included in other payables without application of HKFRS 15.

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these consolidated financial statements.

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 and 3) general hedge accounting.

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 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 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.*

Summary of effects arising from initial application of HKFRS 9

(a) *Available-for-sale investments*

From available-for-sale investments to debt instruments at fair value through other comprehensive income ("**FVTOCI**")

Listed debt securities with a fair value of HK$4,535,000 were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value gains of HK$28,000 continued to accumulate in the investment revaluation reserve as at 1 January 2018.

From available-for-sale investments to financial assets at fair value through profit or loss ("**FVTPL**")

Unit trust funds mainly invest in bonds and other debt securities with a fair value of HK$50,617,000 were reclassified from available-for-sale investments to financial assets at FVTPL. This is because even though the Group's business model is to hold financial assets in order to collect contractual cash flows, the cash flows of these investments do not meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. Related fair value losses of HK$2,382,000 were transferred from the investment revaluation reserve to retained profits as at 1 January 2018.

(b) *Financial assets at FVTPL*

At the date of initial application of HKFRS 9, the Group's payment for life insurance policies of HK$65,622,000 were reclassified from deposits, prepayments and other receivables to financial assets at FVTPL as these investments cannot meet the HKFRS 9 criteria as solely payments of principal and interest on the principal amount outstanding. The fair value losses of HK$3,306,000 of these insurance policies previously carried at amortised cost were adjusted to financial assets at FVTPL and retained profits as at 1 January 2018.

(c) *Trade receivables under factoring agreements*

As part of the Group's cash flow management, the Group entered into factoring agreements with banks on certain customers' receivables before they are due for payment and derecognised receivables on the basis that the Group has transferred substantially risks and rewards to the relevant counterparties. As such, the relevant customer's receivable fails the business model assessment with objective to collect the contractual cash flows but to sell the financial assets.

Accordingly, trade receivables under factoring agreements amounting to HK$103,824,000 previously classified as loans and receivables were reclassified to FVTPL upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding.

(d) *Impairment under ECL model*

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade and bills receivables and certain other receivables. Except for those which had been determined as credit-impaired under HKAS 39, trade receivables with outstanding significant balances have been assessed individually, with the remaining balances being grouped based on shared credit risk characteristics.

ECL for other financial assets at amortised cost mainly comprise of pledged bank deposits, bank balances and cash, other receivables and amount due from a related company, are measured on 12-month ECL ("**12m ECL**") basis and there had been no significant increase in credit risk since initial recognition.

All of the Group's debt instruments at FVTOCI are listed bonds that are graded in the top credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis.

As at 1 January 2018, the additional credit loss allowance of HK$2,276,000 has been recognised against retained profits. The additional loss allowance is charged against the respective asset, except for the debt instruments which is measured at FVTOCI, the loss allowance for which is recognised against the investment revaluation reserve.

Except as described above, the application of HKFRS 9 has had no material impact on the amounts reported set out in these consolidated financial statements.

The application of the other new and amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the fair value of the amounts received and receivable from the sales of integrated circuit and other electronic components in Hong Kong ("**HK**") and the People's Republic of China ("**the PRC**") net of discounts and returns, during the year.

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, collectively being the chief operating decision maker, focuses and reviews on the overall results (i.e. revenue and gross profit) and financial position of the Group as a whole which are prepared based on the Group's accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Geographical information

The Group principally operates in HK and the PRC.

The following table provides an analysis of the Group's sales by geographical market based on the jurisdictions where the relevant group entities were set up, which are also their place of operations during the year, irrespective of the origin of goods/services and the location of customers.

Revenue from external customers based on location of operations of the relevant group entities

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
HK	**4,823,244**	4,709,694
The PRC	**112,390**	75,472
	4,935,634	4,785,166

Information about the Group's non-current assets is presented based on the geographical location of the assets as follows:

Non-current assets *(Note)*

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
HK	**14,405**	1,731
The PRC	**3,229**	2,347
	17,634	4,078

Note: Non-current assets excluded those relating to financial instruments.

Information about major customers

Revenue from customers in respect of sales of goods of the year contributing over 10% of the total revenue of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Customer 1	**1,440,825**	1,282,102
Customer 2	**944,020**	853,983

There are no other revenue from transaction with a single external customer amounted to 10% or more of the total revenue of the Group during the years ended 31 December 2018 and 2017.

