Win Hanverky Holdings Limited
永嘉集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3322)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

	2018	2017	***Change***
	HK$'000	*HK$'000*	*%*
		(Restated)	
Continuing operations			
Revenue	**4,137,949**	3,496,499	**+18.3%**
Gross profit	**1,144,522**	972,954	**+17.6%**
Gross profit margin	**27.7%**	27.8%	**-0.1% pt**
Operating profit	**165,805**	94,567	**+75.3%**
Profit/(loss) attributable to equity holders			
— Continuing operations	**86,868**	74,967	**+15.9%**
— Discontinued operations	**(44,615)**	(53,922)	**-17.3%**
	42,253	21,045	**+100.8%**
Basic EPS *(HK cents)*	**3.3**	1.6	**+106.3%**
Dividends *(HK cents)*			
— Interim	**3.0**	2.0	
— Final (proposed)	**1.0**	2.0	
	4.0	4.0	—

OPERATIONAL HIGHLIGHTS

— Revenue from continuing operations increased by 18.3% mainly attributable to revenue brought in from the newly acquired High-end Functional Outerwear Manufacturing Business, the Sport Field Group, and rapid expansion of retail networks in Mainland China for High-end Fashion Retailing Business.

— Profit attributable to equity holders increased from HK$21.0 million to HK$42.3 million.

— The Board proposed a final dividend of HK1.0 cent per Share. The interim and final dividends represent a total payment of HK4.0 cents (2017: HK4.0 cents) per Share which is equivalent to HK$51.4 million (2017: HK$51.4 million).

The board of directors (the "**Board**" or "**Directors**") of Win Hanverky Holdings Limited (the "**Company**") is pleased to present the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2018, together with the comparative amounts for 2017 and the relevant explanatory notes.

CHAIRMAN'S STATEMENT

Business and Financial Highlights

In 2018, revenue of the Group generated from continuing operations amounted to HK$4,137.9 million (2017: HK$3,496.5 million), representing an increase of 18.3%.

Manufacturing Business has experienced another challenging year. Aligning with our strategic plan, Sportswear Manufacturing Business has recovered after a year of rectification and was back on the right track in the fourth quarter of 2018, thanks to the strong support from our major customer and the new management team at our main Vietnam factory. Together with the contributions from the Sport Field Group, the newly acquired High-end Functional Outerwear Manufacturing Business, revenue recorded from Manufacturing Business amounted to HK$2,924.7 million (2017: HK$2,620.9 million), representing an increment of 11.6%.

Meanwhile, High-end Fashion Retailing Business sustained a high growth momentum. Our retail stores further increased to 181 at the end of 2018 (2017: 150). Among which, 133 stores are situated in Mainland China, covering the major cities with strong consumption power. Revenue recorded from High-end Fashion Retailing Business amounted to HK$1,220.7 million (2017: HK$884.7 million), representing a remarkable increase of 38.0%.

At the same time, sportswear retail market in Hong Kong remained highly competitive and our Sportswear Retailing Business has suffered from continuous high rental expenses and operating costs as well as weak consumer sentiment over several years. As such, all sportswear retail stores in Hong Kong were closed during the year of 2018 in order to stop further losses.

In addition, the Group has followed its relocation strategy for Manufacturing Business and we had completed disposal of a wholly-owned subsidiary which owned a piece of factory land at Heyuan city, Guangdong province of Mainland China.

Our results for the year were impacted by the additional costs incurred for the higher level of production capacity and labour maintained for Manufacturing Business. Nevertheless, this was largely offset by the profit contributed by the rapidly expanding High-end Fashion Retailing Business and gain from the sale of a piece of factory land in Mainland China. As a result, profit attributable to equity holders increased from HK$21.0 million to HK$42.3 million.

Outlook

After acquisition of the Sport Field Group, we have expanded our Manufacturing Business to include functional outerwear and supplemented our customer portfolio. The Sport Field Group possesses technologies and licensed facilities to produce high-end functional outerwear for certain internationally renowned sports and fashion brands. Its contribution will continue to be well-sustained by synergising with our existing product categories to enhance our operational efficiency and competitive edge in the manufacturing industry. We will continue to explore new growth drivers through acquisitions or investments in particular for garment related production facilities and technologies but will only do so if the product mix and footprint are in line with our strategic objectives.

The organic growth of our core business hinges upon continual investment in our existing infrastructure. According to our strategic plan, we anticipate that the existing production capacity in Vietnam would be fully utilised in 2020. In order to meet the increasing demand from existing customers and new sales orders from new customers, we have acquired two pieces of land with total area of 198,093 square metres in Vinh Long, a southern city in Mekong Delta in November 2018. Construction of new factories will commence later this year and pilot production is planned to start in the first half of 2020.

Our Manufacturing Business has seen a strong rebound in the fourth quarter of 2018. To keep the momentum, we will maintain close relationship with existing customers to achieve organic sales growth. On the other hand, we have succeeded in securing several internationally renowned sports brands into our customer portfolio in 2018 through the success of our product development and market penetration. We will continue developing new types of products by utilising internal resources and collaboration with business partners to further expand our customer base. Last but not the least, as one of our key long-term strategic initiatives, we will continuously implement cost reduction and productivity enhancement measures through process automation and advanced information technology platforms to improve our profitability.

As for the retail business, Mainland China remains a vast market with ample opportunities although its GDP growth might become slower. However, riding strong growth momentum, we are optimistic about the business opportunities and will continue to invest in Mainland China market. The Group will continue to grow our High-end Fashion Retailing Business in Mainland China through expansion of retail network in strategic cities and enhancement of operational efficiency.

Dividends

The Board is pleased to recommend the payment of a final dividend of HK1.0 cent per Share. Together with the interim dividend of HK3.0 cents per Share paid during the year, the dividend for the full financial year of 2018 totaled HK4.0 cents, representing total payment of HK$51.4 million. After assessment of our capital requirement and whenever there is free cash flow for distribution, we are committed to continue to deliver a steady return to our Shareholders. It is also our goal to maintain a flexible dividend payout policy, without prejudice to the development of the Company.

