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**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 2017**

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 2017 together with the comparative figures for the year ended 31 December 2016, as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2017</b>	<b>2016</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>1,860,900</b>	1,626,611
Cost of sales	5	<u><b>(1,233,897)</b></u>	<u>(1,170,133)</u>
<b>Gross profit</b>		<b>627,003</b>	456,478
Other income		<b>28,743</b>	22,734
Other (losses)/gains – net		<b>(11,118)</b>	15,372
Selling expenses	5	<b>(84,602)</b>	(86,626)
Administrative expenses	5	<u><b>(215,153)</b></u>	<u>(181,244)</u>
<b>Operating profit</b>		<b>344,873</b>	226,714
Interest income		<b>6,615</b>	5,533
Interest expenses		<u><b>(1,981)</b></u>	<u>(3,230)</u>
Finance income – net		<u><b>4,634</b></u>	<u>2,303</u>
<b>Profit before income tax</b>		<b>349,507</b>	229,017
Income tax expense	6	<u><b>(47,674)</b></u>	<u>(23,319)</u>
<b>Profit for the year attributable to owners of the Company</b>		<b>301,833</b>	205,698
<b>Other comprehensive income</b>			
<i>Item that may be reclassified to profit and loss:</i>			
Currency translation differences		<u><b>38,275</b></u>	<u>(35,263)</u>
<b>Total comprehensive income for the year</b>		<u><b>340,108</b></u>	<u>170,435</u>
<b>Earnings per share for the year</b>			
– basic and diluted (HK\$ per share)	7	<u><b>0.36</b></u>	<u>0.25</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2017	2016
	Note	HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		415,697	362,400
Intangible assets		12,124	11,035
Prepayments for property, plant and equipment		7,793	12,154
		<u>435,614</u>	<u>385,589</u>
<b>Current assets</b>			
Inventories		305,468	264,388
Trade and other receivables	9	347,298	253,564
Deposits for bank borrowings		–	90,766
Restricted cash		9,412	26,476
Cash and cash equivalents		540,815	381,310
		<u>1,202,993</u>	<u>1,016,504</u>
<b>Total assets</b>		<u><b>1,638,607</b></u>	<u><b>1,402,093</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	12	83,326	82,660
Share premium	12	251,293	237,902
Other reserves		38,466	(5,767)
Retained earnings		538,433	370,215
		<u>911,518</u>	<u>685,010</u>
<b>Total equity</b>		<u><b>911,518</b></u>	<u><b>685,010</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	11	65,210	34,310
Deferred income on government grants		11,443	7,516
Deferred income tax liabilities		7,694	7,184
		<u>84,347</u>	<u>49,010</u>
<b>Current liabilities</b>			
Trade and other payables	10	582,589	494,021
Income tax liabilities		27,448	9,068
Bank borrowings	11	32,705	164,984
		<u>642,742</u>	<u>668,073</u>
<b>Total liabilities</b>		<u><b>727,089</b></u>	<u><b>717,083</b></u>
<b>Total equity and liabilities</b>		<u><b>1,638,607</b></u>	<u><b>1,402,093</b></u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cash flows from operating activities</b>		
Cash generated from operations	425,483	266,356
Interest received	3,210	3,242
Income tax paid	<u>(28,636)</u>	<u>(24,638)</u>
Net cash generated from operating activities	<u>400,057</u>	<u>244,960</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and construction in progress	(119,979)	(98,875)
Purchase of intangible assets	(4,465)	(4,020)
Proceeds from disposal of property, plant and equipment	5,820	4,670
Purchase of available-for-sale financial assets	(333,706)	(221,318)
Proceeds from available-for-sale financial assets	<u>337,296</u>	<u>223,792</u>
Net cash used in investing activities	<u>(115,034)</u>	<u>(95,751)</u>
<b>Cash flows from financing activities</b>		
Proceeds from employee share option exercised	10,723	–
Proceeds from bank borrowings	100,000	326,790
Repayments of bank borrowings	(201,379)	(332,835)
Decrease in deposits for bank borrowings	90,766	13,472
Interest paid	(2,086)	(3,221)
Dividends paid	<u>(124,323)</u>	<u>(90,926)</u>
Net cash used in financing activities	<u>(126,299)</u>	<u>(86,720)</u>
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year	381,310	319,951
Currency translation gains/(losses) on cash and cash equivalents	781	(1,130)
Cash and cash equivalents at end of the year	<u>540,815</u>	<u>381,310</u>
Analysis of balances of cash and cash equivalents:		
Cash and cash on hand	550,227	407,786
Restricted cash	<u>(9,412)</u>	<u>(26,476)</u>
	<u>540,815</u>	<u>381,310</u>

