敏捷控股
NIMBLE HOLDINGS

NIMBLE HOLDINGS COMPANY LIMITED
敏捷控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 186)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

The board (the "Board") of directors (the "Directors") of Nimble Holdings Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2019 (the "Year"), together with the comparative figures for the year ended 31 March 2018 (the "Corresponding Year") and selected explanatory notes are stated as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2019

	Notes	**2019** ***HK$ million***	2018 *HK$ million*
REVENUE	*5*	**123**	171
Cost of sales		**(54)**	(96)
Gross profit		**69**	75
Other income		**36**	13
Distribution costs		**(5)**	(4)
Administrative expenses		**(76)**	(77)
Change in fair value of financial assets at FVTPL		**(1)**	–
Impairment loss recognised in respect of brands and trademarks, net	*10*	**(94)**	(42)
Write back of accrued liabilities with Deconsolidated Subsidiaries	*14*	**127**	206
Reversal of restructuring costs		**–**	6
Other expenses		**–**	(1)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

Year ended 31 March 2019

	Notes	2019 HK$ million	2018 HK$ million
PROFIT BEFORE TAXATION	6	**56**	176
Income tax credit/(charge)	7	**17**	(32)
PROFIT FOR THE YEAR		**73**	144
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Shareholders of the Company		**91**	175
Non-controlling interests		**(18)**	(31)
		73	144
EARNINGS PER SHARE	9	***HK cents***	*HK cents*
Basic		**1.66**	3.19
Diluted		**1.66**	3.19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2019

	2019	2018
	HK$ million	*HK$ million*
PROFIT FOR THE YEAR	**73**	144
OTHER COMPREHENSIVE INCOME, NET OF TAX:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**73**	151
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
Shareholders of the Company	**91**	180
Non-controlling interests	**(18)**	(29)
	73	151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2019

	Notes	2019 HK$ million	2018 HK$ million
NON-CURRENT ASSETS			
Plant and equipment		**1**	–
Available-for-sale investments		**–**	–
Financial assets at FVTPL		**7**	–
Deferred tax assets		**4**	4
Brands and trademarks	*10*	**166**	260
Goodwill	*10*	**–**	–
Other assets		**1**	1
		179	265
CURRENT ASSETS			
Inventories		**28**	25
Accounts receivable	*11*	**5**	18
Prepayments, deposits and other receivables		**7**	6
Tax recoverable		**1**	2
Cash and bank balances		**424**	446
		465	497
CURRENT LIABILITIES			
Accounts payable	*12*	**2**	1
Accrued liabilities and other payables	*13*	**13**	71
Accrued liabilities with Deconsolidated Subsidiaries	*14*	**–**	127
Tax liabilities		**14**	25
		29	224
NET CURRENT ASSETS		**436**	273

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 March 2019

	Notes	**2019** **HK$ million**	2018 HK$ million
NON-CURRENT LIABILITIES			
Tax liabilities		**17**	22
NET ASSETS		**598**	516
CAPITAL AND RESERVES			
Share capital	*15*	**55**	55
Share premium	*15*	**386**	386
Reserves		**109**	(17)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**550**	424
NON-CONTROLLING INTERESTS		**48**	92
TOTAL EQUITY		**598**	516

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2019

1. GENERAL

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability under the Companies Law of Bermuda. The address of its registered office is Wessex House, 5th Floor, 45 Reid Street, Hamilton HM12, Bermuda. The principal place of business is Unit C01, 32th Floor, TML Tower, 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong. The shares of the Company (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Prior to 26 September 2017, based on the total interests in the Shares held, the Company's immediate holding company was Sino Bright Enterprises Co., Ltd. ("Sino Bright"), a company incorporated in the British Virgin Islands. On 26 September 2017, being the completion date of the sale of 3,616,495,378 Shares from Sino Bright to Wealth Warrior Global Limited ("Wealth Warrior"), the Company's immediate holding company is Wealth Warrior, a company incorporated in the British Virgin Islands. The Company's ultimate controlling shareholder is Mr. Tan Bingzhao ("Mr. Tan"), being the beneficial owner and sole director of Wealth Warrior. In addition, Mr. Tan is also interested in 439,000,000 Shares through a discretionary trust.

The Company is an investment holding company. The principal activities of the Company's major subsidiaries are holding and licensing of brands and trademarks on a worldwide basis, distribution of houseware products and audio products in the United States of America (the "USA") , and the trading of household appliances in the People's Republic of China ("PRC").

The audited consolidated financial statements are presented in Hong Kong dollars, the functional currency of the Company, and all values are rounded to the nearest million (HK$ million) unless otherwise stated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

New and amended standards adopted by the Group

During the Year, the Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to the operations to the Group and are effective for accounting periods beginning on or after 1 January 2018:

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

Except as described below, the application of the new and revised HKFRSs, HKASs and interpretations in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 9 Financial Instruments

HKFRS 9 replaced HKAS 39 Financial Instruments: Recognition and Measurement. HKFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items (for example, contract assets). In accordance with the specific transitional provisions set out in HKFRS 9, the Group has applied the classification and measurement requirements (including requirements relating to impairment under expected credit loss ("ECL") model) to items that existed as of the date of initial application (i.e. 1 April 2018) on a retrospective basis based on the facts and circumstances that existed as at 1 April 2018. However, the Group has decided not to restate the comparative figures. Accordingly, the comparative information continues to be presented based on the requirements of HKAS 39 and hence may not be comparable with the current year information. The cumulative effect of initial application of HKFRS 9 has been recognised as adjustments to the opening equity.