4. PROFIT BEFORE TAX

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Profit before tax has been arrived at after charging:		
Directors' emoluments	**4,838**	4,797
Staff costs		
Salaries and other allowances	**43,528**	38,688
Discretionary bonus	**20,352**	16,676
Retirement benefit scheme contributions	**8,859**	7,777
Share-based payments	**15,232**	—
Total staff costs	**92,809**	67,938
Allowance for inventories recognised (included in cost of sales)	**1,536**	3,775
Amortisation of intangible asset	**200**	—
Auditor's remuneration	**1,982**	1,794
Cost of inventories recognised as an expense	**4,700,028**	4,550,596
Depreciation of property, plant and equipment	**1,962**	1,280
Minimum lease payments under operating leases in respect of office premises	**7,867**	9,056
Property, plant and equipment written off	**70**	461

5. INCOME TAX EXPENSES

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong Profits Tax	**18,298**	9,911
PRC Enterprise Income Tax	**2,178**	1,391
	20,476	11,302
Deferred tax	**(33)**	—
	20,443	11,302

6. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Dividends for ordinary shareholders of the Company recognised as distributions during the year		
2018 – Interim – HK2 cents (2017: 2017 interim dividend HK2 cents) per share	**10,000**	9,991
2017 – Final – HK3 cents (2017: 2016 final dividend HK$Nil) per share	**15,000**	—
	25,000	9,991

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HK4 cents (2017: final dividend in respect of the year ended 31 December 2017 of HK3 cents) per ordinary share, in an aggregate amount of approximately HK$20,164,000 (2017: HK$15,000,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

7. EARNINGS PER SHARE

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

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	**80,415**	77,582

	Year ended 31 December	
	2018	2017
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**498,352,854**	500,000,000
Effect of dilutive potential ordinary shares:		
Unvested shares under share award scheme	**5,212,740**	—
Weighted average number of ordinary shares for the diluted earnings per share	**503,565,594**	500,000,000

No diluted earnings per share is presented for the year ended 31 December 2017 as there were no potential ordinary shares in issue.

For the year ended 31 December 2018, the weighted average number of ordinary shares for the purpose of calculating basic earnings per share has taken into account the ordinary shares purchased by Computershare Hong Kong Trustees Limited from the market pursuant to the share award scheme for those unvested awarded shares.

8. TRADE AND BILLS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**346,696**	338,247
Less: Allowance for credit losses	**(7,660)**	(23,243)
	339,036	315,004
Trade receivables under factoring agreements (note)	**132,008**	—
Bills receivables	**—**	4,022
	471,044	319,026

Note: The Group entered into factoring agreements with banks and the balances represents relevant customers' trade receivables transferable to banks.

At the date of initial application of HKFRS 9 on 1 January 2018, the Group reclassified the relevant customers' trade receivables previously carried at amortised cost to financial assets at FVTPL as it is held within a business model whose objective is to sell the financial assets.

As at 31 December 2018, trade receivables of HK$340,239,000 (2017: HK$391,427,000) were derecognised as the directors of the Company are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK$346,696,000 and HK$338,247,000, respectively.

The Group allows credit period of 0 to 120 days (2017: 0 to 120 days) to its customers. The following is an aged analysis of trade and bills receivables (net of allowance for credit losses) at the end of reporting period presented based on invoice dates which approximated the respective revenue recognition dates:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
0 – 30 days	**261,354**	176,658
31 – 60 days	**79,371**	57,974
61 – 90 days	**40,902**	40,455
91 – 120 days	**26,523**	3,406
121 – 180 days	**12,337**	115
Over 180 days	**50,557**	40,418
	471,044	319,026

9. TRADE AND BILLS PAYABLES

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**395,363**	365,879
Bills payables	**2,811**	3,441
	398,174	369,320

The credit period for trade payables ranges from 0 to 60 days (2017: 0 to 60 days).

Ageing analysis of the Group's trade and bills payables based on invoice date at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
0 - 30 days	**294,334**	284,396
31 - 60 days	**103,361**	84,904
61 - 90 days	**461**	1
Over 90 days	**18**	19
	398,174	369,320

FINAL DIVIDEND

The Board resolved to recommend a final dividend of HK4 cents per share for the year ended 31 December 2018 to the shareholders of the Company (the "**Shareholders**") whose names appear on the register of members of the Company on Wednesday, 12 June 2019. Subject to the approval by Shareholders at the forthcoming Annual General Meeting (as defined below) to be held on Friday, 31 May 2019, the proposed final dividend is expected to be paid on or about Friday, 28 June 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group maintained a steady development in our core business and achieved positive results in the development of new business areas in 2018. The increase in orders received from our customers in commercial display, security monitoring, optical communication and artificial intelligence of things ("**AIoT**") has laid a solid foundation for the Group's future development.