## 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 is an investment holding company and the Group is 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 2017, the ultimate shareholders of the Group are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu, each holding an effective equity interest of 30.79%, 19.16% and 18.48% 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 available-for-sale financial assets 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 judgment 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 2017:

HKAS 12 (Amendments)	Recognition of deferred tax assets for unrealized losses
HKAS 7 (Amendments)	Disclosure for changes in liabilities arising from financing activities
Annual improvements project	Annual improvements 2014-2016 cycle

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) **New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Group.

		<b>Effective for accounting periods beginning on or after</b>
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019

**4. SEGMENT INFORMATION**

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

	<b>Mold fabrication</b>		<b>Plastic components manufacturing</b>		<b>Total</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>						
Segment revenue	<b>738,211</b>	696,337	<b>1,211,144</b>	995,215	<b>1,949,355</b>	1,691,552
Inter-segment revenue elimination	<b>(88,455)</b>	(64,941)	<b>-</b>	-	<b>(88,455)</b>	(64,941)
Revenue from external customers	<b>649,756</b>	631,396	<b>1,211,144</b>	995,215	<b>1,860,900</b>	1,626,611
Segment results	<b>242,978</b>	179,342	<b>384,025</b>	277,136	<b>627,003</b>	456,478
Other income and other gains – net					<b>17,625</b>	38,106
Selling expenses					<b>(84,602)</b>	(86,626)
Administration expenses					<b>(215,153)</b>	(181,244)
Finance income – net					<b>4,634</b>	2,303
<b>Profit before income tax</b>					<b>349,507</b>	229,017
					<b>2017</b>	<b>2016</b>
					<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>						
Sales of goods					<b>1,793,394</b>	1,566,618
Modification service income					<b>67,506</b>	59,993
Turnover					<b>1,860,900</b>	1,626,611

## 5. EXPENSES BY NATURE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Changes in inventories of finished goods and work in progress	(30,951)	(11,546)
Raw materials and consumables used	641,970	573,722
Employee benefit expenses ( <i>Note</i> )	492,380	452,358
Subcontracting expenses	144,717	143,016
Depreciation and amortisation	87,565	75,395
Transportation and travelling expenses	46,838	48,043
Operating lease payments	42,427	43,794
Water and electricity expenditures	35,798	35,001
Commission expenses	13,076	18,347
Other taxes and levies	15,530	17,702
Allowance for receivables	1,220	3,072
Reversal of allowance for impairment of inventories	(3,498)	(7,192)
Auditors' remuneration		
– Audit services	3,980	3,787
– Non audit services	553	528
Maintenance expenses	9,897	10,683
Advisory and legal service expenses	6,884	9,537
Utilities and postage fees	4,715	3,922
Advertising and promotion fees	3,616	3,302
Custom declaration charges	2,357	2,176
Security and estate management expenses	2,084	1,518
Donations	2,046	2,165
Recruitment expenses	1,239	2,307
Bank charges and handling fees	1,015	1,112
Other expenses	8,194	5,254
	<hr/>	<hr/>
<b>Total cost of sales, selling expenses and administrative expenses</b>	<b>1,533,652</b>	<b>1,438,003</b>
	<hr/>	<hr/>
Research and development expenses represented:		
– Raw materials and consumables used	21,287	9,993
– Employee benefit expenses	35,339	30,253
	<hr/>	<hr/>
	<b>56,626</b>	<b>40,246</b>
	<hr/>	<hr/>

Note:

The employee benefits expenses of the Group are set out below:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Wages	399,301	374,716
Bonuses	41,811	31,342
Pension costs – defined contribution plans	16,644	14,250
Other social security costs	19,767	17,501
Other allowances and benefits	14,857	14,549
	<u>492,380</u>	<u>452,358</u>

The bonus expenses vary in line with changes in our results. During the year under review, the Group's results have recorded significant growth and our bonus expenses have also recorded an associated increase.