A. Classification and measurement of financial assets

In general, HKFRS 9 categorises financial assets into the following three classification categories:

- measured at amortised cost;
- at fair value through other comprehensive income ("FVTOCI"); and
- at fair value through profit or loss ("FVTPL").

These classification categories are different from those set out in HKAS 39 which included held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows a reconciliation from how the Group's financial assets existed as of 1 April 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	**New classification under HKFRS 9**	**Carrying amount under HKAS 39 at 31 March 2018**	**Reclassification**	**Remeasurement**	**Carrying amount under HKFRS 9 at 1 April 2018**
			HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Investments in unlisted equity securities	Available-for-sale financial assets (at cost less impairment)	FVTPL	–	–	8 *(Note a)*	8
Accounts receivable	Loans and receivables	Amortised cost	18	–	–	18
Deposits and other receivables	Loans and receivables	Amortised cost	1	–	–	1
Cash and bank balances	Loans and receivables	Amortised cost	446	–	–	446
Other non-current assets	Loans and receivables	Amortised cost	1	–	–	1

Note (a)

Under HKAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVTPL under HKFRS 9, unless they are eligible for and designated at FVTOCI by the Group. As at 1 April 2018, the Group has not designated its unlisted investments at FVTOCI, hence these investments are classified as FVTPL.

In the opinion of the Directors, the carrying amount of the unlisted equity securities, which were previously measured at cost less impairment under HKAS 39, was fully impaired as at 31 March 2018.

B. Impairment under ECL model

HKFRS 9 has introduced the "ECL model" to replace the "incurred loss" model under HKAS 39. The "ECL model" requires an ongoing measurement of credit risk associated with a financial asset. The Group has applied the "ECL model" to the following types of financial assets:

- financial assets that are subsequently measured at amortised cost (including other non-current assets, cash and bank balances, accounts receivable, and deposits and other receivables); and

The Group has quantified that no material ECLs should be recognised in the opening balance at 1 April 2018.

C. Effect on the Group's accumulated deficits as of 1 April 2018

The following table shows the impact of the application of HKFRS 9 on the Group's accumulated deficits as of 1 April 2018:

	Decrease in the Group's accumulated deficits *HK$ million*
Difference between the fair value of unlisted equity securities as of 1 April 2018 that were previously measured at cost less impairment under HKAS 39 and their aggregate carrying amount under HKAS 39	8

2.2 ***HKFRS 15 Revenue from Contracts with Customers and the Related Amendments***

HKFRS 15 has replaced HKAS 11 Construction Contracts, HKAS 18 Revenue and other revenue-related interpretations. Under HKAS 11 and HKAS 18, revenue arising from construction contracts and provision of services was recognised over time whereas revenue 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. HKFRS 15 has introduced additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Based on the specific transitional provisions set out in HKFRS 15, the Group had decided to use the cumulative effect transition method and had recognised the cumulative effect of initial application of HKFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (i.e. 1 April 2018). Accordingly, comparative information has not been restated and continues to be presented under HKAS 11 and HKAS 18. Also, the Group has applied the HKFRS 15 requirements only to contracts that were not completed before 1 April 2018.

As disclosed in Note 4, the Group is engaged in the following operations:

- Distribution of houseware products and audio products
- Licensing business on a worldwide basis
- Trading of household appliances in the PRC

(i) Distribution of houseware products and audio products and trading of household appliances in the PRC

Upon the adoption of HKFRS 15, revenue is recognised at the point in time when control of asset is transferred to the customer, generally on delivery of the goods. The Group has determined that the application of the new standard has not resulted in any significant impact to the Group.

(ii) Licensing income

The Group has entered into a number of agreements with individual licensees ("Licensees") under which the Group grants the Licensees rights to use the Group's intellectual properties (being the brands which produce electronic products ranging from audio-visual equipment to household appliances). In return, the Group is entitled to minimum annual payments, which generally are paid by Licensees before the commencement of the annual license periods.

HKFRS 15 requires an entity to determine whether an entity's promise to grant a license is a right to access the entity's intellectual property (with consideration being recognised as revenue over time) or a right to use the entity's intellectual property (with consideration being recognised as revenue at a particular point in time). Based on the specific requirements under HKFRS 15, an entity's promise to grant a license is a right to access the entity's intellectual property when all of the following criteria are met:

(a) the contract requires, or the customer reasonably expects, that the entity will undertake activities that significantly affect the intellectual property to which the customer has rights;

(b) the rights granted by the licence directly expose the customer to any positive or negative effects of the entity's activities identified in (a) above; and

(c) those activities do not result in the transfer of a good or a service to the customer as those activities occur.

