ASCENT INTERNATIONAL HOLDINGS LIMITED
中璽國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "Board") of directors (the "Directors") of Ascent International Holdings Limited (the "Company") is pleased to present the annual results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2018, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	4	**63,900**	78,937
Cost of sales		**(41,925)**	(43,958)
Gross profit		**21,975**	34,979
Other income and gains		**1,764**	335
Selling and distribution costs		**(14,643)**	(22,936)
Administrative and other operating expenses		**(38,489)**	(29,054)
Finance cost		**(87)**	—
Share of loss of a jointly controlled entity		**(1,986)**	—

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Loss before income tax expense	6	**(31,466)**	(16,676)
Income tax expense	7	**—**	—
Loss from continuing operations		**(31,466)**	(16,676)
Profit from discontinued operation		**—**	2,451
Loss for the year attributable to owners of the Company		**(31,466)**	(14,225)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of operations outside Hong Kong		**(2,003)**	639
Other comprehensive income arising from discontinued operation		**—**	153
Other comprehensive income for the year		**(2,003)**	792
Total comprehensive income for the year attributable to owners of the Company		**(33,469)**	(13,433)
Attributable to:			
Continuing operations		**(33,469)**	(16,037)
Discontinued operation		**—**	2,604
Total comprehensive income for the year		**(33,469)**	(13,433)
Loss per share from continuing operations attributable to owners of the Company			
— Basic and diluted	8	**(HK8.22 cents)**	(HK4.74 cents)
Loss per share attributable to owners of the Company			
— Basic and diluted	8	**(HK8.22 cents)**	(HK4.05 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**506**	662
Deposits paid		**584**	1,226
		1,090	1,888
Current assets			
Inventories		**14,096**	28,275
Trade and bills receivables	9	**7,074**	8,402
Other receivables, deposits and prepayments		**3,965**	4,275
Amounts due from former fellow subsidiaries		**8**	—
Amounts due from fellow subsidiaries		**—**	8
Tax recoverable		**268**	284
Bank balances and cash		**25,729**	44,507
		51,140	85,751
Current liabilities			
Trade payables	10	**2,643**	3,754
Other payables and accrued charges		**7,769**	9,563
Amounts due to former fellow subsidiaries		**8,171**	—
Amount due to a former intermediate holding company		**5,590**	—
Amounts due to fellow subsidiaries		**—**	7,206
Amount due to an intermediate holding company		**—**	5,590
		24,173	26,113
Net current assets		**26,967**	59,638
Total assets less current liabilities/Net assets		**28,057**	61,526
Capital and reserves attributable to owners of the Company			
Share capital	11	**3,827**	3,827
Reserves		**24,230**	57,699
Total equity		**28,057**	61,526

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Ascent International Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 April 2002 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group, comprising the Company and its subsidiaries, is engaged in manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories.

During the year ended 31 December 2017, the Company, through a wholly-owned subsidiary, had commenced the provision of property management services to a former fellow subsidiary and ceased this operation upon completion of disposal of this subsidiary on 4 September 2017. The results of this subsidiary were included in discontinued operation.

The directors of the Company considered the Company's ultimate holding company as at 31 December 2017 was Zhonghong Holding Co. Ltd, a company established in the People's Republic of China and its ultimate controlling party was Mr. Wang Yonghong.

As disclosed in the Company's joint announcement dated 18 May 2018, Zhurong Global Limited, an immediate holding Company of the Company, had transferred approximately 60.09% of the issued shares of the Company to Twinkle Link Limited ("Twinkle Link"), a company incorporated in the British Virgin Islands on 11 May 2018. As at 31 December 2018, the directors of the Company considered the Company's immediate and ultimate holding company is Twinkle Link which is ultimately controlled by Mr. Xu Hongwei. As at 31 December 2018, Twinkle Link held approximately 90.87% of the total issued shares of the Company since it had completed the mandatory unconditional cash offer to acquire all the issued shares of the Company as detailed in the Company's joint announcement dated 25 July 2018. The percentage of issued shares of the Company held by Twinkle Link was subsequently reduced to approximately 75% upon completion of placement of certain of these shares on 25 January 2019.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised to HKFRSs — effective 1 January 2018

The impacts of adoption of these new/revised HKFRSs that are relevant to the consolidated financial statements are set out below.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9 — Financial Instruments ("HKFRS 9")

HKFRS 9 replaced the standard on accounting for financial instruments, Hong Kong Accounting Standard 39 "Financial instruments: Recognition and measurement" (HKAS 39). HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes in the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

(i) Classification and measurement of financial instruments

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). This superseded HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion").