## 6. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	18,869	–
– PRC corporate income tax	28,263	23,998
– PRC corporate income tax over-provided in previous years	(116)	(925)
<b>Total current tax expense</b>	<u>47,016</u>	<u>23,073</u>
Deferred income tax		
Decrease in deferred tax assets	918	324
Decrease in deferred tax liabilities	(260)	(78)
<b>Total deferred tax expense</b>	<u>658</u>	<u>246</u>
<b>Income tax expense</b>	<u>47,674</u>	<u>23,319</u>

### (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% (2016: 16.5%) on the estimated assessable profits for the year ended 31 December 2017.

(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% (2016: 25%). TK Mold (Shenzhen) Limited, TK Precision Plastics (Shenzhen) Limited and TK Plastic Products (Suzhou) Limited, subsidiaries of the Group, were recognized 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 2015 to 31 December 2017 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 (2016: 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.

	2017	2016
Profit attributable to owners of the Company (HK\$'000)	<u>301,833</u>	<u>205,698</u>
Weighted average number of ordinary shares issued (thousands)	<u>829,949</u>	<u>826,600</u>
Basic earnings per share (HK\$)	<u>0.36</u>	<u>0.25</u>

(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 2017 (2016: the outstanding share options did not have any material dilutive impact, therefore, the diluted earnings per share of the Company approximated the basic earnings per share).

## 8. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim dividend paid of HK\$0.05 (2016 Interim: HK\$0.04) per ordinary share	41,663	33,064
Proposed final dividend of HK\$0.12 (2016: HK\$0.10) per ordinary share	<u>99,991</u>	<u>82,660</u>
	<b><u>141,654</u></b>	<b><u>115,724</u></b>

The dividends paid in 2017 and 2016 were HK\$124,323,000 (HK\$0.15 per share) and HK\$90,926,000 (HK\$0.11 per share) respectively. A final dividend in respect of the year ended 31 December 2017 of HK\$0.12 per share, amounting to a total of approximately HK\$99,991,000, is to be proposed at the forthcoming annual general meeting (“AGM”).

## 9. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables ( <i>Note</i> )	297,978	213,079
Less: allowance for impairment	<u>(5,922)</u>	<u>(6,807)</u>
Trade receivables, net	292,056	206,272
Export tax refund receivables	20,968	16,883
Prepayments and deposits	19,363	17,632
Value-added tax recoverable	7,772	7,650
Advances to employees	4,521	4,127
Others	<u>2,618</u>	<u>1,000</u>
	<b><u>347,298</u></b>	<b><u>253,564</u></b>

*Note:*

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
USD	222,999	159,172
RMB	52,283	22,512
EUR	16,012	27,565
HK\$	<u>6,684</u>	<u>3,830</u>
	<b><u>297,978</u></b>	<b><u>213,079</u></b>

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:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Less than 3 months	<b>285,685</b>	202,283
More than 3 months but not exceeding 1 year	<b>12,293</b>	10,220
More than 1 year	–	576
	<u><b>297,978</b></u>	<u>213,079</u>

The fair values of trade and other receivables approximated their carrying amounts as at 31 December 2017 and 2016.