Having assessed the terms of the related agreements and the specific facts and circumstances, the Directors concluded that not all of the abovementioned criteria are satisfied and hence the Directors concluded that the minimum annual payments should be recognised at a particular point in time (being the commencement of each annual license period). Previously, under HKAS 18, the minimum annual payment was recognised as revenue on a straight-line basis.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on accumulated deficits at 1 April 2018.

	HK$ million
Decrease in deferred revenue under accrued liabilities and other payables	28
Increase in contract liabilities	(2)
Decrease in accounts receivable	(2)
Increase in income tax liabilities	(3)
Non-controlling interests	(1)
Impact at 1 April 2018	20

The Group recognises revenue for the sales-based royalty when those subsequent sales occur (i.e. excess of actual sales occurred).

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included:

	Carrying amounts under HKAS 18 at 31 March 2018	**Reclassification**	**Remeasurement**	**Carrying amounts under HKFRS 15 at 1 April 2018***
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Current Assets				
Accounts receivable	18	(2)	–	16
Current Liabilities				
Accrued liabilities and other payables	71	(26)	–	45
Tax liabilities	25	3	–	28
Capital and Reserves				
Reserves	(17)	20	–	3
Non-controlling interests	92	1	–	93

* *The amounts in this column are before the adjustments from the application of HKFRS 9.*

As mentioned above, the Group has adopted the cumulative effect transition method for transition to HKFRS 15. With such a method being adopted, the Group is required to make an additional disclosure that shows how the amount of each financial line item is affected in the current year by the application of HKFRS 15 as compared to those superseded standards including HKAS 11, HKAS 18 and the related interpretations. The tables below only show line items that are affected:

Impact on the consolidated statement of financial position

	Amounts reported under HKFRS 15	Hypothetical amounts under HKAS 18	Difference
	HK$ million	*HK$ million*	*HK$ million*
Current Assets			
Accounts receivable	5	5	–
Capital and Reserves			
Reserves	109	82	27
Non-controlling interests	48	48	–
Current Liabilities			
Accrued liabilities and other payables	13	43	(30)
Tax liabilities	14	14	–

Impact on the consolidated income statement

	Amounts reported under HKFRS 15	Hypothetical amounts under HKAS 18	Difference
	HK$ million	*HK$ million*	*HK$ million*
Revenue	123	116	7
Gross profit	69	62	7
Profit before taxation	**56**	**49**	**7**
Income tax credit	17	17	–
Profit for the Year	**73**	**66**	**7**
Profit for the Year attributable to:			
Shareholders of the Company	91	84	7
Non-controlling interests	(18)	(18)	–
Earnings per share			
Basic *(HK cents)*	1.66	1.52	0.14
Diluted *(HK cents)*	1.66	1.52	0.14

Impact on the consolidated statement of comprehensive income

	Amounts reported under HKFRS 15	Hypothetical amounts under HKAS 18	Difference
	HK$ million	*HK$ million*	*HK$ million*
Total comprehensive income for the Year	**73**	**66**	**7**
Total comprehensive income for the Year attributable to:			
Shareholders of the Company	91	84	7
Non-controlling interests	(18)	(18)	–

Impact on the consolidated statement of cash flows

	Amounts reported under HKFRS 15	Hypothetical amounts under HKAS 18	Difference
	HK$ million	*HK$ million*	*HK$ million*
OPERARING ACTIVITIES			
Profit before taxation	**56**	**49**	**7**
Decrease in accounts receivable	11	11	–
(Decrease)/increase in accrued liabilities and other payables	(5)	25	(30)
Cash (used in)/generated from operations	**(8)**	**15**	**(23)**
Net cash (used in)/generated from operating activities	**(9)**	**14**	**(23)**

The significant differences arise as a result of the changes in accounting policies described above, mainly attributable to the minimum annual payments of licensing income should be recognised at a particular point in time (being the commencement of each annual license period). Previously, under HKAS 18, the minimum annual payment was recognised as revenue on a straight-line basis.

2.3 *Impacts on opening consolidated statement of financial position arising from the application of all new standards*

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (Audited)	**HKFRS 9**	**HKFRS 15**	**1 April 2018 (Restated)**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Available-for-sale investments	–	–	–	–
Financial assets at FVTPL	–	8	–	8
Total non-current assets	265	8	–	273
Accounts receivable	18	–	(2)	16
Total current assets	497	–	(2)	495
Accrued liabilities and other payables	71	–	(26)	45
Tax liabilities	25	–	3	28
Total current liabilities	224	–	(23)	201
Net current assets	273	–	21	294
Total assets less current liabilities	538	8	21	567
Net assets	516	8	21	545
Reserves	(17)	8	20	11
Equity attributable to the shareholders of the Company	424	8	20	452
Non-controlling interests	92	–	1	93
Total equity	516	8	21	545

New standards and amendments to standards not yet adopted

The Group has not applied the following new and revised HKFRSs, HKASs and interpretations, which have been issued but are not yet effective, in the consolidated financial statements:

HKFRS 16*(1)*	Leases
HK(IFRIC) – Int 23*(1)*	Uncertainty over Income Tax Treatments
Amendments to HKFRSs*(1)*	Annual improvements to HKFRSs 2015 – 2017 Cycle
Amendments to HKFRS 3*(3)*	Definition of a Business
Amendments to HKFRS 9*(1)*	Prepayment Features with Negative Compensation
Amendments to HKFRS 10 and HKAS 28*(2)*	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1 and HKAS 8*(4)*	Definition of Material
Amendments to HKAS 19*(1)*	Plant Amendment, Curtailment or Settlement
Amendments to HKAS 28*(1)*	Long-term Interests in Associates and Joint Ventures

(1) *Effective for annual periods beginning on or after 1 January 2019*

(2) *Effective date to be determined*

(3) *Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020*

(4) *Effective for annual periods beginning on or after 1 January 2020*

The Group has already commenced an assessment of the related impact of adopting the above new and revised HKFRSs, HKASs and interpretations. So far, it has concluded that the above new and revised HKFRSs, HKASs and interpretations will be adopted at the respective effective dates and the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group except for the following:

HKFRS 16, "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sale and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$7 million. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$1 million and refundable rental deposits received of HK$Nil as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

3. BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the Year comprise the financial statements of the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), rounded to the nearest million except for per share data. Hong Kong dollar is the Company's functional and the Group's presentation currency.

The consolidated financial statements have been prepared under the historical cost basis except for the use of fair value basis for certain financial instruments, which are measured at fair values at the end of each reporting period.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. SEGMENT INFORMATION

The Group currently organises its operations into the following reportable operating segments.

Operating segments	**Principal activities**
Emerson	Distribution of houseware products and audio products and licensing business – Comprising a group listed on the NYSE American of the USA
Licensing	Licensing business on a worldwide basis – Comprising the brands and trademarks Akai, Sansui and Nakamichi
PRC's Household Appliances	Trading of household appliances, wires and cables in the PRC*

* In order to diversify the businesses and markets of the Group, management of the Group commenced this new operating segment during the Year.

	Emerson	Licensing	PRC's Household Appliances	Unallocated	Inter-segment elimination	Consolidated
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Year ended 31 March 2019						
Revenue:						
Sale of household appliances to external customers – a point in time	–	–	1	–	–	1
Sale of houseware products to external customers – a point in time	28	–	–	–	–	28
Sale of audio products to external customers – a point in time	39	–	–	–	–	39
Licensing income from external customers – a point in time	5	50	–	–	–	55
Total segment revenue	72	50	1	–	–	123
Results:						
Segment results	(27)	32	–	–	–	5
Reconciliations:						
Unallocated corporate expenses				(16)		(16)
Change in fair value of financial assets at FVTPL				(1)		(1)
Impairment loss recognised in respect of brands and trademarks	(23)	(71)		–		(94)
Write back of accrued liabilities				27		27
Write back of accrued liabilities with Deconsolidated Subsidiaries				127		127
Interest income				8		8
Profit before taxation						56
Assets:						
Segment assets	532	1,186	4	146	(1,224)	644
Liabilities:						
Segment liabilities	583	1,427	2	33	(1,999)	46
Other information:						
Revenue from customers contributing over 10% of total revenue of the Group:						
– Customer A	36	–	–	–	–	36
– Customer B	13	–	–	–	–	13

	Emerson *HK$ million*	Licensing *HK$ million*	Unallocated *HK$ million*	Inter-segment elimination *HK$ million*	Consolidated *HK$ million*
Year ended 31 March 2018					
Revenue:					
Sales of houseware products to external customers	81	–	–	–	81
Sales of audio products to external customers	34	–	–	–	34
Licensing income from external customers	5	51	–	–	56
Total segment revenue	120	51	–	–	171
Results:					
Segment results	(31)	37	–	–	6
Reconciliations:					
Unallocated corporate expenses			(13)		(13)
(Impairment loss)/reversal of impairment loss recognised in respect of brands and trademarks	(44)	2	–		(42)
Write back of accrued liabilities with Deconsolidated Subsidiaries			206		206
Reversal of restructuring costs			6		6
Dividend income			8		8
Interest income			5		5
Profit before taxation					176
Assets:					
Segment assets	599	1,227	8	(1,072)	762
Liabilities:					
Segment liabilities	586	1,572	86	(1,998)	246
Other information:					
Revenue from customers contributing over 10% of total revenue of the Group:					
– Customer A	74	–	–	–	74
– Customer B*	N/A	N/A	N/A	N/A	N/A

* Revenue from this customer contributing less than 10% of total revenue during the Corresponding Year.

5. REVENUE

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, and licensing income from the Group's brands and trademarks, but excludes intra-group transactions.

An analysis of the Group's revenue from contracts of customers, by principal activities and by timing of recognition of revenue, for the Year is as follows:

	2019	2018
	HK$ million	*HK$ million*
By principal activities:		
Sales of goods – a point in time	**68**	115
Licensing income		
– a point in time	**55**	–
– over time	**–**	56
	123	171

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		2019	2018
		HK$ million	*HK$ million*
(a)	**Staff costs**		
	Directors' and chief executive officer's emoluments	**5**	8
	Other staff costs:		
	– Salaries and other benefits	**37**	29
	– Retirement benefits costs	**3**	5
		45	42
(b)	**Other items**		
	Operating lease rentals in respect of land and buildings	**5**	7
	Auditor's remuneration:		
	– Current year	**2**	2
	Carrying amount of inventories sold	**54**	96
	Change in fair value of financial assets at FVTPL	**1**	–
	Write back of accrued liabilities# *(Note 13(i))*	**(27)**	–
	Dividend income#	**–**	(8)
	Interest income#	**(8)**	(5)

Included in other income in the consolidated income statement

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

No Hong Kong profits tax has been provided for the Year in the consolidated financial statements as there is no assessable profits arising in Hong Kong during the Year (2018: Nil).

