東江
TK

TK Group (Holdings) Limited
東江集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2283)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of directors (the "**Board**") of TK Group (Holdings) Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018 together with the comparative figures for the year ended 31 December 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2018 HK$'000	2017 HK$'000
Revenue	4	**2,298,609**	1,860,900
Cost of sales	5	**(1,574,191)**	(1,233,897)
Gross profit		**724,418**	627,003
Other income		**24,730**	28,743
Other losses – net		**(2,739)**	(11,118)
Selling expenses	5	**(88,341)**	(84,602)
Administrative expenses	5	**(257,733)**	(215,153)
Operating profit		**400,335**	344,873
Interest income		**9,965**	6,615
Interest expenses		**(3,166)**	(1,981)
Finance income – net		**6,799**	4,634
Profit before income tax		**407,134**	349,507
Income tax expense	6	**(56,949)**	(47,674)
Profit for the year attributable to owners of the Company		**350,185**	301,833
Other comprehensive income			
Item that may be reclassified to profit and loss:			
Currency translation differences		**(36,258)**	38,275
Total comprehensive income for the year		**313,927**	340,108
Earnings per share for the year			
– basic and diluted (HK$ per share)	7	**0.42**	0.36

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2018	2017
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**516,190**	415,697
Intangible assets		**11,693**	12,124
Financial assets at fair value through profit or loss		**23,621**	–
Prepayments for property, plant and equipment		**38,160**	7,793
		589,664	435,614
Current assets			
Inventories		**343,168**	305,468
Trade and other receivables	*9*	**355,318**	347,298
Deposits for bank borrowings		**84,975**	–
Restricted cash		**36,553**	9,412
Cash and cash equivalents		**753,811**	540,815
		1,573,825	1,202,993
Total assets		**2,163,489**	1,638,607
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**83,326**	83,326
Share premium	*12*	**251,293**	251,293
Other reserves		**25,224**	38,466
Retained earnings		**715,615**	538,433
Total equity		**1,075,458**	911,518
LIABILITIES			
Non-current liabilities			
Bank borrowings	*11*	**235,014**	65,210
Deferred income on government grants		**23,793**	11,443
Deferred income tax liabilities		**21,928**	7,694
		280,735	84,347
Current liabilities			
Trade and other payables	*10*	**456,501**	582,589
Contract liabilities		**198,911**	–
Income tax liabilities		**44,666**	27,448
Bank borrowings	*11*	**107,218**	32,705
		807,296	642,742
Total liabilities		**1,088,031**	727,089
Total equity and liabilities		**2,163,489**	1,638,607

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2018	2017
	HK$'000	*HK$'000*
Cash flows from operating activities		
Cash generated from operations	**512,174**	425,483
Interest received	**4,673**	3,210
Income tax paid	**(25,401)**	(28,636)
Net cash generated from operating activities	**491,446**	400,057
Cash flows from investing activities		
Purchase of property, plant and equipment and construction in progress	**(262,732)**	(119,979)
Purchase of intangible assets	**(4,359)**	(4,465)
Proceeds from disposal of property, plant and equipment	**1,812**	5,820
Purchase of financial assets at fair value through profit or loss (2017: available-for-sale financial assets)	**(553,644)**	(333,706)
Proceeds from financial assets at fair value through profit or loss (2017: available-for-sale financial assets)	**535,349**	337,296
Net cash used in investing activities	**(283,574)**	(115,034)
Cash flows from financing activities		
Proceeds from employee share option exercised	**–**	10,723
Proceeds from bank borrowings	**370,966**	100,000
Repayments of bank borrowings	**(126,649)**	(201,379)
(Increase)/decrease in deposits for bank borrowings	**(84,975)**	90,766
Interest paid	**(3,166)**	(2,086)
Dividends paid	**(149,987)**	(124,323)
Net cash generated from/(used in) financing activities	**6,189**	(126,299)
Net increase in cash and cash equivalents	**214,061**	158,724
Cash and cash equivalents at beginning of the year	**540,815**	381,310
Currency translation (losses)/gains on cash and cash equivalents	**(1,065)**	781
Cash and cash equivalents at end of the year	**753,811**	540,815
Analysis of balances of cash and cash equivalents:		
Cash and cash on hand	**790,364**	550,227
Restricted cash	**(36,553)**	(9,412)
	753,811	540,815

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 March 2013 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company, an investment holding company, and its subsidiaries (collectively the "**Group**") are principally engaged in the manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components in the People's Republic of China (the "**PRC**"). As at 31 December 2018, the ultimate shareholders of the Group are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu (collectively the "**Ultimate Shareholders**"), each holding an effective equity interest of 28.69%, 17.85% and 17.22% in the Company, respectively.

On 20 December 2013, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and requirements of the Hong Kong Companies ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Group's accounting policies.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for their annual reporting period commencing 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The Group's assessment of the impact of these new or amended standards is set out below.

Adoption of HKFRS 9

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories.

Reclassification from available-for-sale to financial assets at fair value through profit or loss.

Investments in wealth management products were reclassified from available-for-sale to financial assets at fair value through profit or loss (FVPL) during the year (nil as at 31 December 2018 and 1 January 2018).