In the wake of the growing importance of the new businesses with increasing sales revenue, a revised classification of the product lines is used in business review. The "smart media display" and "intelligent broadcasting terminal" were combined into "broadcast television" ("**broadcast TV**"), the product lines "memory" and power-related product lines were combined into "memory power supply", and several new product lines including optoelectronic display, communication products, auto electronics, optical communication, AIoT and security monitoring were newly classified.

Broadcast TV

Benefiting from the promotion of sports events and the drop in liquid crystal display ("**LCD**") panel prices, the global shipment volume of liquid crystal display television increased in 2018. The launch of China Central Television ("**CCTV**")'s 4K channel in October 2018 has brought better viewing experience and service to TV users, and will lead the consumption of color TV products in China into a quality upgrading stage and create new business opportunities to the market. As the Group adjusted its strategy in a timely manner to cope with the changes in market demand, the Group was able to maintain a stable sales of TV integrated circuit ("**IC**") in a competitive market place. In addition, the Group increased investment in research and development on certain fast-growing markets, including smart commercial display and smart projection, with an aim to pursue new business growth drivers in this highly differentiated market.

In the set-top box market which has been shifting from simple cable TV digital set-top boxes ("**DVB**") to internet set-top boxes (internet protocol television ("**IPTV**") and over-the-top ("**OTT**")), internet smart set-top boxes will become an important entry point for future smart homes market. At present, the set-top box market is dominated by DVB, IPTV and OTT. According to AskCi (www.askci.com), China had nearly 160 million IPTV users in 2018, with an annual growth of nearly 40 million users. Given the stiff market competition and some adverse factors such as Sino-US trade friction, the Group felt the pinch and saw a decline in the sales of set-top box chips in 2018, which led to a slight drop in the overall sales of the combined product line broadcast TV. In 2018, the total sales of the Group's broadcast TV products decreased by 4.9% as compared to 2017.

Memory Power Supply

In 2018, the combined output value of the two types of memory IC namely the global dynamic random access memory("**DRAM**") and the non-volatile memory technology("**NAND**") flash grew at a rapid pace. Amid the weak growth in market demand for smart phones and smart TVs as opposed to the rapid capacity expansion of the DRAM industry, DRAM prices began to peak and fall at the end of 2018. The prices of NAND flash memory continued to drop sharply in 2018 due to the supply growth driven by the production expansion of memory IC manufacturers and the application of new technologies such as 3D stacking and quad-level cell ("**QLC**"). The Group's revenue from memory power supply products increased by approximately 8% as compared to 2017.

Optoelectronic Display

The optoelectronic display product line mainly focuses on the sales of IC related to displays and screen modules. The sale of LCD display in 2018 for video games/electronic sports ("**e-sports**") stood out and recorded the largest growth in sales. Chinese manufacturers' TV panel shipments increased, ranking first in global market share, reflecting the enormous potential for the semiconductor chip market related to screen modules. In 2018, the sales of the optoelectronic display products of the Group increased by 60.1% as compared to 2017.

Communication Products

The communication products product line mainly focuses on the sales of radio frequency, storage and related electronic components of mobile phones and second-generation wireless ("**2G**")/ fourth-generation wireless ("**4G**") communication modules. Global shipments of cellular IoT modules increased considerably, mainly attributable to the significant growth in demand in the Chinese market. The application of such modules in such fields as the smart city, security monitoring, smoke sensing and meter reading and other application fields is booming, pushing up the overall shipments of cellular modules. Thanks to the rapid growth in sales of small-capacity multi-chip package ("**MCP**") applied to cellular modules, the sales of our communication products recorded a significant year-on-year growth of 88.5% compared with 2017.