Financial assets measured at amortised cost

The Group's financial assets are classified and measured at amortised cost as they meet both of the following conditions and they have not been designated as at FVPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The Group has assessed that all its financial assets previously classified as loan and receivables (comprising trade and bills receivables, other receivables and deposits paid, amounts due from fellow subsidiaries and bank balances and cash) are classified as financial assets measured at amortised cost with no change in their measurement upon the adoption of HKFRS 9.

(ii) Impairment of financial assets

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit losses" ("ECLs") model. Under the ECLs model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month ECLs or a lifetime ECLs, depending on the asset and the facts and circumstances.

The Group has applied the ECLs model to the financial assets measured at amortised cost comprising trade and bills receivables, other receivables and deposits paid, amounts due from fellow subsidiaries and bank balances and cash.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Trade and bills receivables

The Group has elected to measure loss allowances for trade and bills receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

There was no material impact on the loss allowance as at 1 January 2018 which was determined in accordance with HKFRS 9 and accordingly, no opening adjustment was made as at 1 January 2018. The loss allowances further increased by HK$211,000 for trade debtors and bills receivable during the year ended 31 December 2018.

Other financial assets at amortised cost

Other financial assets at amortised cost of the Group comprise other receivables, amounts due from fellow subsidiaries, deposits paid and bank balances and cash. Applying ECLs model, the ECLs as at 1 January 2018 were immaterial and therefore no opening adjustment at 1 January 2018 has been recognised. There was no increase in the loss allowance recognised during the year ended 31 December 2018 as the amount involved is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments (if any) arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

There was no adjustment on the carrying amounts of the Group's financial assets and financial liabilities upon adoption of HKFRS9. Accordingly, no opening adjustment at 1 January 2018 has been recognised.

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 and its amendments supersede HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method and has applied the new requirements only to contracts that were not completed before 1 January 2018 as permitted by HKFRS 15. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings as at 1 January 2018, if any. As a result, the financial information presented for 2017 has not been restated.

Regarding timing of revenue recognition, previously, revenue arising from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from manufacturing and trading of leather products, and retails of fashion apparel, footwear and leather accessories.

HKFRS 15 includes specific guidance on particular revenue related topics and also significantly enhances the qualitative and quantitative disclosures related to revenue. The application of HKFRS 15 has resulted in more disclosures. However, there was no material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Amendments to HKFRS 15 — Revenue from Contracts with Customers (Clarification to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and has taken up the clarifications in its first year of adoption of HKFRS 15.

HK(IFRIC)-Int 22 — Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of these amendments has no impact on the financial statements as the Group has not paid or received advance consideration in a foreign currency.

Annual Improvements to HKFRSs 2014–2016 Cycle — Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a venture capital organisation's permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

The adoption of these amendments has no impact on the financial statements as the Group is not a venture capital organisation.

(b) New/revised HKFRSs that have been issued but are not yet effective

Up to the date of issue of the consolidated financial statements, the Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2018 and which have not been early adopted in the consolidated financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16, Lease	1 January 2019
Amendments to HKAS 1 and HKAS 8, Definition of Material	1 January 2020
HK(IFRIC)-Int23, Uncertainty over Income Tax Treatments	1 January 2019

HKFRS 16, Leases

Currently the Group classifies leases into operating leases, and account for the lease arrangements, according to the nature of the lease. The Group enters into leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of comprehensive income over the period of the lease. As at 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases amounted to HK$10,842,000, the majority of which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting. The Group will adopt HKFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives.

Amendments to HKAS 1 and HKAS 8, Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23 — Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("The Hong Kong Stock Exchange").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

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

(d) Going concern basis

The Group has continued to sustain loss with a significant increase in loss for the year. The loss for the year ended 31 December 2018 amounted to HK$31,466,000 and the net current assets and the net assets had decreased to HK$26,967,000 and HK$28,057,000 respectively as at 31 December 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the directors have prepared a cash flow forecast of the Group covering a period up to 31 March 2020 (the "Forecasted Period") and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within twelve months from 31 December 2018 after taking into account of the following:

(i) the Group will be able to maintain its scale of existing business at least similar to that of the year ended 31 December 2018 and undertake certain measures to reduce operating expenses so as to reduce the Group's operating loss and working capital requirements during the Forecasted Period;