(ii) Impact on the financial statements

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 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. HKFRS 9 was generally adopted by the Group without restating comparative information.

(iii) Impairment of financial assets

The Group has one type of financial assets that is subject to HKFRS 9's new expected credit loss model:

- Trade and other receivables

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The Group has assessed and considered the impact arising from the change in impairment methodology on the Group's retained earnings and equity as being immaterial.

Adoption of HKFRS 15

The Group has also adopted HKFRS 15 "Revenue from contracts with customers" on 1 January 2018 using the simplified transition method. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a five-step approach: (i) identify the contract(s) with a customer; (ii) identify separate performance obligations in a contract; (iii) determine the transaction price; (iv) allocate transaction price to performance obligations; and (v) recognise revenue when performance obligation is satisfied. HKFRS 15 also provides specific guidance on contract costs and license arrangements. It also includes a cohesive set of disclosure requirements about revenue and cash flows arising from the contracts with customers. In accordance with the transitional provision in HKFRS 15, the Directors consider that the changes in accounting policy of revenue recognition pursuant to HKFRS 15 do not have material impact on the revenue recognised in the consolidated statement of comprehensive income.

Reclassification of deposits received from customers to contract liabilities was made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

	Carrying amount 31 December 2017 *HK$'000*	Reclassification	**Carrying amount 1 January 2018** ***HK$'000***
Deposits received from customers	179,702	(179,702)	**–**
Contract liabilities	–	179,702	**179,702**

(b) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has now been deferred
HKFRS 16	Leases	1 January 2019
HK (IFRIC)- Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1 January 2019
Annual Improvements projects	Annual Improvements to HKFRSs 2015-2017 Cycle	1 January 2019
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a business	1 January 2020
Conceptual Framework for Financial Reporting 2018		1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021

The Group is in the process of making an assessment of the impact of these new and revised HKFRS upon initial application. So far the Group has identified no aspects of the new and revised standards and interpretations that are expected to have significant financial impact on the Group's performance and position.

4. SEGMENT INFORMATION

The segment information for the reportable segments is set out as below:

	Mold fabrication		Plastic components manufacturing		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
Segment revenue	**783,399**	738,211	**1,606,197**	1,211,144	**2,389,596**	1,949,355
Inter-segment revenue elimination	**(90,987)**	(88,455)	**–**	–	**(90,987)**	(88,455)
Revenue from external customers	**692,412**	649,756	**1,606,197**	1,211,144	**2,298,609**	1,860,900
Timing of revenue recognition						
At a point in time	**692,412**	649,756	**1,606,197**	1,211,144	**2,298,609**	1,860,900
Segment results	**258,748**	242,978	**465,670**	384,025	**724,418**	627,003
Other income and other losses – net					**21,991**	17,625
Selling expenses					**(88,341)**	(84,602)
Administration expenses					**(257,733)**	(215,153)
Finance income – net					**6,799**	4,634
Profit before income tax					**407,134**	349,507

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**2,239,258**	1,793,394
Modification service income	**59,351**	67,506
Turnover	**2,298,609**	1,860,900

5. EXPENSES BY NATURE

	2018 *HK$'000*	2017 *HK$'000*
Changes in inventories of finished goods and work in progress	**(32,461)**	(30,951)
Raw materials and consumables used	**820,698**	641,970
Employee benefit expenses	**585,866**	492,380
Subcontracting expenses	**191,257**	144,717
Depreciation and amortisation	**103,322**	87,565
Operating lease payments	**58,075**	42,427
Transportation and travelling expenses	**56,605**	46,838
Water and electricity expenditures	**41,716**	35,798
Other taxes and levies	**18,478**	15,530
Maintenance expenses	**13,641**	9,897
Advisory and legal service expenses	**13,771**	6,884
Commission expenses	**8,491**	13,076
Security and estate management expenses	**6,601**	2,084
Advertising and promotion fees	**4,938**	3,616
Utilities and postage fees	**4,228**	4,715
Recruitment expenses	**3,285**	1,239
Donations	**2,728**	2,046
Custom declaration charges	**2,584**	2,357
Bank charges and handling fees	**1,221**	1,015
Auditors' remuneration		
– Audit services	**4,581**	3,980
– Non audit services	**575**	553
Allowance for trade receivables	**408**	1,220
Reversal of allowance for impairment of inventories	**(917)**	(3,498)
Other expenses	**10,574**	8,194
Total cost of sales, selling expenses and administrative expenses	**1,920,265**	1,533,652
Research and development expenses represented:		
– Raw materials and consumables used	**27,437**	21,287
– Employee benefit expenses	**27,162**	35,339
	54,599	56,626

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**10,579**	18,869
– PRC corporate income tax	**32,535**	28,263
– Income tax over-provided in previous years	**(495)**	(116)
Total current tax expense	**42,619**	47,016
Deferred income tax		
(Increase)/decrease in deferred tax assets	**(2,650)**	918
Increase/(decrease) in deferred tax liabilities	**16,980**	(260)
Total deferred tax expense	**14,330**	658
Income tax expense	**56,949**	47,674

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the year ended 31 December 2018.