	2019	2018
	HK$ million	*HK$ million*
Current tax		
Overseas *(Note (i))*	**3**	29
Over provision in prior year		
Overseas *(Note (ii))*	**(20)**	(1)
Deferred tax		
Overseas	**–**	4
Income tax (credit)/charge	**(17)**	32

Note (i)

Included in the overseas' current tax for the Corresponding Year, there was a tax provision of approximately HK$24 million in relation to the provision of new tax legislation ("one-time transition tax") enacted by the United States Government in December 2017. In accordance with this legislation, the Group is able to elect to pay such tax liabilities over a period of up to eight years on an interest-free basis.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Note (ii)

In relation to the one-time transition tax as described in Note (i) above, there were changes to the legislation during the Year and based on the final regulations, the one-time transition tax of the Group was reduced by approximately HK$3 million. The resulting reduction of HK$3 million is recognised in the Year as an over-provision in prior year.

In additions, a reversal of tax provision amounting to HK$17 million during the Year was mainly attributable to the release of tax provisions upon the strike-off of SSPL, details of which are set out in Note 13(i).

8. DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (2018: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share:

The calculation of basic earnings per share is based on the following data:

	2019	2018
	HK$ million	*HK$ million*
Profit:		
Profit attributable to shareholders of the Company used in the basic earnings per share calculation	**91**	175

	2019	2018
	Number of ordinary shares	Number of ordinary shares
	million	*million*
Shares:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	**5,492.2**	5,492.2

(b) Diluted earnings per share:

Diluted earnings per share equals basic earnings per share as there were no diluted potential ordinary shares outstanding during the Year and the Corresponding Year.

10. BRANDS AND TRADEMARKS, GOODWILL

	Brand and trademarks		Goodwill	
	2019	2018	**2019**	2018
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*
Gross amount				
At 1 April	**2,026**	2,006	**13**	13
Foreign currency adjustment	**–**	20	**–**	–
At 31 March	**2,026**	2,026	**13**	13
Accumulated amortisation and impairment				
At 1 April	**1,766**	1,707	**13**	13
Foreign currency adjustment	**–**	17	**–**	–
Impairment loss recognised	**94**	42	**–**	–
At 31 March	**1,860**	1,766	**13**	13
Carrying amount at 31 March	**166**	260	**–**	–

Prior to 1 January 2005, brands and trademarks were amortised over their estimated useful lives but not more than 20 years and stated at their cost less accumulated amortisation and impairment losses. On 1 January 2005, the Group reassessed the useful lives of the brands and trademarks and concluded that all brands and trademarks have indefinite useful lives.

The various brands and trademarks held by the Group have been legally registered on a worldwide basis for many years and the trademarks registrations are renewable at minimal cost. The management of the Company is of the opinion that the Group will renew these trademarks continuously and has the ability to do so. Various assessments including product life cycle studies, market, competitive and environmental trends, and brand extension opportunities have been performed by the management of the Group, which supports that the brands and trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

As a result, the brands and trademarks are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually or more frequently when there are indications of impairment.

The Group recorded a non-cash impairment charge of HK$66 million (2018: nil) associated with the Akai trademark as at 31 March 2019. This was with reference to the valuation reports prepared by an independent professional valuer.

The Group recorded a non-cash impairment charge of HK$5 million (2018: non-cash impairment charge reversal of HK$2 million) associated with the Nakamichi trademark as at 31 March 2019. This was with reference to the valuation reports prepared by an independent professional valuer.

The Group recorded a non-cash impairment charge of HK$23 million (2018: HK$44 million) associated with the Emerson trademarks as at 31 March 2019. This was with reference to the valuation reports prepared by an independent professional valuer.

11. ACCOUNTS RECEIVABLE

The Group allows an average credit period of 30 to 90 days to its trade customers.

	2019	2018
	HK$ million	*HK$ million*
Gross amount	**6**	20
Less: allowance for doubtful debts	**(1)**	(2)
Net amount	**5**	18

Upon the initial application of HKFRS 15, an opening adjustment as at 1 April 2018 was made to recognise licensing income at a particular point in time. This has resulted in a decrease in accounts receivable and an increase in reserves as at that date.