(ii) As detailed in the Company's announcement dated 3 January 2019, the Company was informed by Mason Securities Limited ("Mason Securities") that on 21 December 2018, Mason Securities entered into a letter of intent with a potential purchaser ("Purchaser"), which sets out, among other things, the non-legally binding provisions in respect of the intention of the Purchaser (as purchaser) to purchase, and Mason Securities (as chargee of the approximately 75% of the issued shares ("Subject Shares") of the Company held by the Company's ultimate holding company, Twinkle Link) to exercise its rights under a share charge and other related documents to effect the transfer (the "Transfer") from Twinkle Link to the Purchaser of, the Subject Shares.

    After completion of the Transfer, the Company will seek the financial support from the Purchaser and the directors expect that the Purchaser will provide sufficient working capital to the Group to meet its financial obligations as and when they fall due; and

(iii) The Company has requested a financial institution ("financial institution") to provide a loan facility of no more than HK$30 million with maturity of 18 months from date of drawn down to the Company so as to strengthen the Group's available working capital. The financial institution has indicated that it will provide the loan facility to the Company subject to all necessary internal approval. The directors consider that the Company will be able to obtain and utilise this loan facility as necessary to meet the Group's working capital requirements.

There is a material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to re-classify non-current assets to current assets. The effect of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE

The principal activities of the Group are manufacturing and distribution of leather products, and retail of fashion apparel, footwear and leather accessories. In last year, the Group had ceased the rendering of property management services which was reclassified as "discontinued operation".

The amount of each significant category of revenue from continuing operations is as follows:

	2018	2017
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing and distribution of leather products	**43,099**	51,049
Retail of fashion apparel, footwear and leather accessories	**20,801**	27,888
	63,900	78,937

Revenue from sales of goods is recognised at a point in time when the control of goods has been passed to customers.

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	31 December 2018	**1 January 2018**
	HK$'000	***HK$'000***
Trade debtors and bills receivables (note 9)	**7,074**	**8,402**
Contract liabilities	**283**	**227**

The contract liabilities represent advanced considerations received from customers before the Group transfers the control of goods to customers. The contract liabilities of HK$227,000 as at 1 January 2018 previously presented as advances from third parties (included in other payables and accrued charges) as at 31 December 2017 has been reclassified as contract liabilities under the terminology of HKFRS 15. The movements of the contract liabilities are set out below:

	2018
	HK$'000
Movements in contract liabilities	
Balance as at 1 January 2018	**227**
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(227)**
Increase in contract liabilities as a result of receipts in advance from customers during the year	**283**
Balance as at 31 December 2018	**283**

Contract liabilities as at 31 December 2018 will be recognised as revenue in next financial year.

5. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing business	—	Manufacturing and distribution of leather products
Retail business	—	Retail of fashion apparel, footwear and leather accessories

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

(a) Reportable segments

	Manufacturing business		**Retail business**		**Total**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**43,099**	51,049	**20,801**	27,888	**63,900**	78,937
Inter-segment revenue	**4,321**	6,101	**—**	—	**4,321**	6,101
Reportable segment revenue	**47,420**	57,150	**20,801**	27,888	**68,221**	85,038
Reportable segment loss	**(11,697)**	(2,764)	**(1,899)**	(3,059)	**(13,596)**	(5,823)
Depreciation of property, plant and equipment	**95**	132	**32**	40	**127**	172
Write-down (Reversal of write-down) of inventories	**4,882**	(2,027)	**1,245**	(1,017)	**6,127**	(3,044)
Additions to property, plant and equipment	**—**	6	**—**	4	**—**	10
Reportable segment assets	**39,209**	51,262	**7,905**	12,897	**47,114**	64,159
Reportable segment liabilities	**7,537**	11,067	**674**	912	**8,211**	11,979