(c) PRC corporate income tax ("CIT")

CIT is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits. The applicable CIT rate is 25% (2017: 25%). TK Mold (Shenzhen) Limited, TK Precision Plastics (Shenzhen) Limited and TK Plastic Products (Suzhou) Limited, subsidiaries of the Group, were recognised as "New and High Technology Enterprise" and thus enjoy a preferential CIT rate of 15% from 1 January 2017 to 31 December 2019, 1 January 2018 to 31 December 2020 and 1 January 2016 to 31 December 2018 respectively.

(d) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding income tax rate is applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil certain requirements under the tax treaty arrangements between the PRC and Hong Kong.

(e) The British Virgin Islands (the "BVI") income tax

No provision for income tax in BVI has been made as the Group has no income assessable for income tax in BVI during the year (2017: nil).

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year.

	2018	2017
Profit attributable to owners of the Company (HK$'000)	**350,185**	301,833
Weighted average number of ordinary shares issued (thousands)	**833,260**	829,949
Basic earnings per share (HK$)	**0.42**	0.36

(b) Diluted

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive ordinary shares at the year ended 31 December 2018 (2017: Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive ordinary shares).

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.06 (2017 Interim: HK$0.05) per ordinary share	**49,996**	41,663
Proposed final dividend of HK$0.14 (2017: HK$0.12) per ordinary share	**116,656**	99,991
	166,652	141,654

The dividends paid in 2018 and 2017 were HK$149,987,000 (HK$0.18 per share) and HK$124,323,000 (HK$0.15 per share) respectively. A final dividend in respect of the year ended 31 December 2018 of HK$0.14 per share, amounting to a total of approximately HK$116,656,000, is to be proposed at the forthcoming annual general meeting ("**AGM**").

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**308,719**	297,978
Less: allowance for impairment	**(6,250)**	(5,922)
Trade receivables, net	**302,469**	292,056
Export tax refund receivables	**10,568**	20,968
Prepayments and deposits	**27,827**	19,363
Value-added tax recoverable	**8,579**	7,772
Advances to employees	**4,510**	4,521
Others	**1,365**	2,618
	355,318	347,298

Note:

The carrying amounts of the trade receivables are denominated in the following currencies:

	2018	2017
	HK$'000	*HK$'000*
USD	**229,559**	222,999
RMB	**60,749**	52,283
EUR	**7,811**	16,012
HK$	**10,561**	6,684
GBP	**39**	–
	308,719	297,978

The credit period granted to customers is generally between 30 and 90 days. The ageing analysis of the trade receivables from the date of sales is as follows:

	2018	2017
	HK$'000	*HK$'000*
Less than 3 months	**284,170**	285,685
More than 3 months but not exceeding 1 year	**23,289**	12,293
More than 1 year	**1,260**	–
	308,719	297,978

The fair values of trade and other receivables approximated their carrying amounts as at 31 December 2018 and 2017.

10. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**307,774**	264,104
Deposits received from customers	**–**	179,702
Wages and staff welfare benefits payable	**121,906**	103,816
Accrual for expenses and other payables	**19,245**	27,956
Other taxes payable	**7,576**	7,011
	456,501	582,589

The ageing analysis of trade payables based on the goods/services receipt date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–90 days	**235,252**	207,554
91–120 days	**41,388**	31,949
121–365 days	**29,893**	16,056
Over 365 days	**1,241**	8,545
	307,774	264,104

11. BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Non-current		
Bank borrowings		
– unsecured	**265,262**	95,220
Less: current portion of non-current borrowings	**(30,248)**	(30,010)
	235,014	65,210
Current		
Bank borrowings		
– unsecured	**–**	2,695
– secured *(Note)*	**76,970**	–
Total short-term bank borrowings	**76,970**	2,695
Current portion of non-current borrowings	**30,248**	30,010
	107,218	32,705
Total borrowings	**342,232**	97,915

Note:

As at 31 December 2018, bank borrowings amounting to HK$76,970,000 (2017: nil) were secured over the following:

	2018	2017
	HK$'000	*HK$'000*
Bank deposits	**84,975**	–

12. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares	**2018 Shares *(thousands)***	2017 Shares *(thousands)*	**2018 Share capital *(HK$'000)***	2017 Share capital *(HK$'000)*
Issued and fully paid	**833,260**	833,260	**83,326**	83,326

(a) Movement in issued shares is as follows:

	Number of ordinary shares *(thousands)*	**Share capital** *(HK$'000)*	**Share premium** *(HK$'000)*	**Total** *(HK$'000)*
Balance at 1 January 2017	826,600	82,660	237,902	320,562
Proceeds from shares issued upon exercise of share options	6,660	666	10,057	10,723
Transfer from other reserves upon exercise of share options	–	–	3,334	3,334
Balance at 31 December 2017 and 31 December 2018	**833,260**	**83,326**	**251,293**	**334,619**

(b) All shares issued rank pari passu with each other.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In retrospect to the worldwide economy in 2018, the global trade disputes were becoming increasingly fierce and the international political and economic conditions were clouded with uncertainties, resulting in a difficult and struggling business environment. In spite of that, the Group still achieved a stable business growth. During the year under review, the three major segments, namely the mobile phones and wearable devices segment, the commercial telecommunications equipment segment and the smart home segment in the downstream industries maintained upward trend. In 2018, The Group's revenue for the year was HK$2,298.6 million (2017: HK$1,860.9 million), representing an increase of 23.5% as compared to that of last year.