Acknowledgement

Finally, I would like to express my most sincere gratitude to our Directors, and the whole team for their consistent hard work, commitment and invaluable contributions to the Group. I would like to thank our clients, shareholders and business partners for their enduring support. We are well positioned to deal with challenges, expand on our capabilities and capture the opportunities ahead.

LI Kwok Tung Roy
Chairman

Hong Kong, 21 March 2019

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
Continuing operations			
Revenue	3	**4,137,949**	3,496,499
Cost of sales		**(2,993,427)**	(2,523,545)
Gross profit		**1,144,522**	972,954
Selling and distribution costs		**(588,823)**	(473,676)
General and administrative expenses		**(507,875)**	(407,560)
Other net income	4	**117,981**	2,849
Operating profit		**165,805**	94,567
Finance income		**5,185**	3,908
Finance costs		**(12,970)**	(3,297)
Finance (costs)/income — net		**(7,785)**	611
Share of (losses)/profits of associates		**(1,226)**	1,335
Profit before income tax		**156,794**	96,513
Income tax expense	5	**(52,205)**	(14,373)
Profit from continuing operations		**104,589**	82,140
Discontinued operations			
Loss from discontinued operations	10(b)	**(47,361)**	(57,240)
Profit for the year		**57,228**	24,900

CONSOLIDATED INCOME STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 HK$'000	2017 HK$'000 (Restated)
Profit for the year attributable to:			
Equity holders of the Company			
— Continuing operations		**86,868**	74,967
— Discontinued operations	*10(b)*	**(44,615)**	(53,922)
		42,253	21,045
Non-controlling interests			
— Continuing operations		**17,721**	7,173
— Discontinued operations	*10(b)*	**(2,746)**	(3,318)
		14,975	3,855
		57,228	24,900
Earnings per share from continuing operations attributable to equity holders of the Company (expressed in HK cents per share)	*6*		
Basic		**6.8**	5.8
Diluted		**6.8**	5.8
Earnings per share attributable to equity holders of the Company (expressed in HK cents per share)	*6*		
Basic		**3.3**	1.6
Diluted		**3.3**	1.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Profit for the year	**57,228**	24,900
Other comprehensive income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(32,792)**	51,405
Share of other comprehensive income of associates	**352**	432
Item that has been reclassified to profit or loss		
Realisation of accumulated exchange differences upon disposal/liquidation of subsidiaries	**(12,168)**	(4,841)
Total comprehensive income for the year	**12,620**	71,896
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**5,476**	59,011
Non-controlling interests	**7,144**	12,885
	12,620	71,896
Total comprehensive income for the year attributable to equity holders of the Company from:		
— Continuing operations	**49,973**	113,202
— Discontinued operations	**(44,497)**	(54,191)
	5,476	59,011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**838,917**	709,484
Land use rights		**79,227**	22,699
Intangible assets		**255,403**	164,793
Investments in associates		**10,517**	12,105
Other receivables and financial assets		**86,780**	104,241
Deferred tax assets		**46,971**	62,816
Pledged bank deposits		**—**	1,201
Total non-current assets		**1,317,815**	1,077,339
Current assets			
Inventories		**872,094**	802,867
Trade and bills receivable	*7*	**544,029**	382,908
Other receivables and financial assets		**251,388**	169,579
Current tax recoverables		**22,677**	5,021
Pledged bank deposits		**1,139**	—
Cash and bank balances		**355,053**	424,809
		2,046,380	1,785,184
Assets classified as held for sale	*10(a)(ii)*	**30,295**	92,735
Total current assets		**2,076,675**	1,877,919
Current liabilities			
Trade and bills payable	*8*	**226,482**	154,491
Accruals and other payables		**425,603**	277,517
Borrowings		**478,904**	177,106
Current tax liabilities		**65,325**	76,040
		1,196,314	685,154
Liabilities directly associated with assets classified as held for sale	*10(a)(ii)*	**2,017**	—
Total current liabilities		**1,198,331**	685,154
Non-current liabilities			
Deferred tax liabilities		**11,505**	5,517
Net assets		**2,184,654**	2,264,587

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Equity			
Equity attributable to equity holders of the Company			
Share capital		**128,440**	128,440
Reserves		**2,037,360**	2,097,977
		2,165,800	2,226,417
Non-controlling interests		**18,854**	38,170
Total equity		**2,184,654**	2,264,587

NOTES:

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2018 and 2017 included in this preliminary announcement of annual results 2018 does not constitute the Group's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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 consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the 2017 consolidated financial statements, except for the adoption of all relevant new and amendments to HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations, which are first effective for the current accounting period. Details of the changes in accounting policies are set out in Note 2.

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position 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, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in the respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagement or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

2. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued a number of new and amendments to HKFRSs, HKASs and Interpretations that are first effective for the current accounting period. Of these, the following developments are relevant to the Group's financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The adoption of other new or amendments to HKFRSs did not have any material impact on the Group's results nor its financial position.

Details of the changes in accounting policies are set out in Note 2(a) for HKFRS 9 and Note 2(b) for HKFRS 15.

(a) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies.

The Group has two types of financial assets that are subject to the new expected credit loss model of the new HKFRSs:

— trade and bills receivable, and

— other financial assets at amortised cost.

Trade and bills receivable

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade and bills receivable. To measure the expected credit losses, trade and bills receivable has been grouped based on shared credit risk characteristics and the days past due. The Group applies different expected loss rates to different classes of trade and bills receivable, according to their respective risk characteristics. Trade and bills receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group. The Group has assessed the expected credit loss model applied to the trade and bills receivable as at 1 January 2018 and the change in impairment methodologies has no significant impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. The Group has adopted the expected credit loss model to assess the recoverability of other receivables as at 1 January 2018 and the change in impairment methodologies has no impact of the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

2. SUMMARY OF CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) HKFRS 15 Revenue from Contracts with Customers

The Group has first time adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transition provisions of HKFRS 15, the Group has adopted the modified retrospective application and no comparative figures are restated.