Optical Communication

In 2018, the demand of the traditional optical communication market kept edging up, with much of the market attention focusing on fiber to the ("**FTTx**"), 4G/fifth-generation wireless ("**5G**") and data center demands. As the backhaul/intermediate/forward transmission capacity under the 5G new architecture is required to be expanded dozens of times, it brings new development opportunities to small base stations, optical fibers, optical modules, wavelength-division multiplexing ("**WDM**") devices, etc. We believe that, after the 5G network construction kicks off in full swing, the demand for optical fibers will soar, leading to an increase of demand of 25/50Gbps high-speed optical communication modules. As of now, the 100G system has become the mainstream technology in optical transmission networks. From the perspective of development, the 5G industry and next-generation data centers will focus on developing 400Gbps transmission technology. In 2018, the Group's optical communication product line made a great progress and the sales of our optical communication products recorded a significant growth of 65.4% compared with 2017.

AIoT

AIoT is the combination of artificial intelligence ("**AI**") technology with the Internet of Things ("**IoT**"). The IoT industry is evolving from IoT to AIoT in 2018. The Group's AIoT product line mainly sells semiconductoric and modules for the application in Wi-Fi, bluetooth low energy ("**BLE**") and 2.4G, while paying attention to market opportunities in cellular-based narrow band Internal of Things ("**NB-IoT**") and LoRa modules. In 2018, the sales of our AloT products increased by 43.6% as compared to 2017.

Security Monitoring

Monitoring equipment and monitoring systems are rapidly becoming increasingly digital, networked and intelligent. With the penetration of AI technology into the field of security monitoring, "AI-based security" will promote the upgrading of hardware and software in traditional video surveillance sectors such as public security, transportation, judicial monitoring, culture, education, health, energy, finance and smart buildings, and thus drive a huge demand for high-definition and ultra-high-definition ("**UHD**") cameras. The Group's security monitoring product line focuses on developing core IC and image sensors for high-definition cameras. Our products maintain a leading edge in the industry and the sales of the security monitoring products in 2018 substantially increased by 390% compared with 2017.

Other Areas

In 2018, we partnered with NXP Semiconductors N.V. ("**NXP**"), the world's largest automotive electronics and artificial intelligence IoT chip company, and became its officially authorized IDH (Independent Design House) solution supplier. We launched solutions for mass production of smart door locks based on NXP's leading secure connection technologies, thereby entering the highly promising smart door lock market. In addition, our laser smart projection solutions have won over some important clients in the industry for cooperation on project development. In July 2018, the Group established a joint venture with DTDS Technology Pte Ltd ("**DTDS**"), a Singapore-based Company, to develop the Indian and Southeast Asian markets. The Group will develop an independent distribution business based on the "SuperIC" platform to complement the existing authorized distribution business and technology value-added business. To this end, we invested in Quiksol International HK Pte Limited ("**Quiksol HK**") which has a wholly-owned subsidiary (hereinafter collectively referred to as "**Quiksol Group**"), a leading independent distributor, in October 2018 and became its sole largest shareholder.

OUTLOOK

Broadcast TV

According to IHS Markit, a research firm, global TV shipments in 2019 will increase slightly to 226 million units, more than half of which will be 4K resolution (UHD) products. In January 2019, ten departments and ministries including the National Development and Reform Commission and the Ministry of Industry and Information Technology jointly issued the Implementation Plan for Further Optimizing Supply Chains and Promoting Stable Consumption Growth to Develop a Strong Domestic Market (2019) (《進一步優化供給推動消費平穩增長促進形成強大國內市場的實施方案(2019年)》), marking the official launch of a new round of "Home Appliances to the Countryside" campaign, which will promote the nationwide upgrading of household electrical appliances and give rise to incremental demand. Therefore, the proportion of the consumption of high-quality TVs with large screens, 4K UHD and artificial intelligence is expected to increase significantly in 2019. We believe that the markets of those differentiated products including commercial display and smart projection products will maintain rapid growth, which are the focus areas of our technology value-added business. Overall, the TV market is large and relatively stable. The market is currently in the process of product and technology upgrading and is expected to deliver outstanding performance in 2019.

With the rising popularization of 4K UHD TVs, the Ministry of Industry and Information Technology proposed in January 2018 to set up China Ultra High Definition Video Industry Alliance and formulated the Action Plan for the Development of Ultra High Definition Video Industry (2018-2022) (《超高清視頻產業發展行動計劃(2018–2022)》). CCTV released the 4K UHD technology plan in May 2018 and launched an experimental 4K UHD channel in October 2018, which will bring new opportunities for the set-top box market. Accordingly, we believe that with the product and technology upgrading, the IC and other electronic components used in UHD set-top boxes will have a good market prospect in forthcoming years, and the Company will look for business opportunities in emerging markets such as India while serving the existing customer base.