Industry	2018		2017		Change	
	HK$ million	*%*	*HK$ million*	*%*	*HK$ million*	*%*
Mobile phones and wearable devices	**561.7**	**24.4**	369.1	19.8	192.6	52.2
Commercial telecommunications equipment	**496.9**	**21.6**	359.3	19.3	137.6	38.3
Automobiles	**398.2**	**17.3**	387.9	20.8	10.3	2.7
Medical and health care	**306.2**	**13.3**	296.7	15.9	9.5	3.2
Smart home	**256.3**	**11.2**	210.3	11.3	46.0	21.9
Household electrical appliances	**115.6**	**5.0**	73.8	4.0	41.8	56.6
Digital devices	**46.3**	**2.0**	69.9	3.8	–23.6	–33.8
Others	**117.4**	**5.2**	93.9	5.1	23.5	25.0
	2,298.6	**100.0**	1,860.9	100.0	437.7	23.5

Regarding gross profit, the gross profit of the Group increased to HK$724.4 million (2017: HK$627.0 million), representing a growth of 15.5% over last year, while the gross profit margin dropped 2.2 percentage points to 31.5% (2017: 33.7%). During the year, the pricings, average production efficiency and costs of the products of the Group were affected to a certain extent by various factors, including dampened consumption of high-end electronics consumer by the poor market sentiment, enhanced price sensitivity and postponed launch of new products. In addition, to cope with the increasing orders, the Group purchased new equipment for expansion of production capacity during the year. However, the gross profit margin was temporarily dragged down as the production process remained at trial stage. The Group believed that, with the temporary effects gradually alleviating, a full release of the production capacity is expected in 2019, leading to effective improvement in gross profit.

With all of the above mentioned, the Group hit a record high in its profit attributable to owners of the Company of HK$350.2 million during the year (2017: HK$301.8 million), representing a significant year-on-year increase of 16.0%. Net profit margin was 15.2% (2017: 16.2%), and slightly decreased by 1.0 percentage point over last year. Basic earnings per share was HK$0.42 (2017: HK$0.36), representing an increase of 16.7% as compared to that of last year.

Furthermore, the Group's trade receivable turnover days remained stable at around 48 days, which was attributable to our effective credit control policies. Meanwhile, such policies also enabled the Group to maintain net cash of HK$533.1 million (2017: HK$452.3 million). The sound financial position enables the Group to engage in merger and acquisition activities in a more active manner and to adopt other necessary measures so as to stimulate business growth. The Group has a considerable amount of orders on hand, as at 31 December 2018, amounting to HK$788.0 million, which remained at a stable level as compared with HK$789.7 million as at 31 December 2017.

BUSINESS SEGMENT ANALYSIS

Mold Fabrication Business

During the year under review, the revenue of the mold fabrication segment from external customers amounted to approximately HK$692.4 million, representing a stable and healthy growth of approximately 6.6% as compared with approximately HK$649.8 million in last year, and accounting for approximately 30.1% of the Group's total revenue.

The Group has production lines for ultra-large standard molds and high-precision molds. The major products of the Group's ultra-large standard molds are automobiles components. The clients mainly include first-tier component suppliers who manufacture automobile components for renowned automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. High-precision molds cover a number of high-end electronics consumer product businesses, such as commercial telecommunications equipment, mobile phones and wearable devices, medical and health care. Coupled with the downstream plastic components manufacturing business, the Group provides convenient one-stop services with high economic efficiency to our customers.

During the year, the sales in mold fabrication segment increased with the help of the stable utilization rate of the production lines and the improvement in internal management, and the gross profit margin maintained at a stable level of 37.4% (2017: 37.4%). Besides, upon the upgrade of mold workshop, three intelligently flexible production lines were added in 2018, summing up to a total of four production lines. By continuously improving production capacity and efficiency through intellectualization, and striving to deliver molds and design solutions with high quality, the Group enjoyed a dominant advantage in terms of its plastic mold fabrication technique.

Plastic Components Manufacturing Business

Revenue from the plastic components manufacturing segment amounted to approximately HK$1,606.2 million (2017: HK$1,211.1 million), representing a significant increase of 32.6% over last year, and accounting for approximately 69.9% of the Group's total revenue.

The revenue of mobile phones and wearable devices segment maintained upward trend and recorded a year-on-year increase in revenue of 52.2%, which was mainly attributable to the significant increase in orders for smartphone protective cases from a brand customer. Leveraging on its leading capabilities in mold fabrication and automation technologies, the Group received high recognition from customers as well as a greater proportion of orders among suppliers. In addition, orders from the smartphone brand customer grew steadily during the year, yet the proposed launch of new products was postponed. A popular audio brand customer introduced several new wireless wearable device products, driving orders to soar. The Group has long been immersed in the field of high-tech wearable devices and has dominated a leading position in the industry, which helps to facilitate the expansion of new client base and capitalize on the increasing market demand for high-tech wearable devices, thereby enabling mutual growth with customers.