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

(b) Reconciliation of reportable segment revenue, loss, assets and liabilities

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**68,221**	85,038
Elimination of inter-segment revenue	**(4,321)**	(6,101)
Consolidated revenue	**63,900**	78,937
Loss before income tax expense		
Reportable segment loss	**(13,596)**	(5,823)
Elimination of inter-segment losses/(gains)	**852**	(483)
Interest income	**78**	55
Unallocated corporate expenses (Note (i))	**(18,800)**	(10,425)
Consolidated loss before income tax expense	**(31,466)**	(16,676)
Depreciation of property, plant and equipment		
Reportable segment depreciation	**127**	172
Depreciation of unallocated property, plant and equipment	**38**	44
Consolidated depreciation of property, plant and equipment	**165**	216
Additions to property, plant and equipment		
Reportable segment additions	**—**	10
Unallocated additions to property, plant and equipment	**19**	—
Consolidated additions to property, plant and equipment	**19**	10
Assets		
Reportable segment assets	**47,114**	64,159
Tax recoverable	**268**	284
Unallocated corporate bank balances and cash	**3,898**	22,607
Other unallocated corporate assets	**950**	589
Consolidated total assets	**52,230**	87,639
Liabilities		
Reportable segment liabilities	**8,211**	11,979
Amounts due to former fellow subsidiaries	**8,171**	—
Amount due to a former intermediate holding company	**5,590**	—
Amounts due to fellow subsidiaries	**—**	7,206
Amounts due to an intermediate holding company	**—**	5,590
Unallocated corporate liabilities (Note (ii))	**2,201**	1,338
Consolidated total liabilities	**24,173**	26,113

Notes:

(i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses.

(ii) The amount represented unallocated accrued head office expenses including professional fees and staff costs.

(c) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, i.e. property, plant and equipment.

	Revenue from external customers (Note)		**Property, plant and equipment**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**23,179**	32,876	**262**	309
Europe	**14,343**	14,513	**—**	—
The PRC	**2,143**	2,864	**244**	353
The United States of America	**15,231**	15,594	**—**	—
Other countries	**9,004**	13,090	**—**	—
Total	**40,721**	46,061	**244**	353
	63,900	78,937	**506**	662

Note: Revenues are attributed to countries on the basis of the customer's location.

(d) Information about major customers

Revenue from a major customer of the Group's manufacturing business segment accounting for 10% or more of the Group's revenue is set out below:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**11,175**	8,995

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	2018	2017
	HK$'000	*HK$'000*
Auditor's remuneration	**800**	800
Cost of inventories	**41,925**	43,958
Employee costs, excluding directors' emoluments	**30,753**	39,929
Depreciation of property, plant and equipment	**165**	216
Gain on disposal of property, plant and equipment	**—**	(38)
Loss of disposal of a jointly controlled entity	**204**	—
Impairment loss on trade and bills receivables, net	**211**	7
Write-down/(reversal of write-down) of inventories, net (included in cost of sales)	**6,127**	(3,044)
Write off of long outstanding other payables	**(912)**	—
Foreign exchange gains, net	**(537)**	(951)
Interest income	**(78)**	(55)

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as the Group has sustained estimated tax losses for the years ended 31 December 2018 and 2017.

PRC Enterprise Income Tax rate for the Company's subsidiaries in the PRC is 25% (2017: 25%).

The income tax expense for the year can be reconciled to the loss before income tax expense per the consolidated statement of comprehensive income as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss from continuing operations before taxation	**(31,466)**	(16,676)
Profit from discontinued operation before taxation	**—**	2,451
Loss before income tax expense	**(31,466)**	(14,225)
Tax credit calculated at Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(5,192)**	(2,347)
Tax effect of expenses not deductible for tax purpose	**4,058**	3,332
Tax effect of income not taxable for tax purpose	**(20)**	(1,810)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(229)**	(1,069)
Tax effect of tax losses not recognised	**1,525**	3,170
Utilisation of tax losses previously not recognised	**—**	(1,326)
Tax effect of other deductible temporary differences not recognised	**(142)**	50
Income tax expense	**—**	—

In February 2018, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on certain subsidiaries of the Company. As the year of assessment 2011/12 would be statutorily time-barred after 31 March 2018, the IRD had issued assessment/additional assessments amounting to HK$648,000 to these subsidiaries to keep the year of assessment 2011/12 open for review. Objection against these assessment/additional assessment has been duly lodged by the subsidiaries and no additional payment is required to be made by the Group up to 31 December 2018.

On 11 March 2019, the IRD has issued additional assessments amounting to HK$485,000 to these subsidiaries for the year of assessment 2012/13. Objection against these additional assessments will be raised by the Company in April 2019.