HKFRS 15 establishes a new framework for revenue recognition. This replaces HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard introduces a five-step model to determine when to recognise revenue and at what amount. Under the five-step model, revenue is recognised when control of goods or services is transferred to a customer and at the amount to which the entity expects to be entitled. Depending on the nature of the contracts, revenue is either recognised over time or at a point in time.

The adoption of HKFRS 15 did not result in any significant impact on the Group's financial position and results of operations based on the current business model.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified collectively as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources and report segment performance based on internal reporting.

The executive directors review the performance of the Group mainly from a business operation perspective. The major business segments of the Group are (a) Manufacturing (b) High-end Fashion Retailing and (c) Sportswear Retailing. The Manufacturing segment represents (i) manufacturing and sales of sportswear and high-end functional outerwear primarily under original equipment manufacturing ("**OEM**") arrangements to customers mainly in Europe, the United States, Mainland China and other countries and (ii) manufacturing and sales of fabric and yarn products under "***e.dye***", an innovative textile technology. The High-end Fashion Retailing segment represents the retail of high-end fashion products in Mainland China, Hong Kong, Macau, Taiwan and Singapore. The Sportswear Retailing segment represents the retail of sportswear products and it is discontinued during the year ended 31 December 2018.

In order to refine the management of the Manufacturing Business for better resources allocation and performance assessment, the executive directors have decided to subdivide Manufacturing into (i) Sportswear and High-end Functional Outerwear Manufacturing and (ii) e.dye to align with the internal review process. The comparative segment information for the year ended 31 December 2017 has been re-presented to align with current year's disclosure.

The executive directors assess the performance of the business segments based on a measure of operating results of each segment, which excludes finance income and finance costs in the result for each operating segment. Other information provided to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

3. **SEGMENT INFORMATION (CONTINUED)**

The segment results for the year ended 31 December 2018 are as follows:

	Manufacturing					
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	**e.dye** *HK$'000*	**High-end Fashion Retailing** *HK$'000*	**Total Continuing Operations** *HK$'000*	**Discontinued Operations — Sportswear Retailing** *HK$'000*	**Total** *HK$'000*
Total segment revenue	2,896,348	28,377	1,220,675	4,145,400	132,053	4,277,453
Inter-segment revenue	(6,389)	(1,062)	—	(7,451)	—	(7,451)
Revenue	2,889,959	27,315	1,220,675	4,137,949	132,053	4,270,002
Operating profit/(loss) and segment results	77,527	(48,790)	137,068	165,805	(47,371)	118,434
Finance income				5,185	10	5,195
Finance costs				(12,970)	—	(12,970)
Share of losses of associates	(1,226)	—	—	(1,226)	—	(1,226)
Profit/(loss) before income tax				156,794	(47,361)	109,433
Income tax expense				(52,205)	—	(52,205)
Profit/(loss) for the year				104,589	(47,361)	57,228

Other segment items included in the consolidated income statement for the year ended 31 December 2018 are as follows:

	Manufacturing					
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	**e.dye** *HK$'000*	**High-end Fashion Retailing** *HK$'000*	**Total Continuing Operations** *HK$'000*	**Discontinued Operations — Sportswear Retailing** *HK$'000*	**Total** *HK$'000*
Depreciation of property, plant and equipment	86,909	5,404	43,044	135,357	1,303	136,660
Amortisation of land use rights	888	—	—	888	—	888
Amortisation of intangible assets	1,952	3,747	698	6,397	—	6,397
Impairment of property, plant and equipment, net	—	—	1,699	1,699	—	1,699
Provision/(write-back of provision) for inventories, net	16,873	3,893	38,349	59,115	(13,680)	45,435
Provision for onerous leases	—	—	1,124	1,124	—	1,124
Impairment of trade receivables, net	78	—	—	78	196	274
(Gain)/loss on disposal of property, plant and equipment, net	(4,929)	—	129	(4,800)	—	(4,800)
Gain on disposal of a subsidiary	(123,777)	—	—	(123,777)	—	(123,777)

3. **SEGMENT INFORMATION (CONTINUED)**

The segment results for the year ended 31 December 2017 are as follows:

	Manufacturing					
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	e.dye *HK$'000*	High-end Fashion Retailing *HK$'000*	Total Continuing Operations *HK$'000*	Discontinued Operations — Sportswear Retailing *HK$'000*	Total *HK$'000*
Total segment revenue	2,605,604	15,270	884,719	3,505,593	227,829	3,733,422
Inter-segment revenue	(7,813)	—	(1,281)	(9,094)	—	(9,094)
Revenue	2,597,791	15,270	883,438	3,496,499	227,829	3,724,328
Operating profit/(loss) and segment results	59,414	(28,063)	63,216	94,567	(57,256)	37,311
Finance income				3,908	16	3,924
Finance costs				(3,297)	—	(3,297)
Share of profits of associates	1,335	—	—	1,335	—	1,335
Profit/(loss) before income tax				96,513	(57,240)	39,273
Income tax expense				(14,373)	—	(14,373)
Profit/(loss) for the year				82,140	(57,240)	24,900

Other segment items included in the consolidated income statement for the year ended 31 December 2017 are as follows:

	Manufacturing					
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	e.dye *HK$'000*	High-end Fashion Retailing *HK$'000*	Total Continuing Operations *HK$'000*	Discontinued Operations — Sportswear Retailing *HK$'000*	Total *HK$'000*
Depreciation of property, plant and equipment	75,236	3,869	31,143	110,248	2,742	112,990
Amortisation of land use rights	2,603	—	—	2,603	—	2,603
Amortisation of intangible assets	54	3,747	698	4,499	—	4,499
Impairment of property, plant and equipment, net	—	—	—	—	1,269	1,269
Provision/(write-back of provision) for inventories, net	25,911	—	34,833	60,744	(10,770)	49,974
Provision for onerous leases	—	—	—	—	344	344
Reversal of impairment of trade receivables, net	(298)	—	—	(298)	—	(298)
(Gain)/loss on disposal of property, plant and equipment, net	(3,726)	—	84	(3,642)	1,172	(2,470)
Gain on disposal of a subsidiary	(8,607)	—	—	(8,607)	—	(8,607)

Inter-segment transactions are conducted at terms mutually agreed among group companies.