Commercial telecommunications equipment segment achieved a year-on-year growth of 38.3%, which was mainly driven by the consistent rise in the business of the international brand customers of the commercial telecommunications equipment.

Demand in the smart home segment showed ascending trend, up 21.9% over last year. Being the key supplier of some products for two leading smart home brands in North America, the Group has maintained good cooperative relationships with the brand customers, and has successively obtained orders for the parts of new products during the year. The Group will continue to strengthen the cooperation with the leading brand customers so as to expand its exposure in the smart home market.

During the year under review, being hit by the trade war and the overall weak consumer market sentiment, the Group was, indirectly, suffered from price-cutting pressure from customers. And, some on-going pre-launch tests of samples of new products remained in the adjustment stage, which affected profit margin. Nevertheless, while the gross profit margin from this segment decreased to 29.0% (2017: 31.7%), the segment was still considered by the Group as a healthy level in view of its high production efficiency. Having 30% expansion in production capacity completed during the year, the Group believes that, with the launch of new products gradually getting on track, the efficiency will be fully released, thus driving gross profit margin to rise. The Group officially set up a technical service center in Silicon Valley in the US in 2018, delivering instant technical services to local customers. Positive feedback from customers for the provision of instant services in Silicon Valley by the Group has been received and one of the renowned smart home brands has even started cooperation with the Group during the year.

OUR CLIENTS

As at 31 December 2018, sales of the Group are mainly export sales and our customers are mainly prestigious corporations and brands in Europe and America. Clients of the Group cover a wide range of industries, from automobile to household electrical appliances to mobile phones and wearable devices as well as medical and health care. As a key supplier of molds and plastics of high-end electronic products, the Group's orders are widely impacted by the launch time, popularity and life cycle of products of its downstream industry clients. However, being engaged in the molds and plastic injection industry for more than 30 years, the Group always sticks to the strategy of client diversity in order to manage and minimize risks efficiently. Currently, the Group has been widely recognized as a trustworthy business partner of various internationally known brands of consumer goods, including numbers of leading brands in many fast-growing industries such as smartphones, health care and wearable devices.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2018 was approximately HK$2,298.6 million, representing an increase of HK$437.7 million or 23.5% when compared with the revenue of approximately HK$1,860.9 million in 2017.

In 2018, the revenue from external customers of the mold fabrication segment was approximately HK$692.4 million, representing an increase of approximately HK$42.6 million or 6.6% when compared with revenue of approximately HK$649.8 million in 2017. The Group's major products of ultra-large standard molds are automobiles components. The Group's clients mainly include first tier component suppliers which produce automobile components to European automobiles brands such as Mercedes-Benz, BMW and Volkswagen.

In 2018, the revenue from external customers of the plastic components manufacturing segment was approximately HK$1,606.2 million, representing an increase of approximately HK$395.1 million or 32.6% when compared with the revenue of approximately HK$1,211.1 million in 2017, which was mainly attributable to the continuous upward trend in the three segments, being mobile phones and wearable devices, commercial communication equipment segment and smart home segment, in the downstream industries.

Gross Profit

Gross profit for the year ended 31 December 2018 was approximately HK$724.4 million, representing an increase of approximately HK$97.4 million or 15.5% as compared with the gross profit of approximately HK$627.0 million in 2017. Gross profit margin dropped 2.2 percentage points to 31.5% (2017: 33.7%). Being dampened by the overall poor consumer market sentiment, brand customers of high-end electronic consumer goods enhanced their sensitivity to price and postponed the launch of new products, which, to a certain extent, affected the Group's product pricings, average production efficiency and costs. Besides, to cope with the rising orders, the Group purchased new equipment for capacity expansion, but, some of the production processes remained at trial stage which temporarily dragged down the gross profit margin. The Group believes that the temporary effect has been gradually alleviated and that the production efficiency will be fully released in 2019 to effectively improve gross profit.

The gross profit margin for the mold fabrication segment maintained at a healthy level of 37.4%, which was consistent with last year. Upon the upgrade of mold workshop, three intelligently flexible production lines were added in 2018, summing up to a total of four production lines. By continuously improving production capacity and efficiency through intellectualization, and striving to deliver molds and design solutions with high quality, the Group enjoyed a dominant advantage in terms of its plastic mold fabrication technique.

The gross profit margin for the plastic components manufacturing segment diminished from 31.7% in 2017 to 29.0% for the year. The diminished gross profit margin was mainly because the Group indirectly suffered from price-cutting pressure from the customer due to the trade war and the overall poor consumer market sentiment. And, some on-going pre-launch tests of samples of new products remained in the adjustment stage, which dampened gross profit margin. Nevertheless, with high production efficiency in the plastic component manufacturing segment, the Group believes that, with the launch of new products gradually getting on track, the resulting efficiency will be fully released and thus driving gross profit margin to rise.

Other Income

Other income for the year ended 31 December 2018 was approximately HK$24.7 million, representing a decrease of approximately HK$4.0 million or 14.0% when compared with HK$28.7 million in 2017. The decrease was mainly attributable to the decrease of approximately HK$4.0 million in government grants income of the Group.