The ageing analysis of accounts receivable (net of allowance for doubtful debts) is presented based on the invoice dates as follows:

	2019	2018
	HK$ million	*HK$ million*
0 – 3 months	**5**	18

12. ACCOUNTS PAYABLE

The ageing analysis of accounts payable is as follows:

	2019	2018
	HK$ million	*HK$ million*
0 – 3 months	**2**	1

13. ACCRUED LIABILITIES AND OTHER PAYABLES

	2019	2018
	HK$ million	*HK$ million*
Accrued expenses *(Note (i))*	**8**	39
Contract liabilities *(Note (ii))*	**2**	–
Deferred income *(Note (iii))*	**–**	28
Other payables	**3**	4
	13	71

Note (i)

Included in the accrued expenses were amounts in aggregate of HK$27 million as at 31 March 2018, which were provisions for liabilities to Sansui Electric Co., Ltd. ("SEC") and Sansui Sales Pte. Limited ("SSPL"), both former associate corporations of the Company. During the Year, the dissolution of SEC was completed and SSPL has been struck off. Taking into account the relevant facts and circumstances, management considered the Group's obligations in relation to the amounts due to both SEC and SSPL no longer exist and hence were fully written back during the Year and recognised as other income in the consolidated income statement.

In addition there was a tax provision amounting to HK$17 million arising from the previous licensing arrangement between the Group with SSPL. Following the strike-off of SSPL during the Year, in the opinion of the management, the Group's obligations in relation to the tax provision no longer exist and hence were fully written back during the Year.

Note (ii)

Contract liabilities represent the Group's obligation to transfer goods or services to its customer for which the Group has received consideration from the customer, before the Group transfers a good or service to the customer, which was previously recorded as deferred income at Note (iii), reclassification was made since 1 April 2018 which is consistent with the terminology under HKFRS 15.

Note (iii)

Deferred income represents licensing income received in advance that relates to periods subsequent to 31 March 2018. Upon adoption of HKFRS 15, no deferred income is recognised by the Group, details are set out in Note (ii) above.

14. ACCRUED LIABILITIES WITH DECONSOLIDATED SUBSIDIARIES

	2019	2018
	HK$ million	*HK$ million*
At 1 April	**127**	333
Write back during the Year	**(127)**	(206)
At 31 March	**–**	127
Represented by:		
Portion classified as current liabilities	**–**	127

As a result of the restructuring that took place in 2016, management identified a number of dormant subsidiaries to be liquidated. These dormant subsidiaries and Excluded Companies (as defined in a circular dated 9 March 2016) were grouped together as deconsolidated subsidiaries ("Deconsolidated Subsidiaries"). All liquidations of Deconsolidated Subsidiaries have been completed as of 31 March 2019, which has resulted in HK$127 million being written back and recognised in the consolidated income statement during the Year.

15. SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares	**Share Capital**	**Share Premium**
		HK$ million	*HK$ million*
Authorised share capital:			
Ordinary shares of HK$0.01 each at 31 March 2019 and 31 March 2018	20,000,000,000	200	
Issued and fully paid share capital:			
Ordinary shares of HK$0.01 each at 31 March 2019 and 31 March 2018	5,492,232,889	55	386

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group recorded a revenue of HK$123 million for the Year as compared to HK$171 million for the Corresponding Year, representing a decrease of 28.1%. The decrease in revenue was mainly due to the decrease in the revenue generated from the distribution of houseware products of Emerson Radio Corp. ("Emerson"). The Group recorded an audited net profit attributable to shareholders of HK$91 million for the Year, as compared to HK$175 million for the Corresponding Year. The significant drop in the net profit was mainly due to (1) a net increase in impairment loss of HK$52 million recognised in respect of brands and trademarks, as compared with the Corresponding Year; and (2) a net decrease of HK$79 million in the write back of accrued liabilities with the Deconsolidated Subsidiaries in the Year as compared with the Corresponding Year, which was partly offset by the increase of HK$27 million in the write back of accrued liabilities with former associated companies.

The operations of the Group include the Emerson operations, the licensing operations for Akai, Sansui and Nakamichi brands; and the trading of household appliances in the PRC.

Emerson operations

The revenue generated from the distribution of houseware products and audio products of Emerson for the Year was HK$67 million as compared to HK$115 million for the Corresponding Year. The major reason which contributed to the overall decrease in net product sales of HK$48 million or 41.7% was the decrease in sales of microwave ovens which was driven by a model discontinuation by one of the key customers. Emerson has continued to take active steps to further streamline its operations and reduce and control its operating costs. The operating costs of Emerson for the Year were reduced to HK$29.8 million as compared to HK$38.3 million for the Corresponding Year. As a result, the operating loss of Emerson for the Year was reduced to HK$27 million as compared to HK$31 million for the Corresponding Year.

Licensing revenue of Emerson for both the Year and the Corresponding Year was HK$5 million. In order to increase the licensing income, at the end of 2018, Emerson appointed Leveraged Marketing Corporation of America ("LMCA") as an agent to identify and procure licensing opportunities going forward.

Due to the uncertainties brought by the trade war between the USA and the PRC, the economic environment for the distribution of houseware products and audio products, which are mainly imported from the PRC, has deteriorated. In this respect, the value of the Emerson trademarks, which had already been impaired in previous years, has been further impaired by HK$23 million for the Year.

In December 2016, Emerson publicly announced the approval by its board of directors of the repurchase program of up to US$5 million of its common stock and intended to run the repurchase program to the end of 2017. In September 2017, Emerson's board of directors further approved an additional US$5 million, bringing the total authorised stock repurchase under the program to US$10 million. The program was extended to 30 June 2018, and subsequently to 31 December 2018 at which point it ended. Under the program, repurchases were funded from Emerson's available working capital and repurchased shares were held in the treasury as authorised and issued shares available for general corporate purposes. Upon the completion date of the program, Emerson has repurchased 6,087,180 shares of its common stock. In this respect, the deemed acquisition increased the Group's shareholding in Emerson from 66.9% as at 31 March 2018 to 72.44% as at 31 March 2019.