3. SEGMENT INFORMATION (CONTINUED)

Segment assets exclude current tax recoverables and deferred tax assets which are managed on a group basis.

Segment liabilities exclude current tax liabilities and deferred tax liabilities which are managed on a group basis.

Capital expenditure comprises additions to property, plant and equipment, land use rights and intangible assets, including additions resulting from acquisitions through business combinations.

The segment assets and liabilities as at 31 December 2018 and capital expenditure for the year ended are as follows:

	Manufacturing						
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	**e.dye** *HK$'000*	**High-end Fashion Retailing** *HK$'000*	**Total Continuing Operations** *HK$'000*	**Discontinued Operations — Sportswear Retailing** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Assets	**2,248,572**	**108,059**	**937,203**	**3,293,834**	**19,999**	**70,140**	**3,383,973**
Associates	**10,517**	**—**	**—**	**10,517**	**—**	**—**	**10,517**
Total assets	**2,259,089**	**108,059**	**937,203**	**3,304,351**	**19,999**	**70,140**	**3,394,490**
Total liabilities	**770,399**	**8,671**	**352,371**	**1,131,441**	**1,565**	**76,830**	**1,209,836**
Capital expenditure	**362,358**	**2,906**	**95,876**	**461,140**	**—**	**—**	**461,140**

The segment assets and liabilities as at 31 December 2017 and capital expenditure for the year ended are as follows:

	Manufacturing						
	Sportswear and High-end Functional Outerwear Manufacturing *HK$'000*	e.dye *HK$'000*	High-end Fashion Retailing *HK$'000*	Total Continuing Operations *HK$'000*	Discontinued Operations — Sportswear Retailing *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Assets	1,997,856	125,109	641,479	2,764,444	110,872	67,837	2,943,153
Associates	12,105	—	—	12,105	—	—	12,105
Total assets	2,009,961	125,109	641,479	2,776,549	110,872	67,837	2,955,258
Total liabilities	352,373	7,303	214,199	573,875	35,239	81,557	690,671
Capital expenditure	79,780	9,561	52,832	142,173	982	—	143,155

3. SEGMENT INFORMATION (CONTINUED)

Disaggregation of revenue from contracts with customer by products or service lines is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Sales of goods	**4,124,682**	3,488,022
Provision of services	**13,267**	8,477
	4,137,949	3,496,499

For the year ended 31 December 2018, revenues from continuing operations of approximately HK$2,314,222,000 (2017: HK$2,292,180,000), representing 55.9% (2017: 65.6%) of the Group's total revenue, were derived from a single group of external customers. These revenues are attributable to the Manufacturing segment.

The Group's revenue by geographical location is determined by the final destination of delivery of the products. The Group's revenue from external customers by geographical location is as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Mainland China	**1,279,046**	870,427
Europe	**1,103,082**	928,099
United States	**727,308**	633,261
Other Asian countries	**443,714**	454,826
Hong Kong	**391,167**	399,795
Canada	**79,895**	53,884
Others	**113,737**	156,207
	4,137,949	3,496,499

The total of non-current assets other than deferred tax assets by geographical location is as follows:

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**447,433**	295,446
Mainland China	**309,615**	264,875
Vietnam	**265,794**	209,141
Cambodia	**238,266**	239,355
Other countries	**9,736**	5,706
	1,270,844	1,014,523

4. OTHER NET INCOME

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Gain on disposal of a subsidiary *(Note 10(a)(i))*	**123,777**	8,607
Realisation of accumulated exchange differences upon liquidation of subsidiaries	**7,705**	4,841
Gain on disposal of property, plant and equipment, net	**4,800**	3,642
Rental income	**1,326**	1,326
Loss on disposal of an associate	**(713)**	—
Net exchange (losses)/gains	**(28,893)**	10,061
Factory closure costs *(Note)*	**—**	(25,431)
Others	**9,979**	(197)
	117,981	2,849

Note: During the year ended 31 December 2017, the Group closed down a factory in Mainland China and recognised costs of approximately HK$25,431,000, including redundancy costs and impairment of assets.

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits.

Mainland China Corporate Income Tax has been provided at the rate of 25% (2017: 25%) on the estimated assessable profits.

Taxation on overseas (other than Hong Kong and Mainland China) profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries in which the Group operates.

The amounts of income tax expense charged/(credited) to the consolidated income statement represent:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax		
— Hong Kong	**1,651**	26,011
— Mainland China	**40,537**	11,417
— Overseas	**4,008**	2,447
— Over-provision in prior years	**(10,069)**	(418)
	36,127	39,457
Deferred tax	**16,078**	(25,084)
	52,205	14,373

6. EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the consolidated profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year.

	2018	2017 *(Restated)*
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*		
— Continuing operations	**86,868**	74,967
— Discontinued operations	**(44,615)**	(53,922)
	42,253	21,045
Weighted average number of ordinary shares in issue *('000)*	**1,284,400**	1,284,400
Basic earnings/(losses) per share *(HK cents)*		
— Continuing operations	**6.8**	5.8
— Discontinued operations	**(3.5)**	(4.2)
	3.3	1.6

6. EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Shares issuable under the share option schemes are the only dilutive potential ordinary shares. A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2018	2017 *(Restated)*
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*		
— Continuing operations	**86,868**	74,967
— Discontinued operations	**(44,615)**	(53,922)
	42,253	21,045
Weighted average number of ordinary shares in issue *('000)*	**1,284,400**	1,284,400
Adjustment for:		
— Share options *('000)*	**—**	2,115
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**1,284,400**	1,286,515
Diluted earnings/(losses) per share *(HK cents)*		
— Continuing operations	**6.8**	5.8
— Discontinued operations	**(3.5)**	(4.2)
	3.3	1.6

The diluted earnings per share for the year ended 31 December 2018 are the same as the basic earnings per share as the potential ordinary shares arising from the share options granted by the Company outstanding do not have dilutive effect.