Up to the present, the tax audit has not yet been commenced by the IRD and is still pending for fact-finding with different views to be exchanged with the IRD, the outcome of the tax audit cannot be readily ascertained with reasonable certainty. Nevertheless, management have performed assessment and based on the existing facts and circumstances, they consider the aforementioned subsidiaries have properly complied with the applicable Inland Revenue Ordinance in preparation of their Hong Kong Profits Tax computations for previous years. Therefore, for the purpose of the current year's Hong Kong Profits Tax computation of these subsidiaries, management have followed the same basis as adopted in the prior years and consider no additional provision of Hong Kong Profits Tax is required to be made in the financial statements for the year ended 31 December 2018 in respect of the current and prior years. Management have sought for assistance from tax specialists in handling the tax audit.

8. LOSS PER SHARE

(a) Basic loss per share

The calculations of basic loss per share from continuing operations and basic loss per share are based on:

Loss from continuing operations and loss attributable to owners of the Company are calculated as follows:

	2018	2017
	HK$'000	*HK$'000*
Loss from continuing operations	**(31,466)**	(16,676)
Profit from discontinued operation	**—**	2,451
Loss attributable to owners of the Company	**(31,466)**	(14,225)

The weighted average number of 382,704,000 ordinary shares (2017: 351,622,000 ordinary shares) in issue during the year ended 31 December 2018 is used for calculations of basic loss per share from continuing operations and basic loss per share attributable to owners of the Company.

(b) Diluted loss per share

For the years ended 31 December 2018 and 2017, basic and diluted loss per share are the same as there are no potential dilutive ordinary shares in issue for both years.

9. TRADE AND BILLS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade and bills receivables	**8,046**	9,163
Less: impairment loss	**(972)**	(761)
	7,074	8,402

No credit term is granted to customers from the Group's retail business. Other customers are generally granted with credit terms of 30 to 90 days from the date of billing. The ageing analysis of trade and bills receivables based on invoice date (net of impairment loss) at the end of reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 30 days	**1,052**	2,588
31 to 60 days	**4,844**	3,670
61 to 90 days	**648**	609
91 to 120 days	**101**	799
121 to 365 days	**308**	529
More than 365 days	**121**	207
	7,074	8,402

10. TRADE PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 30 days	**1,268**	2,706
31 to 60 days	**570**	499
61 to 90 days	**103**	71
91 to 120 days	**23**	49
121 to 365 days	**307**	122
More than 365 days	**372**	307
	2,643	3,754

11. SHARE CAPITAL

(a) Authorised and issued share capital

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2017	347,904,000	3,479
Shares issued under a subscription agreement (Note)	34,800,000	348
At 31 December 2017, 1 January 2018 and 31 December 2018	**382,704,000**	**3,827**

Note:

On 23 November 2017, 34,800,000 new ordinary shares of HK$0.01 each were issued at HK$0.705 per share pursuant to a subscription agreement dated 8 November 2017. This resulted in a net proceeds of HK$24,300,000, of which HK$348,000 and HK$23,952,000 (net of issue expenses of HK$234,000) were credited to share capital and the share premium account respectively. The shares were issued to provide additional working capital to the Group and for potential investments.

(b) Capital management policy

The Group regards the share capital and reserves attributable to owners of the Company as its capital which amounts to approximately HK$28,057,000 (2017: HK$61,526,000) as shown in the consolidated statement of financial position as at 31 December 2018. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may raise bank or other borrowings and adjust the amount of dividends paid to shareholders.

No changes were made in the objectives or policies during the year ended 31 December 2018.

12. DIVIDENDS

The directors of the Company do not recommend the payment of interim or final dividends for the year ended 31 December 2018 and the year ended 31 December 2017.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual financial statements for the year ended 31 December 2018:

"OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2018 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 (d) to the consolidated financial statements which indicates that the Group has continued to sustain loss with a significant increase in loss for the year. The loss for the year ended 31 December 2018 amounted to HK$31,466,000 and the net current assets and the net assets had decreased to HK$26,967,000 and HK$28,057,000 respectively as at 31 December 2018. As stated in note 3 (d), these conditions along with other matters as set forth in note 3 (d) indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not qualified in respect of this matter."

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group has recorded a revenue of approximately HK$63,900,000 for the year ended 31 December 2018 (2017: approximately HK$78,937,000), representing a decrease of 19.0% or approximately HK$15,037,000 as compared with last year. Revenue contributed from manufacturing and retail business segments (excluding inter-segment revenue) was approximately HK$43,099,000 and HK$20,801,000, respectively. Gross profit was approximately HK$21,975,000. There was a decrease in gross profit margin from approximately 44.3% to approximately 34.4%. The reasons for the decrease in gross profit were mainly due to the provision for impairment of certain slow moving inventories of approximately HK$6,127,000 for the year ended 31 December 2018 while there was a reversal of write down of inventories of HK$3,044,000 for the year ended 31 December 2017.