Memory Power Supply

Driven by the sharp growth in the sales of semiconductors by the three production enterprises of DRAM in 2018, the sales of memory IC for the year recorded a new high. In the future, with the application of new flash memory technologies such as 96-layer stacking and QLC (Quad-Level Cell, which stores 33% more bits per cell than triple-level cell ("**TLC**")), it is expected that the price of unit memory capacity will continue to fall in 2019, and the decline in memory prices will further stimulate the rapid growth of demand for solid-state drive ("**SSD**") and other related products. As the memory market plays a key role in the entire semiconductor industry and still has a large space for development, we will vigorously explore new development opportunities in the field to expand our business.

As to the sales of power semiconductors, China currently has the largest demand for power semiconductors. The application scope of power semiconductors has been extended from traditional industrial control and 4C industries (computers, communications, consumer electronics and cars) to renewable energy, rail transit, smart grid and other new areas. As such, the global power semiconductor market is expected to continue to grow with bright market prospects.

Optoelectronic Display

The shipments of display panels in 2018 increased significantly driven by the growth of the large-size full-screen 4K UHD market. In particular, the shipments of e-sports displays saw rapid growth. In 2018, China's shipments of e-sports displays increased substantially, and the market still has a large room for growth. The Company provides industry-leading technology solutions and chip products for displays and display screens, and enjoys great market prospects in this regard.

Communication Products

A series of standard tests on NB-IoT were completed by the end of 2016. With a bandwidth of approximately 180 KHz, this new NB-IoT technology can be directly deployed in the existing global system for mobile communications ("**GSM**") networks, universal mobile telecommunication system ("**UMTS**") networks or long-term evolution ("**LTE**") networks, which can significantly reduce the deployment cost and help realize smooth upgrade of networks. It will become an important niche of the IoT market and thus drive the ongoing growth in the shipments of cellular IoT modules. China, North America and Europe currently have the largest market demands, indicating huge market value potential and great growth prospects. In the future, with the gradual commercial application of 5G technology, 5G technology can support QoS (Quality of Service) agreements of Industrial Ethernet. As such, the application scope of 5G NB-IoT can be extended to the Industrial Internet of Things to build an IoT cornerstone for intelligent manufacturing, signalling broad market prospects.

Optical Communication

In the coming year, the Group will not only maintain its market share in the existing markets, but also energetically develop new generation products, promote the development and marketing of supporting products for data centers, and search for new business opportunities from 5G commercialization. According to the latest GSA (Global mobile Suppliers Association) report released in November 2018, 192 mobile operators in 81 countries were investing in 5G networks. China's three major operators will usher in the transition of 5G from large-scale test to trial commercialization in 2019 and realize large-scale commercialization of 5G in 2020. In this context, the construction of optical communication networks is expected to boom in the coming years. The Group will introduce more valuable new product lines and seize opportunities to expand market share.

AIoT

The IoT, known as the third wave of the world's information industry after computers and the Internet, will apply to many aspects of national economy and social services and represent a trillion dollar worth opportunity. IoT is a composite system integrating sensing, communication, network, computing and control technologies. As of now, a range of relevant technologies including Bluetooth, Wi-Fi, NB-IoT and LoRa have been developed. AIoT is the abbreviation of AI+IoT. When an IoT device is empowered with AI capability, the AI algorithm will have higher requirements on the parallel computing capability and memory bandwidth of the chips of the device. The system has to perform AI computing (edge computing) with low power consumption and low cost. As the IoT application requirements are fragmented and IoT devices are varying in shape with different demands for AI computing power, AIoT chips usually need to be customized based on application scenarios to meet the diverse requirements on performance, power consumption, cost and cross-device forms. The Group considers that the IoT market will have increasingly diverse demands and broad development prospects.

Security Monitoring

As a core component of the construction of "Safe Cities", video surveillance is an important guarantee for urban public safety. As AI penetrates deeper into the security monitoring industry and relevant products become increasingly sophisticated, the AI system needs to extract and accurately identify many features from real-time video data, which puts higher requirements on the definition and image quality of the front-end surveillance cameras. Accordingly, new technology applications such as UHD cameras with 4k resolution and H.265 video codec will become increasingly popular. In 2018, the Group's sales in the security monitoring market increased substantially compared with 2017. In the future, we will continue to expand the marketing team and marketing coverage for security monitoring products to increase our market share.