7. TRADE AND BILLS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
— from third parties	**524,121**	372,165
— from related parties	**7,759**	8,275
Bills receivable	**13,747**	3,996
	545,627	384,436
Less: impairment of trade receivables	**(1,598)**	(1,528)
	544,029	382,908

Majority of trade receivables are with customers having good credit history. The Group grants its customers credit terms within 90 days. Most of the Group's sales are on open account, while sales made to a small number of customers are covered by letters of credit issued by banks or settled by documents against payment issued by banks. The ageing of trade and bills receivable based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**533,389**	344,061
91–180 days	**3,014**	21,064
181–365 days	**684**	17,570
Over 365 days	**8,540**	1,741
	545,627	384,436

8. TRADE AND BILLS PAYABLE

	2018	2017
	HK$'000	*HK$'000*
Trade payables		
— to third parties	**211,207**	144,217
— to related parties	**11,201**	7,682
Bills payable	**4,074**	2,592
	226,482	154,491

The ageing of the trade and bills payable based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**217,798**	149,184
91–180 days	**4,970**	1,279
181–365 days	**347**	1,657
Over 365 days	**3,367**	2,371
	226,482	154,491

9. BUSINESS COMBINATION

On 31 January 2018, the Group entered into a sale and purchase agreement ("**Agreement**") with a third party, Sport Field Holding Limited ("**SF Holding**"), which the Group conditionally agreed to purchase and SF Holding conditionally agreed to sell 60% of the issued shares of Sport Field Limited. In February 2018, the acquisition was completed and Sport Field Limited and its subsidiaries ("**Sport Field Group**") became non-wholly owned subsidiaries of the Group, with net liabilities assumed of HK$49,348,000.

The following table summarises the cash consideration for the acquisition, amounts of the assets acquired and liabilities assumed at the acquisition date, and the net cash flow from the acquisition.

	HK$'000
Cash paid	4,800
Consideration payable	41,300
Consideration to be settled by cash	46,100
Less:	
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	9,986
Property, plant and equipment	37,379
Land use rights	6,968
Customer relationship	21,298
Inventories	21,721
Trade and other receivables	89,180
Trade and other payables	(138,463)
Borrowings	(91,909)
Deferred tax liabilities	(5,508)
Non-controlling interest	19,739
	(29,609)
Goodwill	75,709

	HK$'000
Cash flow analysis:	
Cash and cash equivalents acquired	9,986
Cash paid during the year	(2,800)
Acquisition of subsidiaries, net of cash acquired	7,186

9. BUSINESS COMBINATION (CONTINUED)

In accordance with the Agreement, the consideration for acquisition of 60% equity interest of Sport Field Group was calculated basing on the actual financial results of Sport Field Group for the year ended 31 December 2018. Based on the Group management's current best estimate, the consideration to be settled by cash was estimated to be HK$46,100,000 of which HK$2,000,000 was paid as of 31 December 2017 and an additional HK$2,800,000 was paid during the year ended 31 December 2018. As of 31 December 2018, the consideration payable of HK$41,300,000 was included in accruals and other payables in the Group's consolidated statement of financial position.

The Group recognised Sport Field Group's non-controlling interest at their proportionate share of Sport Field Group's net liabilities assumed.

The related acquisition costs of HK$706,000 have been charged to the general and administrative expenses in the Group's consolidated income statement for the year ended 31 December 2018.

The acquired business contributed revenues of HK$266,005,000 and profit after tax of HK$20,037,000 to the Group for the period from 1 February 2018 to 31 December 2018. If the acquisition had occurred on 1 January 2018, the Group's consolidated revenue and profit after tax from continuing operations for the year ended 31 December 2018 would have been HK$4,158,024,000 and HK$103,834,000 respectively.

With the acquisition of Sport Field Group, the Group expected to diversify its business, expand and supplement its customer portfolio and market penetration. The goodwill arising from the acquisition was mainly attributable to the acquired workforce and synergy expected from combining the operation and management team of Sport Field Group. After the acquisition, the business, operation and management team of Sport Field Group are integrated with Charmtech Industrial Limited and its subsidiaries (together "**Charmtech Group**") which carries out golf and high-end apparel manufacturing and trading business, Sport Field Group and Charmtech Group became one cash generating unit.

10. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS

(a) Disposal of subsidiaries

(i) On 26 September 2017, the Group entered into an equity transfer agreement with a third party to transfer its entire equity interest in Bowker Property Development (Heyuan) Company Limited ("**Bowker Property**"), an indirectly wholly owned subsidiary of the Group, at a consideration of approximately RMB178,000,000 (equivalent to approximately HK$219,043,000). Bowker Property mainly holds certain land use rights in Heyuan city, Guangdong province, Mainland China. As at 31 December 2017, the land use rights were classified as assets held for sale and the equity transfer of Bowker Property was subsequently completed in May 2018.

	HK$'000
Cash consideration received	219,043
Carrying amount of net assets disposed of	(99,729)
Release of foreign currency translation reserve	4,463
Gain on disposal before tax *(Note 4)*	123,777
Tax expenses	(19,479)
Gain on disposal after tax	104,298

(ii) On 23 November 2018, the Group entered into a sale and purchase agreement with a third party in relation to the disposal of Bowker Garment Accessories (Heyuan) Company Limited, a subsidiary in Mainland China, for a consideration of HK$38,320,000. As at 31 December 2018, a deposit of HK$11,496,000 had been received and was included in accruals and other payables. Respective assets amounting to HK$30,295,000 and liabilities amounting to HK$2,017,000 were classified as assets held for sale and liabilities directly associated with assets held for sale respectively as at 31 December 2018. The transaction of the disposal is expected to complete in the first half of 2019.