Other Losses – Net

Other losses, net for the year ended 31 December 2018 was approximately HK$2.7 million, representing a decrease of approximately HK$8.4 million when compared to the other losses, net of HK$11.1 million in 2017. In order to minimise the effect of fluctuation of the Euro to the Group, the Group borrowed a Euro-denominated bank loan equivalent to the amount of the Group's existing orders from Europe to effectively hedge the effects of fluctuations of the exchange rates of Euro on the Group.

Selling Expenses

For the year ended 31 December 2018, the selling expenses were approximately HK$88.3 million (2017: HK$84.6 million) and the percentage to sales amounted to 3.8% (2017: 4.5%), representing an increase of approximately HK$3.7 million or 4.4% when compared to 2017, and the percentage to sales decreased by 0.7 percentage point. The increase in selling expenses was mainly due to the increase in transportation expenses brought by the growth in sales.

Administrative Expenses

For the year ended 31 December 2018, the administrative expenses were approximately HK$257.7 million (2017: HK$215.2 million) and the percentage to sales amounted to 11.2% (2017: 11.6%), representing an increase of approximately HK$42.5 million or 19.8% when compared to 2017, and the percentage to sales declined by 0.4 percentage point. The increase in the administrative expenses was mainly attributable to: (1) the significant growth of the operation for the year and the increase in employee salaries and bonuses due to the recruitment of more senior management talents in response to new project development needs of the customers; (2) the increase in lease expense over last year as the Group confirmed several workshop expansion and upgrade projects in 2018 in order to fulfill the abundant orders on hand and to secure new customers and projects under negotiation; and (3) the increase in expenses for consultation and legal services over last year as the Group devoted more investment in the consultation of corporate mergers and acquisitions.

Finance Income – Net

Net finance income for the year ended 31 December 2018 was approximately HK$6.8 million, representing an increase of approximately HK$2.2 million or 46.7% as compared to the net finance income of approximately HK$4.6 million in 2017, which was primarily due to the increased income earned by purchasing financial assets.

Income Tax Expense

Income tax expense for the year ended 31 December 2018 was approximately HK$56.9 million (2017: HK$47.7 million) and the effective tax rate was 14.0% (2017: 13.6%). Income tax expense increased by approximately HK$9.2 million or 19.5% as compared to 2017, which was mainly attributable to the growth in profit before tax. Furthermore, all of the Group's principal mold fabrication and plastic components manufacturing companies are National New and High Technology Enterprises which enjoy a preferential enterprise income tax rate of 15%, and our research and development expenses benefited from the preferential policy of extra pre-tax deduction, and as such, the effective tax rate was 14.0%.

Profit for the Year Attributable to Owners of the Company

Profit attributable to owners of the Company for the year ended 31 December 2018 was approximately HK$350.2 million, representing an increase of approximately HK$48.4 million or 16.0% from approximately HK$301.8 million in 2017.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a sound financial position during the year. As at 31 December 2018, the Group had net current assets of approximately HK$766.5 million (31 December 2017: HK$560.3 million). The Group had total cash and bank balances of approximately HK$875.3 million (31 December 2017: HK$550.2 million), including cash and cash equivalents of approximately HK$753.8 million (31 December 2017: HK$540.8 million), deposits for bank borrowings of approximately HK$85.0 million (31 December 2017: Nil) and restricted cash of approximately HK$36.5 million (31 December 2017: HK$9.4 million). The current ratio of the Group as at 31 December 2018 was approximately 195.0% (31 December 2017: 187.2%).

Total equity of the Group as at 31 December 2018 was approximately HK$1,075.5 million (31 December 2017: HK$911.5 million). The gearing ratio as at 31 December 2018 was approximately 31.8% (31 December 2017: 10.7%). Such increase was mainly attributed to a bank loan of EUR8.6 million to hedge the exchange risks related to the sales proceeds denominated in Euro from the European customers during the year.

DEBT MATURITY PROFILE

The maturity profile of the Group's borrowings is set out below:

	2018	2017
	HK$'000	*HK$'000*
Within 1 year	**107,218**	32,705
Between 1 and 2 years	**99,103**	30,430
Between 2 and 5 years	**135,911**	34,780
	342,232	97,915

An analysis of the Group's key liquidity ratios as at 31 December 2018 is as follows:

	2018	2017
Inventory turnover days *(Note 1)*	**76**	86
Trade receivable turnover days *(Note 2)*	**48**	50
Trade payable turnover days *(Note 3)*	**66**	70
Current ratio *(Note 4)*	**195.0%**	187.2%

Notes:

1. Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant year multiplied by 365 days.

2. Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant year multiplied by 365 days.

3. Trade payable turnover days are calculated based on the average trade payables divided by cost of sales for the relevant year multiplied by 365 days.

4. Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.

INVENTORY TURNOVER DAYS

During the year, the Group's inventory turnover days were 76 days, representing a decrease of 10 days when compared with that of 2017, which was primarily attributable to the change in product mix and strengthening of inventory management.