Looking forward, the Group will make great efforts to expand and enhance its existing business and continue to explore more markets and new business. We will watch closely the development of technology value-added business, improve investment return and enhance the establishment of intellectual property, so as to build up the long-term core competitiveness of the Group. We will enhance capital operation, and will continue to seek for suitable investments and targets for acquisition and merger to take action when the right opportunity arises. Looking ahead, while maintaining the stable operation of the Group, we will boost the development of our business, with an aim to create greater return and long-term value for the shareholders of the Company.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group's revenue amounted to HK$4,935.6 million (2017: HK$4,785.2 million), representing an increase of HK$150.4 million (3.1%) as compared with the revenue for the year ended 31 December 2017.

The slight increase in revenue level was mainly caused by the combination effect of the significant increase in total sales of optoelectronics display product, optical communication product and security monitoring product of approximately HK$293.6 million as well as the decrease in the sales of broadcast TV of approximately HK$153.4 million. Due to the fierce market competition and the unfavorable factors such as Sino-US trade friction, the Group's revenue in broadcast TV product was affected in some ways in 2018. However, the Group had been actively involved in the expansion of our product lines and extended our reach to new customers and suppliers. The management expects these fast-growing products will bring in a remarkable contribution to the Group's future economic inflow.

Gross profit

Our gross profit for the year ended 31 December 2018 increased by HK$3.3 million to HK$234.1 million as compared with the prior year (2017: HK$230.8 million). Our gross profit margin decreased by 0.1% to 4.7% for the year ended 31 December 2018 (2017: 4.8%). The slight decrease in gross profit margin was mainly due to the significant decrease in the prices of flash memory driven by the production expansion of memory chip manufacturers and the application of new technologies.

Research and development expenses

Research and development expenses mainly comprise of staff cost incurred for our research and development department. For the year ended 31 December 2018, research and development expenses amounted to HK$27.1 million, increased by 7.7% as compared with the year ended 31 December 2017 (2017: HK$25.1 million). The increase was due to the sustainable needs of the technical support from our customers especially after the launch of certain new products as well as the increase in the average salaries cost to the technicians (including the share-based payment expenses of HK$1.9 million (2017: HK$Nil) during 2018.

Administrative, selling and distribution expenses

Administrative, selling and distribution expenses aggregated to HK$109.2 million for the year ended 31 December 2018 (2017: HK$90.6 million), which accounted for 2.2% of the revenue for the year ended 31 December 2018 as compared with 1.9% over the corresponding year in 2017. The net increase of HK$18.6 million was mainly due to (i) the launch of share award scheme in the current year and the Group recognised approximately HK$13.3 million of share-based payment expenses in the year ended 31 December 2018 (2017: HK$ Nil); and (ii) the increase in product distribution costs which was in line with the increase in revenue.

Interest expenses on bank borrowings

The Group's interest expense on bank borrowings for the year ended 31 December 2018 amounted to HK$27.4 million, an increase of HK$2.2 million as compared with that in 2017 (2017: HK$25.2 million). Interest expenses mainly represents the borrowings cost from entering into various factoring agreements with some of the principal bankers. The increase in the amount of interest expenses was mainly due to the increase in revenue of customers under factoring agreements and the increase in interest rates during the year ended 31 December 2018.

Profit for the year

For the year ended 31 December 2018, the Group's profit amounted to HK$81.5 million, representing an increase of HK$4.1 million as compared to HK$77.4 million in 2017, an increment of 5.3%. The net profit margin for the year ended 31 December 2018 was 1.7%, compared to 1.6% for the year ended 31 December 2017. The increase in the profit for the year was mainly contributed by the reversal of impairment loss on trade and other receivables (HK$23.2 million) incurred in 2017 offsetting by the allowance of credit losses of approximately HK$5.5 million and the share-based payment expenses approximately HK$15.2 million for the year ended 31 December 2018 (2017: HK$ Nil).

Net profit attributable to the owners of the Company

The net profit attributable to the owners of the Company for the year ended 31 December 2018 amounted to HK$80.4 million, representing an increase of 3.7% as compared with the year ended 31 December 2017 (2017: HK$77.6 million).