10. DISPOSAL OF SUBSIDIARIES AND DISCONTINUED OPERATIONS (CONTINUED)

(b) Discontinued operations

During the year, the Group's Sportswear Retailing Business had been wholly ceased.

Financial information relating to the discontinued operations for the year is set out below. The income statement distinguishes discontinued operations from continuing operations. Comparative figures have been re-presented.

	2018	2017
	HK$'000	*HK$'000*
Revenue	**132,053**	227,829
Cost of sales	**(109,407)**	(169,689)
Gross profit	**22,646**	58,140
Selling and distribution costs	**(61,280)**	(106,249)
General and administrative expenses	**(9,818)**	(15,803)
Other net income	**1,081**	6,656
Operating loss	**(47,371)**	(57,256)
Finance income	**10**	16
Loss before income tax	**(47,361)**	(57,240)
Income tax expense	**—**	—
Loss from discontinued operations	**(47,361)**	(57,240)
Loss from discontinued operations attributable to:		
Equity holders of the Company	**(44,615)**	(53,922)
Non-controlling interests	**(2,746)**	(3,318)
	(47,361)	(57,240)

11. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid of HK3.0 cents (2017: HK2.0 cents) per ordinary share	**38,532**	25,688
Proposed final dividend of HK1.0 cent (2017: HK2.0 cents) per ordinary share	**12,844**	25,688
	51,376	51,376

The Board proposed a final dividend of HK1.0 cent (2017: HK2.0 cents) per ordinary share, amounting to a total dividend of HK$12,844,000 (2017: HK$25,688,000), and is to be proposed at the upcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

For the year ended 31 December 2018, revenue of the Group from continuing operations amounted to HK$4,137.9 million (2017: HK$3,496.5 million), representing an increase of 18.3%. The increase was mainly attributable to revenue brought in from the newly acquired high-end functional outerwear manufacturing business, the Sport Field Group, and rapid expansion of retail networks in Mainland China for High-end Fashion Retailing Business.

Gross profit margin of the Group reduced to 27.7% in 2018 (2017: 27.8%). The slight decrease of gross profit margin of 0.1 percentage point was mainly attributable to decline in gross profit margin of Manufacturing Business resulting from additional costs incurred for the higher level of production capacity and labour maintained for the year. This was partially offset by the significant growth of High-end Fashion Retailing Business with higher gross profit margin which brought in additional gross profit to the Group. As a result, gross profit of the Group increased by HK$171.5 million to HK$1,144.5 million in 2018 (2017: HK$973.0 million), 17.6% higher than that of the preceding year.

Operating profit of the Group increased by HK$71.2 million to HK$165.8 million in 2018 (2017: HK$94.6 million). This increase was mainly attributable to the gain (before taxation) of HK$123.8 million recognised upon disposal of the entire equity interest in a subsidiary which owned a piece of land in Mainland China and profit contributed by the rapidly expanding High-end Fashion Retailing Business, but partially offset by the operating costs that were incurred to maintain production capacity and labour in Manufacturing Business.

Due to keen competition and tough operating environment in the sportswear retail market in Hong Kong, the Group has discontinued Sportswear Retailing Business before the end of 2018. Loss from discontinued operations was HK$47.4 million (2017: loss of HK$57.2 million).

Overall, profit attributable to equity holders of the Company increased by HK$21.3 million to HK$42.3 million (2017: HK$21.0 million).

The Board has declared and paid an interim dividend of HK3.0 cents per Share during the year. The Board has proposed the payment of final dividend of HK1.0 cent per Share for the year ended 31 December 2018. The interim and final dividends represent a total payment of HK$51.4 million (2017: HK$51.4 million).

BUSINESS REVIEW

The Group is an integrated manufacturer, distributor and retailer for internationally renowned sports, fashion and outdoor brands. The financial performances of the business segments are summarised below:

Manufacturing Business

Our Manufacturing Business comprises "*Sportswear and High-end Functional Outerwear Manufacturing Business*" and "*e.dye Business*". It has experienced another tough year in 2018, it remained particularly difficult for Sportswear Manufacturing Business.

Sportswear and High-end Functional Outerwear Manufacturing Business

The Group's Sportswear and High-end Functional Outerwear Manufacturing Business operates mainly through OEM arrangements for a number of internationally renowned sports and outdoor brands. Most of the Group's products are exported and sold to Europe, the United States and Mainland China. The Group has a long history and a distinctive position in sportswear garment manufacturing and has established long-term business relationships with its key customers.

Revenue from Sportswear and High-end Functional Outerwear Manufacturing Business increased by HK$290.7 million to HK$2,896.3 million (2017: HK$2,605.6 million), representing an increment of 11.2%. After a year of rectification, Sportswear Manufacturing Business has recovered and showing signs of bottoming out from a revenue decline of 0.4% in the first three quarters of 2018 to an increase of 63.5% in the fourth quarter of 2018 when compared with the same periods of the preceding year, which was particularly due to rebounding orders from a major customer. Apart from the recovery of Sportswear Manufacturing Business, the increment in revenue from Sportswear and High-end Functional Outerwear Manufacturing Business was mainly attributable to additional revenue of HK$266.0 million brought in from the newly acquired Sport Field Group, a manufacturer of high-end functional outerwear.

In anticipation of the high demand for production output since the fourth quarter of 2018 due to rebounding orders from a major customer, we have kept our production capacity and labour at a higher level in the first three quarters of 2018. Also, we have invested on the conversion of existing factory facilities and expansion of teams for the new customers. Additional costs were therefore inevitably incurred, resulting in operating loss of HK$40.2 million in the first three quarters of 2018 and, due to rebounding orders from a major customer, operating loss reduced to HK$6.1 million in the fourth quarter of the year, which would result in total operating loss of HK$46.3 million in 2018.