TRADE RECEIVABLE TURNOVER DAYS

During the year, the Group's trade receivable turnover days were 48 days, which was approximate to that of 2017.

TRADE PAYABLE TURNOVER DAYS

During the year, the Group's trade payable turnover days were 66 days, which was approximate to that of 2017.

CURRENT RATIO

As at 31 December 2018, the Group's current ratio was 195.0%, which was approximate to that of 2017.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operated in the PRC and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to HK dollar, US dollar, Euro and RMB. Exchange rate fluctuations and market trends have always been a main concern of the Group. Foreign currency hedging of the Group has been managed by the Group's chief financial officer, and overseen by the Group's chief executive officer. In accordance with the Group's hedging needs and the then foreign exchange situation, the Group's chief financial officer would collect and analyze information regarding various hedging instruments and determine stop-loss thresholds. The Group's chief financial officer would then collect quotations from various banks as to the financial instrument and present such quotations to the Group's chief executive officer, who would then evaluate and make a decision as to whether to enter into the relevant hedging agreement. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Group's cash and bank balances were primarily denominated in US dollar, RMB and HK dollar. Its operating cash inflows and outflows were primarily denominated in RMB, US dollar, Euro and HK dollar. The Group will closely monitor the exchange rate movements and regularly review its gearing structure so as to mitigate the expected exchange rate risk.

RMB EXCHANGE RATE RISK

The Group's major revenue is principally denominated in US dollar, Euro, HK dollar and RMB, and the Group's major expenses are denominated in RMB. The Group has not entered into any agreement for RMB hedging purpose.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the year, and the Company's capital included ordinary shares and other reserves.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company was listed on the Stock Exchange on 20 December 2013. Net proceeds from the initial public offering totaled approximately HK$268.0 million (including the net proceeds from the exercise of the over-allotment option which took place on 15 January 2014).

The table below sets out the use of net proceeds from the initial public offering and the unutilised amounts as at 31 December 2018. All unutilised amounts are deposited in licensed banks in Hong Kong.

Use of proceeds

			Till 31 December 2018	
	% of total amount	**Net proceeds** *(HK$ million)*	**Utilised amounts** *(HK$ million)*	**Unutilised amounts** *(HK$ million)*
Establishing a new business unit specialising in ultra-large standard molds	19%	51.9*	51.9	–
Upgrading mold fabrication capabilities	14%	37.1*	37.1	–
Expanding Shenzhen plastic components manufacturing capacity	22%	59.4*	59.4	–
Expanding Suzhou plastic components manufacturing capacity	17%	44.5*	44.5	–
Strategic acquisitions of other mold fabricators	11%	29.5*	16.4	13.1
Research and development	8%	21.5*	21.5	–
General working capital	9%	24.1*	24.1	–
	100%	268.0*	254.9	13.1

* On 15 January 2014, China Merchants Securities (HK) Co., Limited, the sole global coordinator (on behalf of the international underwriters) of the global offering, partially exercised the over-allotment option, pursuant to which the Company issued 26,600,000 ordinary shares of HK$0.1 each at the subscription price of HK$1.25 per share. The allocation of the net proceeds of HK$32.4 million was adjusted on a pro rata basis as set out in the section headed "Use of Proceeds" in the Company's prospectus dated 11 December 2013 (the "**Prospectus**"). As a result, the net aggregate proceeds were increased from HK$235.6 million to HK$268.0 million.

The use of proceeds shown above is in line with the intended use as set out in the Prospectus.

PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Group plans to invest in capacity expansion and pursue suitable investment projects to capitalize the potential growth of the Group's business in the coming years in the manner set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Such source of funding would be primarily from the internal resources.

STAFF POLICY

As at 31 December 2018, the Group had 3,564 full-time employees (31 December 2017: 3,726) and 665 workers dispatched to us from third party staffing companies (31 December 2017: 520).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share option scheme for its directors and employees in a bid to provide a competitive package for the Group's long-term growth and development. The Group also provides appropriate training and development programmes to its employees to enhance the staff's work ability and personal performance.

The Group has implemented training programmes for the employees to meet different job requirements. The Group believes that these initiatives have contributed to increasing employee productivity.

As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefits of its PRC employees which provide pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2018, the Group has made no material acquisitions or disposals of subsidiaries.

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities.

PROSPECTS

Looking forward to 2019, given the uncertainties exerted by the Sino-US trade war, volatile financial market and unstable international political situation, the Group considers the coming year will be more challenging. Albeit the minimal direct effect to the Group by the trade war, the Group has indirectly suffered from cost pressure from customers in the year. The Group will adhere to its mission of facilitating success of its customers by unremittingly introducing smart automation for the upgrade and optimization of production efficiency. The Group is full of confidence to its own capability that it will become a solid support for customers in such challenging business environment and will differentiate itself from industry peers.

In order to fulfill the abundant orders on hand and to secure new customers and projects under negotiation, the Group has confirmed several workshop expansion and upgrade projects in 2018 and its newly leased plant in Huizhou with a site area of approximately 15,000 square meters will commence operation in the first quarter of 2019. The Group will pursue appropriate site in the neighboring areas for further expansion of production capacity for plastic components manufacturing. Furthermore, to reduce geopolitical and policy risks, the Group is actively seeking for appropriate resources for building up plants in Southeast Asia. In addition to construction of its own plant, it may acquire enterprises with similar corporate culture and prominent techniques and management to accelerate business expansion and minimize any possible effect caused by continuous trade disputes.