Use of proceeds from the global offering

The shares of the Company were listed (the "**Listing**") on The Stock Exchange of Hong Kong Limited on 7 October 2016. The Company issued 125,000,000 new shares with the nominal value of US$0.00001 at HK$1.83 per share. The net proceeds from the Listing received by the Company were approximately HK$205.8 million after deducting underwriting fees and estimated expenses in connection with the Listing.

The Group has utilised approximately HK$98.4 million of the net proceeds as at 31 December 2018. The unutilised net proceeds have been placed as deposits with banks.

Use of Proceeds	Net proceeds *(in HK$ million)*	Utilised as at 31 December 2018 *(in HK$ million)*	Amount remaining *(in HK$ million)*
1. Hiring additional staff for sales and marketing and business development and improvement of warehouse facilities	20.6	(20.6)	0.0
2. Advertising and organizing marketing activities for the promotion of our e-commerce platform Smart Core Planet and our new products	41.2	(12.0)	29.2
3. Enhancing, further developing and maintain our e-commerce platform and improving our technology infrastructure	41.2	(2.5)	38.7
4. For research and development	20.6	(20.6)	0.0
5. Funding potential acquisition of, or investment in business or companies in the e-commerce industry or electronics industry	61.7	(22.2)	39.5
6. General working capital	20.5	(20.5)	0.0
	205.8	(98.4)	107.4

Liquidity and financial resources

The Group's primary source of funding included cash generated from operating activities and the credit facilities provided by banks. For the year ended 31 December 2018, net cash inflow from the operating activities amounted to HK$68.9 million (31 December 2017: net cash inflow of HK$20.9 million).

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. As at 31 December 2018, the Group maintained bank balances and cash of HK$159.6 million (31 December 2017: HK$177.3 million).

As at 31 December 2018, the outstanding bank and other borrowings of the Group was HK$59.3 million (31 December 2017: HK$2.1 million). The Group's gearing ratio, based on the interest-bearing borrowings and total equity, increased from 0.4% as at 31 December 2017 to 9.8% as at 31 December 2018 as a result of the increase in bank and other borrowings to meet the operation needs.

As at 31 December 2018, the Group had current assets of HK$1,050.5 million (31 December 2017: HK$848.7 million) and current liabilities of HK$584.2 million (31 December 2017: HK$463.2 million). The current ratio was 1.80 times as at 31 December 2018 (31 December 2017: 1.83 times).

The Group's debtors' turnover period was 29 days for the year ended 31 December 2018 as compared to 29 days for the year ended 31 December 2017. The Group's debtors' turnover period has been maintaining at a stable level.

The creditors' turnover period was 30 days for the year ended 31 December 2018 as compared with 36 days for the year ended 31 December 2017. Creditors' turnover period improved which was due to the more timely repayment of the amounts due to our suppliers during the current period.

The inventories' turnover period was 20 days for the year ended 31 December 2018 as compared with 20 days for the year ended 31 December 2017. Inventory control was always one of the primary tasks of the Group's management team to maintain the liquidity and healthy financial position of the Group. Inventories' turnover period remained relatively stable in both years.

Foreign currency exposure

The Group's transactions are principally denominated in US$ and Renminbi. The Group had not experienced any material difficulties or material adverse impacts on its operation despite the fluctuations in currency exchange rates and the net foreign exchange gain of approximately HK$0.1 million for the year ended 31 December 2018 (31 December 2017: net foreign exchange gain of HK$1.2 million). As the date of this report, the Group has not adopted any foreign currency hedging policy. However, the Group will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the exposures become significant.

Pledge of assets

As at 31 December 2018, the previously available-for-sale investments reclassified as financial assets at FVTPL and debt instruments at FVTOCI amounted to HK$52.4 million, and HK$4.2 million respectively (31 December 2017: HK$55.2 million), payment for life insurance reclassified as financial assets at FVTPL amounted to HK$75.1 million (31 December 2017: included in deposits, prepayments and other receivables amounted to HK$65.4 million) and bank deposits amounted to HK$103.7 million (31 December 2017: HK$69.5 million) had been charged as security for the bank borrowings of the Group.

Capital commitment and contingent liabilities

The Group had no material capital commitment and contingent liabilities during the years ended 31 December 2018 and 2017.

Significant investment held

Save for the financial assets at FVTPL and debt instruments at FVTOCI as disclosed above, the Group did not hold any significant investments during the years ended 31 December 2018 and 2017.