Licensing operations

The revenue generated from the licensing operations was HK$50 million for the Year as compared to HK$51 million for the Corresponding Year. The operating profit of these operations for the Year was HK$32 million as compared to HK$37 million for the Corresponding Year which represented the net licensing income received from the licensees. The performance of these operations has remained steady throughout the past few years.

The continuing licensing model is that, Akai, Sansui and Nakamichi will grant licensing rights to individual licensees around the world, authorising them to sell products under the respective trademarks. In return, the licensees will pay a licensing fee ranging from 2% to 6%, depending on the respective brands involved, on the gross value of purchases made during the license period. All licensing agreements are subject to a minimum fee payable by the licensees, which varies with individual contracts and are non-refundable. This minimum fee corresponds to the guaranteed minimum gross purchase that each licensee commits. The licensee will have to pay an additional license fee in the case where the actual gross purchase for a license period exceeds the guaranteed minimum gross purchase.

HKFRS 15 "Revenue from Contracts with Customers" has been effective for annual periods beginning on or after 1 January 2018, and affects the basis of recognition of licensing income. The Group adopted this financial reporting standard since the beginning of the Year. Accordingly, we have reviewed the basis for the recognition of licensing income adopted by the Group in the previous years to see whether it complies with the new standard or not. As a result of the review, we have changed the basis of recognising the licensing income from over a period of time for previous years to at a point of time for the Year. This change of basis of recognition has a favourable impact of approximately HK$7 million on the total amount of licensing income recognised during the Year.

Although the licensing income generated for the Year is comparable to the Corresponding Year, the values of the brands and trademarks owned by the licensing operations have been impaired by HK$71 million for the Year, as compared to the impairment charge reversal of HK$2 million in the value of the brands and trademarks in the Corresponding Year. The significant impairment was due to (1) the uncertainty over the trade war between the USA and the PRC, (2) the unfavourable global economic outlook going forward, (3) the renewal of key customer contracts and negotiation with potential customers during the Year on such terms which were below the expectation of management; and (4) keen competition of the relevant markets.

Household appliances operation in the PRC

The Group has many years of experience in the distribution of houseware products and audio products in the USA. The management has decided to utilise this expertise and experience to expand its market in the PRC. A wholly owned subsidiary was therefore incorporated in the PRC in October 2018 to set up a new household appliances trading operation. Towards the end of the Year, this operation has generated approximately HK$1 million revenue. The products traded in this operation mainly include household appliances, wires and cables.

BUSINESS PROSPECT

As mentioned above, the uncertainties brought by the trade war between the USA and the PRC negatively impacted the economic environment of the distribution of houseware products and audio products in the USA, as well as the expected licensing income of the Group. The management has therefore planned to develop three new operations in the PRC as new sources of income, namely, (1) household appliances operation, (2) information technology operation and (3) property development. By the end of the Year, trading transactions of household appliances have successfully commenced and attributed approximately HK$1 million revenue to the Group. The management expects that this operation may continue to generate steady income to the Group. Preparation work has been implemented for the information technology operation and property development during the Year, which will form new sources of income. The information technology operation includes the provision of services for various applications. The property development may include the provision of project management service to those property developers and acting as property developer in the PRC. The management expects these new business activities can maximise the shareholders' value of the Company in the long run.

Regarding the established operations, Emerson will continue to expand its existing distribution channels and to develop and promote new products to regain shelf spaces in these and other retailers in the USA. Emerson is also investing in products and marketing activities to expand its sales through internet and ecommerce channels. These efforts require investments in appropriate human resources, media marketing and development of products in various categories in addition to the traditional home appliances and audio products that Emerson has offered. Emerson also is continuing its efforts to identify strategic courses of action related to its licensing activities, and as previously mentioned has entered into a master license agreement with LMCA to procure potential licensees.

Emerson expects that the recently announced USA tariffs on certain imported goods from China, and the current USA administration's public support for additional tariffs on imported goods from China, and China's retaliatory tariffs on certain goods imported from the USA, as well as modifications to international trade policy, may affect its product costs going forward, which could require Emerson to take pricing action to offset the increasing costs; however, at this time Emerson is unable to quantify this possible effect on its costs. Although Emerson is monitoring the trade environment and working to mitigate the possible effect of tariffs through pricing and sourcing strategies, Emerson cannot be certain how its customers and competitors will react to the actions taken, and some costs may be passed through to Emerson's customers as product price increases in the future.

For the Group's licensing operations, the management expects to expand the footing of its licensing operations in developing countries, such as India and additional countries in Africa.

LIQUIDITY AND FINANCIAL RESOURCES

The current ratio of the Group as at 31 March 2019 was 16.03 as compared to 2.22 as at 31 March 2018. The increase in the current ratio was due to (1) the accrued liabilities with the Deconsolidated Subsidiaries of HK$127 million as at 31 March 2018 was fully written back during the Year; and (2) approximately HK$27 million accrued liabilities with former associated companies brought forward from the Corresponding Year was also written back during the Year.