With high-end consumer goods becoming the mainstream of the consumer market, the Group's professional research and development team will keep abreast of the new products and industry trend, explore quality customers and projects and exploit potential of existing customers for higher supply proportion. The Group has long been upholding its operating visions of customer diversification. We cooperate with leading enterprises from various segments, and have become the most preferred supplier of plastic component manufacturing solutions of high technology and innovation enterprises from Silicon Valley, as well as the most trustworthy business partner of internationally renowned consumer brands. We are highly confident to our future and will cautiously face the volatile and challenging economic environment in the coming year, in order to cement the Group's position as the world's leading supplier of one-stop integrated plastic component manufacturing solutions.

Developments as to Defects to Land Title with Respect to the Shenzhen Tangjia Plants

Reference is made to the Prospectus and the announcement of the Company dated 20 March 2014. Unless otherwise defined herein, capitalized terms used in this sub-section shall have the same meanings as those defined in the Prospectus. As the Bureau of Urban Planning and Land Commission of the Shenzhen Municipality (深圳市規劃國土委) is examining policy proposals regarding the conversion of land use from high-technology project to commercial use by payment of land premium for submission for the approval of the municipal government, pursuant to the instructions of the Land Bureau, TK Technology (Shenzhen) Ltd. ("**TK Technology (Shenzhen)**") will submit the written application to convert the green-type property ownership certificate into the red-type property ownership certificate after the promulgation of the relevant policy.

As disclosed in the section headed "Business — Properties — Plans to Resolve Risks Related to Certain of Our Leased Properties" of the Prospectus, the Company has contingency arrangements in place and will adopt such measures when it is necessary. Such contingency arrangements include relocating to the Backup Plants by exercising the Company's right to request the Backup Plants Landlord to enter into the formal lease agreement with the Company within 15 days from the Company's notice to the Backup Plants Landlord for one or more of the Backup Plants pursuant to the Pre-lease Agreements. Towards the expiry of the Pre-lease Agreements, in the event that TK Technology (Shenzhen) has yet to convert the green-type property ownership certificate into red-type property ownership certificate, the Company shall seek to either renew the Pre-lease Agreements or engage another party for a similar arrangement. For details of the contingency arrangements, please refer to the section headed "Business — Properties — Plans to Resolve Risks Related to Certain of Our Leased Properties" of the Prospectus. The Company has renewed the Pre-lease Agreements until 31 December 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance is very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets and implements appropriate corporate governance policies for the business operation and growth of the Group. The Board is committed to strengthening the Group's corporate governance measures to ensure transparency and accountability of the Company's operations.

The Company has applied the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

In the opinion of the directors, the Company had complied with all the code provisions as set out in the CG Code during the year ended 31 December 2018.

AUDIT COMMITTEE

The Audit Committee comprises 3 members, namely, Mr. Tsang Wah Kwong (Chairman), Dr. Chung Chi Ping Roy and Mr. Ho Kenneth Kai Chung. All are independent non-executive directors of the Company. The primary duties of the Committee are to review and supervise the Group's financial reporting process and risk management and internal control systems.

As part of the process of the annual review, the Committee and the Board have performed evaluation of the Group's accounting, internal audit and financial reporting functions, to ensure the adequacy of resources, qualifications and experience of staff for the functions, and the training programmes and budget.

The Committee has reviewed with the management the annual results, the accounting principles and practices adopted by the Group for the year ended 31 December 2018 and discussed the Group's auditing, risk management and internal control and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2018 have been agreed by the Company'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 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 PricewaterhouseCoopers on the results announcement.

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 as its code of conduct regarding directors' dealings in the Company's securities.

Having made specific enquiry to the directors, all directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2018.

DIVIDEND

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's Articles of Association. The Board will continually review the said dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

After considering the above-mentioned factors, the Board has recommended the payment of a final dividend of HK$0.14 per share for the year ended 31 December 2018 to the shareholders whose names appear on the register of members of the Company at the close of business on 22 May 2019, amounting to a total of approximately HK$116,656,000. The proposed final dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend, if approved, is expected to be paid on 6 June 2019.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on 14 May 2019, the register of members of the Company will be closed from 8 May 2019 to 14 May 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered shareholders of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7 May 2019.

For determining the entitlement to the aforesaid proposed final dividend, the register of members of the Company will be closed from 20 May 2019 to 22 May 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on 17 May 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the year ended 31 December 2018 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.tkmold.com.

An annual report for the year ended 31 December 2018, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
TK Group (Holdings) Limited
Li Pui Leung
Chairman

Hong Kong, 11 March 2019

As at the date of this announcement, the executive directors of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael, Mr. Lee Leung Yiu and Mr. Cheung Fong Wa; and the independent non- executive directors of the Company are Dr. Chung Chi Ping Roy, Mr. Ho Kenneth Kai Chung and Mr. Tsang Wah Kwong.