Nevertheless, the operating results were largely complemented by a gain on disposal of a wholly-owned subsidiary which owned a piece of land in Mainland China. As a result, after taking into account of a gain amounting to approximately HK$123.8 million (before taxation) on the disposal, operating profit of Sportswear and High-end Functional Outerwear Manufacturing Business increased by HK$18.1 million to HK$77.5 million (2017: HK$59.4 million).

***e.dye* Business**

As part of our strategic initiatives, we have continued to invest in the business of innovative eco-friendly non-hazardous textiles.

Revenue from e.dye Business increased by HK$13.1 million to HK$28.4 million (2017: HK$15.3 million), representing an increment of 85.6%. As the business has yet to achieve economies of scale to cover the running costs, operating loss during the year was HK$48.8 million (2017: loss of HK$28.1 million).

High-end Fashion Retailing Business

The Group's High-end Fashion Retailing Business has fashion retail networks of "***D-mop***" and "***J-01***" stores to sell several self-owned brands, as well as imported brands, in Hong Kong, Macau, Mainland China and Taiwan. In addition, it has distribution rights for brands including "***Y-3***" in Mainland China, Hong Kong, Macau, Taiwan and Singapore, "***Thomas Sabo***", "***Tara Jarmon***" and "***Heron Preston***" in Mainland China, Hong Kong and Macau and certain Japanese brands in Hong Kong. It also operates licensed stores in Mainland China for the brands "***Champion***" and "***DAKS***" and in Hong Kong for the brands "***New Era***" and "***Marcelo Burlon***".

In 2018, High-end Fashion Retailing Business recorded a significant growth in its retail network. With our collection of existing well-known brands, it has continued to expand its presence in the market by opening new stores. As at 31 December 2018, the total number of offline stores increased to 181 (2017: 150), of which 133 stores were in Mainland China, 36 stores were in Hong Kong and Macau, 11 stores were in Taiwan and 1 store was in Singapore.

Revenue from High-end Fashion Retailing Business increased by HK$336.0 million to HK$1,220.7 million (2017: HK$884.7 million), representing an increment of 38.0%. The significant growth was mainly attributable to rapid expansion of retail networks in Mainland China.

Operating profit generated from the business reached a record high of HK$137.1 million (2017: HK$63.2 million), representing an increment of 116.9%.

Discontinued Operations — Sportswear Retailing Business

The Group has discontinued the sportswear retail network in Hong Kong and all retail stores were closed before the end of 2018.

Revenue from Sportswear Retailing Business decreased by HK$95.7 million to HK$132.1 million (2017: HK$227.8 million), representing a 42.0% decrease. Further discounts were offered to customers for clearance of inventories, leading to the decreased operating profit margin.

During the year ended 31 December 2018, operating loss was HK$47.4 million (2017: loss of HK$57.3 million) and there would be no further financial impact in 2019.

PROSPECTS

Manufacturing Business

Sportswear Manufacturing Business has recovered in the fourth quarter of 2018 which is aligned with our five-year strategic plan. Our business diversification strategy had a big breakthrough in 2018 despite a very challenging year. With the continuous efforts in product developments and penetration of the sportswear manufacturing market, we have succeeded in securing several internationally renowned sports brands into our customer portfolio in 2018. One of the new customers has already generated revenue for the Group in the second half of 2018 and the remaining new customers are expected to generate revenue in the first half of 2019. As such, we expect that our business will regain the momentum and return to the growth track starting from 2019.

According to the strategic plan, the existing production capacity in Vietnam is expected to be fully utilised in 2020. To cope with the increasing demand from existing customers and new orders from new customers, we have acquired two pieces of leasehold land with total area of 198,093 square metres in Vinh Long, a southern city in Mekong Delta in November 2018. We are now at the preparation stage for the construction of new factories on the leasehold land, and construction will commence in mid-2019 with pilot production starting in the first half of 2020. In addition, the Group will also progressively increase production capacity and enhance production efficiency of the existing manufacturing facilities through implementing process automation and advanced information technology infrastructure.

After acquisition of the Sport Field Group, we have expanded our Manufacturing Business to include high-end functional outerwear. The contribution from the Sport Field Group will continue to be well-sustained by synergising with our existing product categories to enhance our operational efficiency and competitive edge in the industry.

In addition, according to the refined five-year strategic plan, our objectives from 2020 to 2022 will not only focus on organic revenue growth in garment production, but also focus on vertical integration to expand the manufacturing business upstream into material supplies.

e.dye Business

As part of strategic vertical integration, the Group has joined forces with a partner that possesses an innovative textile technology under the "***e.dye***" trademark. With rising concerns for protecting the environment, the Group is fully aware of the importance of manufacturing non-hazardous textiles. Our technology will make changes in the textile industry, and we are capable of providing solutions to reduce water consumption, pollution and harmful chemicals. A pilot factory has been established at Kunshan, Mainland China to demonstrate the production process.

The Group will continue to expand its strategic partnership with international brands to promote eco-friendly production and play a greater role in green production. We are centralising our resources and actively working with certain renowned brands in seeking a revenue breakthrough to achieve economies of scale to cover the development and running costs.

High-end Fashion Retailing Business

Multi-branding is one of the key strategies of the Group to tap into the full potential of the Greater China market. In the past few years, the Group has endeavoured to enhance and broaden its existing brand portfolio in the young and light luxury fashion segment and gained distribution rights from several internationally renowned brands, including "***Champion***", "***Tara Jarmon***", "***DAKS***", "***Thomas Sabo***", "***New Era***", "***Marcelo Burlon***" and "***Heron Preston***" on top of existing "***Y-3***". Looking forward, the Group will continue to approach and gain distribution rights for young and high-end fashion brands to further enrich and rationalise our brand portfolio.