The Group's working capital requirements were entirely financed by internal resources as the Group continued to generate cash from its licensing business and the distribution of houseware products during the Year. As at 31 March 2019, the Group had accumulated cash and bank balances amounting to HK$424 million as compared to HK$446 million as at 31 March 2018.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries and affiliated companies during the Year.

SIGNIFICANT INVESTMENT

The Group did not make any new significant investment during the Year.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group does not have any concrete plan for material investments or capital assets acquisitions for the coming 12 months.

GEARING

There were no interest-bearing borrowings recorded in the consolidated financial statements of the Group for the Year and for the Corresponding Year respectively.

CHARGES ON GROUP ASSETS

As at 31 March 2019, no assets were pledged to secure other borrowing facilities for the Group (as at 31 March 2018: HK$196 million).

TREASURY POLICIES

The Group's revenues are mainly in US dollars. The Group is not exposed to any significant currency risks since HK dollars have continued to be linked with the US dollars.

EMPLOYEES AND REMUNERATION

The numbers of employees of the Group as at 31 March 2019 and 31 March 2018 were 53 and 40 respectively. The Group remunerates its employees mainly based on industry practice, individual performance and experience. Apart from the basic remuneration, a discretionary bonus may be granted to eligible employees by reference to the Group's performance as well as to an individual's performance in the relevant financial year. Other benefits include medical and retirement schemes.

CONTINGENT LIABILITIES

Except for the cases set out below, the Group did not have significant contingent liabilities as at 31 March 2019 and up to the date of this announcement.

(a) In an Order made by the High Court on 9 May 2016 in respect of case HCCW 177/2011 the Company is required to:

    (i) Indemnify and keep indemnified the former provisional liquidators in the event that the funds paid into court are insufficient to meet the taxed fees and expenses of the former provisional liquidators; and

    (ii) Indemnify and keep indemnified Mr. Fok Hei Yu, Vincent and FTI Consulting (Hong Kong) Limited in respect of the costs of the defence of proceedings HCA 92/2014 ("the Action"), subject to the final determination of the Action. HCA 92/2014 is a legal case filed in January 2014 in the High Court of Hong Kong by Sino Bright against Mr. Fok Hei Yu and FTI Consulting (Hong Kong) Limited for alleged misrepresentation and the case is ongoing.

    As at the date of this announcement, the Company has received no such requests for such fees, costs and expenses.

(b) The legal case with the High Court of Hong Kong under HCA 48/2014 against the former associates of the Company, SEC and SSPL was discontinued in the preceding financial period. During the Year, SEC has been dissolved and SSPL has been struck off.

The management is of the view that no provision is necessary for any of the matters described above, after having considered their respective merits.

EVENTS AFTER BALANCE SHEET DATE

There were no significant events occurred after the balance sheet date.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2019 annual general meeting of the Company, the register of members of the Company will be closed. Details of such closure are set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on Friday, 23 August 2019
Closure of registers of members	Monday, 26 August 2019 to Friday, 30 August 2019 (both days inclusive)
Record date	Friday, 30 August 2019

During the above closure period, no transfer of shares will be registered. To be eligible to attend and vote at the 2019 annual general meeting of the Company, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (New Address: Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) no later than the aforementioned latest time.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 30 August 2019. The notice of annual general meeting will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

CORPORATE GOVERNANCE CODE

The Company's code on corporate governance practices was adopted by reference to the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules.

The Board confirmed that the Company had complied with all principles and code provisions in the Code during the Year, except for the code provisions of the Code as noted hereunder.

Mr. Tan Bingzhao has been acting as the chairman of the Board (the "Chairman") and the Chief Executive Officer ("CEO") of the Company since his appointment as a Director on 2 December 2017, which according to code provision A.2.1, the roles of these two positions should be separate and should not be performed by the same individual.

The Board has considered that the non-segregation would not result in concentration of power in one person and has the advantage of a strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently.

The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The CEO is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing and have been approved by the Board. As mentioned above, the roles of the Chairman and the CEO have been performed by Mr. Tan. However, if the Board does find a suitable candidate for the position of CEO, the above roles will be separately discharged by different persons at that time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors and each of them has confirmed that they have complied with the Model Code during the Year.

REVIEW BY AUDIT COMMITTEE AND AUDITOR

The Group's consolidated financial statements for the Year have been reviewed by the audit committee of the Company. 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 as set out in this preliminary announcement have been agreed by the Company's auditor, Moore Stephens CPA Limited ("Moore Stephens"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Moore Stephens 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 Moore Stephens on this preliminary announcement.

PUBLICATION OF FINANCIAL INFORMATION

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.nimbleholding.com). The Group's annual report for the Year will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board
Nimble Holdings Company Limited
Tan Bingzhao
Chairman

Hong Kong, 28 June 2019

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Tan Bingzhao and Mr. Deng Xiangping; and three independent non-executive Directors, namely, Dr. Lin Jinying, Dr. Lu Zhenghua and Dr. Ye Hengqing.