Material acquisition and disposal of subsidiaries and associated companies

In July 2018, the Group entered into a joint venture agreement with DTDS Technology Pte. Ltd in respect of, among others, the formation of a joint venture company in Hong Kong which the Group controls and holds 70% equity interest. The joint venture company will be engaged in the provision of electronic components trading related services in Southeast Asia and Indian markets. Details of the transaction are set out in the announcement of the Company dated 20 July 2018.

In October 2018, the Group completed the acquisition of a total of 25% of the issued shares of Quiksol Group for the purchase price of US$3,044,000 (equivalent to approximately HK$23,741,000). An aggregate amount of US$2,149,000 (equivalent to approximately HK$16,762,000), which equals to 70% of the total purchase price was satisfied by the Group by cash at completion and an aggregate of 4,105,030 shares were issued during the year as a result of the issue of consideration shares at completion to satisfy 30% of the total purchase price. For details, please refer to the Company's announcements dated 22 October 2018 and 31 October 2018.

Employees

As at 31 December 2018, the Group had 353 employees (31 December 2017: 299 employees), with a majority based in Shenzhen, Suzhou and Hong Kong. Total employee cost for the year ended 31 December 2018, excluding the remuneration of the directors of the Group were approximately HK$87.9 million (31 December 2017: HK$63.1 million). There have been no material changes to the information disclosed in the prospectus dated 27 September 2016 in respect of the remuneration of employees, remuneration policies, share award scheme, share option scheme and staff development.

On 19 September 2016, the Company adopted a share award scheme ("**Share Award Scheme**") and conditionally approved and adopted a share option scheme ("**Share Option Scheme**").

In relation to the Share Award Scheme, the board ("**Board**") may, from time to time, at its absolute discretion, select any of our directors, senior managers and employees of the Group to participate in the Share Award Scheme ("**Selected Participants**"), subject to the terms and conditions set out in the Share Award Scheme. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

In relation to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company.

During the year ended and as at 31 December 2018, a total of 9,580,000 share awards were granted to the employees by the Company pursuant to the Share Award Scheme.

Details of movement of shares awarded under the Share Award Scheme during the Reporting Period were as follows:

	Number of shares					
Date of grant	**As at 1 January 2018**	**Granted during the year**	**Vested during the year**	**Lapsed during the year**	**As at 31 December 2018**	**Vesting period**
28/3/2018	—	4,940,000	4,940,000	—	—	28/3/2018-1/8/2018
28/3/2018	—	4,640,000	—	250,000	4,390,000	28/3/2018-2/1/2019

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2018.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Up to the date of announcement, the Group has no significant subsequent event after 31 December 2018 which required disclosure.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to maintaining high corporate governance standards. The Board believes that good corporate governance, by adopting an effective management accountability system and high standard of business ethnics, can provide a framework that is essential to the Company's sustainable development and to safeguard the interests of the Shareholders, suppliers, customers, employees and other stakeholders.

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") as its own code of corporate governance. Except for code provision A.2.1 as disclosed below in this announcement, the Company has complied with the applicable code provisions of the CG Code during the year ended 31 December 2018. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The Company deviates from code provision A.2.1 in that Mr. Tian Weidong currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of the Directors, and all Directors confirmed that they had fully complied with the Model Code during the year ended 31 December 2018.

SUFFICIENCY IN PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, were held by the public during the year ended 31 December 2018 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee, comprising three independent non-executive Directors, namely Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hok Leung. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and provide comment and advice to the Board. The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018 and discussed with the management the accounting policies adopted by the Group, internal controls and financial reporting matters of the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.smart-core.com.hk). The annual report of the Company for the year ended 31 December 2018 containing all the information required by the Listing Rules and other applicable laws and regulations will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**Annual General Meeting**") will be held on Friday, 31 May 2019. A notice of the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 28 May 2019 to Friday, 31 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar 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 no later than 4:30 p.m. on Monday, 27 May 2019. For ascertaining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 10 June 2019 to Wednesday, 12 June 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share register 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, not later than 4:30 p.m. on 6 June 2019.

By order of the Board
Smart-Core Holdings Limited
Tian Weidong
Chairman and Executive Director

Hong Kong, 25 March 2019

As at the date of this announcement, the Board comprises Mr. Tian Weidong (Chairman), Mr. Wong Tsz Leung, Mr. Liu Hongbing and Mr. Xie Yi as executive Directors, Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hok Leung as independent non-executive Directors.