Selling and distribution costs significantly reduced by approximately HK$8,293,000 to approximately HK$14,643,000 for the year ended 31 December 2018 (2017: approximately HK$22,936,000). The decrease was mainly attributable to the decrease in sales of manufacturing and retail business segments. Administrative and other operating expenses increased by approximately HK$9,435,000. The increase was mainly due to significant increase in legal and professional fee in relation to the mandatory unconditional cash offer made by First Shanghai Securities Limited on behalf of Twinkle Link Limited to acquire all the issued shares of the Company (the "Shares") (other than those already beneficially owned or acquired by Twinkle Link Limited and parties acting in concert with it) (the "Offer") in mid 2018 and the increase in staff costs of the senior executives of the Company.

As a result of the above, the Group recorded a net loss attributable to owners of the Company of approximately HK$31,466,000 for the year ended 31 December 2018 (2017: approximately HK$14,225,000). Loss per share for the year ended 31 December 2018 was HK8.22 cents (2017: HK4.05 cents).

BUSINESS REVIEW

During the year ended 31 December 2018, the manufacturing business and retail business segments accounted for 67% (2017: 65%) and 33% (2017: 35%) of the Group's total revenue, respectively.

Manufacturing Business

For the year ended 31 December 2018, the revenue of manufacturing business segment from external customers was approximately HK$43,099,000, in comparison with approximately HK$51,049,000 in prior year.

Geographically, sales to Europe maintained at around HK$14,513,000 for the year ended 31 December 2017 and approximately HK$14,343,000 for the year ended 31 December 2018. Sales to Hong Kong reduced significantly by approximately 52.3% from approximately HK$4,988,000 for the year ended 31 December 2017 to approximately HK$2,378,000 for the year ended 31 December 2018. Sales to the US remained at around HK$15,594,000 for the year ended 31 December 2017 and approximately HK$15,231,000 for the year ended 31 December 2018. Sales in PRC market maintained at around HK$2,864,000 for the year ended 31 December 2017 and approximately HK$2,143,000 for the year ended 31 December 2018. Apart from these major markets, sales to other countries such as Japan, Australia, Canada, India etc. decreased from approximately HK$13,090,000 for the year ended 31 December 2017 to approximately HK$9,004,000 for the year ended 31 December 2018.

In respect of product category, sales of belts decreased by approximately HK$5,627,000 to approximately HK$36,769,000 (2017: approximately HK$42,396,000), representing a decrease of 13.3%. The sales of leather goods and other accessories reduced by approximately HK$2,323,000 to approximately HK$6,330,000, (2017: approximately HK$8,653,000). Similar to previous years, the Group strived to economise on expenditure and reduce further in the inventory level of raw materials, particularly, to consume the slow-moving inventory of cowhide leathers. However, the Group's manufacturing business segment still recorded an increase of operating loss of approximately HK$8,933,000 from approximately HK$2,764,000 for the year ended 31 December 2017 to approximately HK$11,697,000 for the year ended 31 December 2018.

Retail Business

For retail business, due to the adverse retail environment, and keen competition from rivals and online sales, the Group recorded a revenue of approximately HK$20,801,000 for the year ended 31 December 2018 (2017: approximately HK$27,888,000) which represented a 25.4% decrease in comparison with the previous year. Sales of the Group's in-house brand "Urban Stranger" comprised 86.8% of the retail sales for the year ended 31 December 2018, which was 1.7% lower than that of the previous reporting period (year ended 31 December 2017: 88.5%). Gross profit margin for the year ended 31 December 2018 remained high at 65.8%, similar to the previous year's margin of 70.4%.

The overall shop rental to revenue ratio decreased from 40.4% for the year ended 31 December 2017 to 31.6% for the year ended 31 December 2018. The staff cost to revenue ratio also reduced from 23.4% for the year ended 31 December 2017 to 21.1% for the year ended 31 December 2018.

The retail business segment resulted in a loss of approximately HK$1,899,000 for the year ended 31 December 2018 as compared to approximately HK$3,059,000 for the year ended 31 December 2017. The Group maintained five AREA 0264 stores (2017: eight) and one Teepee Leather workshop (2017: one) in Hong Kong as at 31 December 2018.