In addition, the Group will continue its efforts to promote the retail presence of its own brand stores, "***D-mop***" and "***J-01***" and will strive to enhance the shopping experience for our customers, in particular the newly opened stores, by offering an attractive product mix and enhancing shop efficiency and in-store customer service. In light of the huge demand for fashion and sportswear products along with the rapid rise of the young affluent middle class, Mainland China will remain as the Group's major market and it will expand its retail network to further penetrate into the market. As such, the Group is allocating significant resources to speed up the pace of expanding the retail footprints in response to the positive market feedback for the performing brands.

Apart from offline retail network, online platform is another important market for our retail business. The Group will therefore continue to develop our e-commerce channels in order to tap into the fast-growing online market and we will continue to focus on product categories to capture the huge potential market opportunity.

FINANCIAL POSITION AND LIQUIDITY

The Group generally finances its operations with internally generated cashflow and banking facilities and has maintained a healthy financial position during the year. As at 31 December 2018, it had cash and bank balances amounting to HK$355.1 million (2017: HK$424.8 million). The net decrease was mainly attributable to the cash used in capital expenditures, net with draw down of bank borrowings.

As at 31 December 2018, the Group had bank borrowings amounting to HK$478.9 million (2017: HK$177.1 million), which were on floating rates and unutilised banking facilities amounting to HK$152.5 million (2017: HK$419.0 million). The gearing ratio, being total borrowings divided by total equity, as at 31 December 2018, was 22.1% (2017: 8.0%).

The Group will maintain adequate financial resources to support future growth and further HK$420.0 million banking facilities are obtained in February 2019.

FOREIGN CURRENCY EXPOSURE

Hong Kong Dollar ("**HKD**") serves as the Company's functional currency and the Group's presentation currency. The Group considers its foreign currency exchange exposure arising from United States Dollar ("**USD**") transactions and USD cash balances to be minimal during the year given that HKD was pegged against USD.

The Group's revenue and purchases were primarily denominated in USD, Renminbi ("**RMB**") and HKD. During the year, approximately 59.0%, 29.7% and 8.3% of revenue were denominated in USD, RMB and HKD respectively, whereas approximately 81.9%, 10.0% and 5.1% of purchases were denominated in USD, RMB and HKD respectively.

As at 31 December 2018, approximately 51.3%, 39.2% and 5.0% of cash and bank balances were denominated in RMB, USD and HKD respectively, and approximately 56.5%, 41.1% and 2.4% of bank borrowings were denominated in HKD, USD and RMB respectively.

Regarding the trade disputes between China and United States, it is expected that on-going currency fluctuation of RMB against USD is unavoidable. It was noted that RMB depreciated sharply against USD in 2018 and it was unfavourable to our assets denominated in RMB.

To minimise the impact of foreign currency rate volatility, we monitor foreign currency risk closely on an ongoing basis to ensure that the net exposure is at an acceptable level. If necessary, after consideration of the Group's future operation and investment needs in different currencies, we may use proper financial instruments to reduce the currency risk exposure.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2018, the Group had approximately 19,000 employees (2017: approximately 16,000 employees). The Group remunerates employees based on their performance, working experience and prevailing market conditions. Other employee benefits include retirement benefits, insurance, medical coverage and share option schemes.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, bank deposit of HK$1.1 million (2017: HK$1.2 million) was pledged as security deposit at Custom Department for a subsidiary of the Group; and land and properties with carrying value of HK$35.3 million (2017: Nil) was pledged to banks for certain banking facilities of the Group.

CONTINGENT LIABILITIES

The Group has no significant contingent liabilities, litigation or arbitration of material importance as at 31 December 2018.

MATERIAL ACQUISITIONS AND DISPOSALS

In February 2018, the Group has completed acquisition of 60% equity interest of the Sport Field Group. Please refer to Note 9 to the consolidated financial statements in this announcement.

In May 2018, the Group has completed disposal of 100% equity interest of Bowker Property, an indirect wholly-owned subsidiary of the Group. Please refer to Note 10 to the consolidated financial statements in this announcement.

Save as disclosed above, the Group had no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct regarding directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Having made enquiry to all Directors, they all have confirmed that they have complied with the required standards as set out in the Model Code during the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIVIDENDS

The Board recommended a payment of final dividend of HK1.0 cent per Share for the year ended 31 December 2018, subject to Shareholders' approval at the forthcoming annual general meeting to be held on Thursday, 13 June 2019, payable to the Shareholders whose names appear on the register of members of the Company on Thursday, 20 June 2019. The dividend will be paid on or about Friday, 28 June 2019.

CLOSURES OF REGISTER OF MEMBERS

(a) Entitlement to attend and vote at the forthcoming annual general meeting

The register of members of the Company will be closed from Thursday, 6 June 2019 to Thursday, 13 June 2019 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attendance and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 June 2019.

(b) Entitlement to the proposed final dividend

The register of members of the Company will be closed on Thursday, 20 June 2019, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar and transfer office of the Company, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 June 2019.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the year.

PUBLICATION OF RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.winhanverky.com). The annual report for the year ended 31 December 2018 will be dispatched to the Shareholders and will be available on the aforesaid websites in due course.

AUDIT COMMITTEE REVIEW

The Audit Committee has discussed with the management of the Company the internal control and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 December 2018. It has also reviewed the consolidated financial statements for the year ended 31 December 2018 with the management and the auditor of the Company and recommended them to the Board for approval.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Thursday, 13 June 2019. The notice of the annual general meeting, which constitutes part of the circular to the Shareholders, will be published on the aforesaid websites and despatched to the Shareholders together with the Company's annual report 2018 in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. LI Kwok Tung Roy, Mr. LAI Ching Ping, Mr. LEE Kwok Leung and Mr. WONG Chi Keung being the executive directors, and Dr. CHAN Kwong Fai, Mr. MA Ka Chun, Mr. KWAN Kai Cheong and Ms. CHAU Pui Lin being the independent non-executive directors.

By order of the Board
Win Hanverky Holdings Limited
LI Kwok Tung Roy
Chairman

Hong Kong, 21 March 2019