PROSPECTS

The ongoing China-USA trade dispute added pressure to the already challenging environment in China. The leather manufacturing industry continued to face significant headwinds in 2018. Looking forward to 2019, the Group would continue to press ahead the reduction of inventory level, strengthen its competitiveness by maintaining the quality of its products and flexibly catering to the needs of its customers. Also, the Group will streamline its operation and re-examine the use of its resources prudently and make every effort to mitigate the losses.

The local retail market continued to face strong challenges and keen competition. Retail shop rental remains one of the Group's largest expenses and rental increase is expected to be an impediment to the growth of the Group. In 2018, the Group has been very cautious in securing potential store locations and renew the tenancies of the existing stores upon their expiry, in order to maintain effective cost control to continuously improve its profit margin. The Group has closed the non-performing stores and those in isolated locations, while at the same time exploring potential new stores locations in key districts within close proximity.

The rapid development of e-commence has presented us with an opportunity to exploit the weakness in the rental cycle. We are leveraging this opportunity to prepare for the launch of our new online shop AREA0264.com in 2019.

In respect of the continuous loss-making of the leather business, the Group will continue to review the business strategic directions and operations of the Group in order to chart its long term corporate strategy and growth and to explore other business or investment opportunities with a view to enhance the Group's future development.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2018 the Group's cash and bank deposits were approximately HK$25,729,000 as compared to approximately HK$44,507,000 as at 31 December 2017.

The Group recorded total current assets of approximately HK$51,140,000 as at 31 December 2018 (31 December 2017: approximately HK$85,751,000) and total current liabilities of approximately HK$24,173,000 as at 31 December 2018 (31 December 2017: approximately HK$26,113,000). The decrease in total current assets was mainly due to the reduction of inventory level and decrease in cash and bank deposits. The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 2.12 times as at 31 December 2018 (31 December 2017: 3.28 times).

The Group recorded shareholders' funds of approximately HK$28,057,000 as at 31 December 2018 (31 December 2017: approximately HK$61,526,000). The reduction was mainly attributable to the decrease in inventory level and cash and bank balances.

TREASURY POLICY

The Group generally finances its operation with internally generated resources. Cash and bank deposits of the Group are mainly denominated in Hong Kong dollars ("HK$"), US dollars ("USD") and Renminbi ("RMB"). Transactions of the Group are mainly denominated in HK$, USD and RMB. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. In this regard, the Group does not expose to significant currency risk arising from USD. In addition, it is estimated that the Group's exposure to foreign exchange fluctuation in RMB against HK$ would have insignificant effects on profit or loss and other component of equity of the Group. Foreign exchange forward contract can be used to eliminate the currency risk exposure. 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.

DIVIDEND

The Board does not recommend any payment of final dividends for the year ended 31 December 2018.

CHARGES ON ASSETS

The Group did not have any assets pledged for borrowings.

MATERIAL ACQUISITION AND DISPOSAL

On 23 January 2018, Elite Ascent Investments Limited ("Elite Ascent"), a direct wholly-owned subsidiary of the Company, entered into the joint venture agreement with Ms. Leung Shuk Ching ("Ms Leung"), Jubilee Ventures International Limited ("Jubilee Ventures") and Eastation Gallery (HK) Limited (the "JV Company"), pursuant to which the Company agreed to subscribe for 300 ordinary Shares of the JV Company (which represents 30% of the enlarged issued share capital in the JV Company) at a total subscription price of HK$20 million (the "Subscriptions"). Completion of the Subscriptions took place on 23 January 2018.

Following completion of the Subscriptions, the JV Company was accounted for as a joint venture of the Group.

On 31 January 2018, the JV Company and Ms. Leung entered into a deed of call option (the "Call Option Deed"), pursuant to which the JV Company granted to Ms. Leung the right to acquire all but not part of the 18 oil paintings namely Battlefield Realism: The Eighteen Arhats (Set of Eighteen) created by Liu Xiaodong at the sole discretion of Ms. Leung during the period commencing from the date of the Call Option Deed up to and including 31 December 2018 at the exercise price of HK$45,933,333.

On 17 August 2018, Elite Ascent entered into the sale and purchase agreement with Jubilee Ventures, pursuant to which Elite Ascent agreed to sell 30% of the issued share capital of the JV Company to Jubilee Ventures at the consideration of HK$18,000,000 (the "Disposal"). Completion of the Disposal took place on 17 August 2018.

Following completion of the Disposal, the JV Company ceased to be a joint venture of the Group which is engaged in consultation and trading of artworks and the operating of an art gallery in Hong Kong.

The net proceeds from the Disposal were used for general working capital.

Apart from the above transactions, the Group had no material acquisition or disposal for the year ended 31 December 2018.

HUMAN RESOURCES

As at 31 December 2018, the Group had approximately 46 employees in Hong Kong and approximately 144 workers in the PRC. The Group remunerated its employees mainly based on their individual performance. The remuneration includes basic salaries, discretionary bonus, contribution to the statutory retirement scheme.

CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2017 and 31 December 2018.

GEARING RATIO

As at 31 December 2018, the gearing ratio of the Group was 49.0% (31 December 2017: 20.8%), representing the sum of amounts due to former fellow subsidiaries and a former intermediate holding company divided by total equity.

CORPORATE GOVERNANCE

The Company's corporate governance practices are based on the principles and code provisions (the "Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has complied with the Code Provisions as set out in the CG Code during the year ended 31 December 2018 except for the deviations from the Code Provisions A.2.1 and C.2.5 in respect of the separation of roles of the chairman of the Board (the "Chairman") and chief executive of the Company (the "Chief Executive Officer") and the Group should have an internal audit function.

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. For the year ended 31 December 2018, the role of the chairlady of the Board had been performed by Ms. Li Wei from 1 January 2018 to 7 September 2018 and the duties of the chief executive officer is performed by the existing management of the Group. The Board is of the view that given the small size of the existing management team, Ms. Li Wei has considerable experience in business development and the Board believes that the current structure will enable the Company to make and implement decisions promptly and efficiently. The Board will meet regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group. Following Ms. Li's resignation as chairlady of the Board, Ms. Wang Wei is appointed as the chairlady of the Board, and the duties of the chief executive officer is performed by the existing management of the Group. The Group is looking for suitable candidate to fill the vacancy of the Chief Executive Officer.

Under Code Provision C.2.5 of the CG Code, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the members of the audit committee of the Company (the "Audit Committee"). The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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.

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The audit committee currently comprises Mr. Chong Man Hung Jeffrey (Chairman), Mr. Wong Kwun Ho and Mr. Liang Jianhai. The Audit Committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held in Hong Kong on Thursday, 30 May 2019 at 11:00 a.m. and the Notice of the Annual General Meeting will be published and issued to the shareholders of the Company in due course.

SUFFICIENCY OF PUBLIC FLOAT

Immediately upon the close of the Offer, on 25 July 2018, 34,943,594 Shares were held by the public, representing approximately 9.13% of the then entire issued share capital of the Company. The Company therefore did not fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. The Stock Exchange has granted a waiver from strict compliance with Rule 8.08(1) (a) of the Listing Rules for a period from 25 July 2018 to 1 February 2019. On 25 January 2019, the Company was informed by the placing agent that the 60,736,000 shares, representing approximately 15.87% of the issued share capital of the Company had been placed through the placing agent to independent placees (the "Placing"). Immediately after the completion of the Placing, a total of 95,679,594 Shares, representing 25.00% of the issued share capital of the Company, are held by the public. As such, the public float of Company has been restored to at least 25% of the issued share capital of the Company in compliance with Rule 8.08(1)(a) of the Listing Rules. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company had maintained the required public float for its shares as required under the Listing Rules throughout the period immediately after the completion of the Placing.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 24 May 2019 to Thursday, 30 May 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2019.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective close associates (as defined in the Listing Rules) has any interest in a business which competes or might compete, either directly or indirectly, with the businesses of the Group, during the year ended 31 December 2018 and up to the date of this announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.irasia.com/listco/hk/ascent/index.htm) and the Stock Exchange (www.hkex.com.hk). An annual report for the year ended 31 December 2018 containing all the information required by the Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers and banks for their ongoing support.

By order of the Board
Ascent International Holdings Limited
Wang Wei
Chairlady

Hong Kong, 27 March 2019

As at the date of this announcement, the Board comprises one executive Director, namely Ms. Wang Wei; and three independent non-executive Directors, namely Mr. Chong Man Hung Jeffrey, Mr. Liang Jianhai and Mr. Wong Kwun Ho.