#### **10. TRADE AND OTHER PAYABLES**

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<b>264,104</b>	211,355
Deposits received from customers	<b>179,702</b>	163,446
Wages and staff welfare benefits payable	<b>103,816</b>	81,397
Accrual for expenses and other payables	<b>27,956</b>	30,897
Other taxes payable	<b>7,011</b>	6,926
	<u><b>582,589</b></u>	<u>494,021</u>

The ageing analysis of trade payables is as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–90 days	<b>207,554</b>	164,392
91–120 days	<b>31,949</b>	27,187
121–365 days	<b>16,056</b>	10,207
Over 365 days	<b>8,545</b>	9,569
	<u><b>264,104</b></u>	<u>211,355</u>

## 11. BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current</b>		
Bank borrowings		
– unsecured	95,220	55,761
Less: current portion of non-current borrowings	<u>(30,010)</u>	<u>(21,451)</u>
	<u>65,210</u>	<u>34,310</u>
<b>Current</b>		
Bank borrowings		
– unsecured	2,695	64,576
– secured ( <i>Note</i> )	<u>–</u>	<u>78,957</u>
Total short-term bank borrowings	2,695	143,533
Current portion of non-current borrowings	<u>30,010</u>	<u>21,451</u>
	<u>32,705</u>	<u>164,984</u>
<b>Total borrowings</b>	<u><b>97,915</b></u>	<u><b>199,294</b></u>

*Note:*

As at 31 December 2017, the Group did not hold secured bank borrowings (2016: bank borrowings amounting to HK\$78,957,000 were secured over bank deposits of HK\$90,766,000).

## 12. SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares	<b>2017</b> <i>Shares</i> <i>(thousands)</i>	2016 <i>Shares</i> <i>(thousands)</i>	<b>2017</b> <i>Share capital</i> <i>(HK\$'000)</i>	2016 <i>Share capital</i> <i>(HK\$'000)</i>
Issued and fully paid	<u>833,260</u>	<u>826,600</u>	<u>83,326</u>	<u>82,660</u>

(a) Movement in issued shares is as follows:

	Number of shares <i>(thousands)</i>	Ordinary shares <i>(HK\$'000)</i>	Share premium <i>(HK\$'000)</i>	Total <i>(HK\$'000)</i>
<b>At 1 January 2016 and 31 December 2016</b>	826,600	82,660	237,902	320,562
Proceeds from shares issued upon exercise of share options (i)	6,660	666	10,057	10,723
Transfer from other reserve upon exercise of share options (ii)	<u>–</u>	<u>–</u>	<u>3,334</u>	<u>3,334</u>
<b>Balance at 31 December 2017</b>	<u>833,260</u>	<u>83,326</u>	<u>251,293</u>	<u>334,619</u>

- (i) Employee share option scheme: options exercised during the year resulted in 6,660,000 shares being issued, with exercise proceeds of HK\$10,723,000.
- (ii) Upon exercise of share options, share options reserve amounting to HK\$3,334,000 was transferred to share premium.

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

## 13. SHARE-BASED PAYMENTS

On 29 December 2014, options over 6,660,000 shares were granted to three directors of the Company at the exercise price of HK\$1.61 per share with no vesting condition. The exercise price of the granted options was equal to the market price of the shares on the date of the grant. The options are exercisable within three years from the grant date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The 6,660,000 granted options were exercised during the year. The related weighted average share price at the time of exercise was HK\$3.17 each per share.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

In 2017, the Group has again achieved spectacular results for the year. During the year under review, amid the continuing recovery among key economies in the world, market demands have experienced gradual recovery, and especially the demands for the emerging electronics have been increasing. Leveraging on the diversified customer base as well as our devotion to the high-quality and high-precision plastic molds, the Group has captured the opportunities arising from the growing momentum of the market. During the year under review, three major segments, namely the smart home segment, the medical and health care segment as well as the mobile phones and wearable devices segment in the downstream industries have recorded a more robust growth than last year. In 2017, the Group's revenue for the year was HK\$1,860.9 million (2016: HK\$1,626.6 million), representing an increase of 14.4% compared to that of the last year.

Industry	2017		2016		Change	
	HK\$ million	%	HK\$ million	%	HK\$ million	%
Automobiles	387.9	20.8	387.1	23.8	0.8	0.2
Mobile phones and wearable devices	369.1	19.8	296.0	18.2	73.1	24.7
Commercial telecommunications equipment	359.3	19.3	374.6	23.0	-15.3	-4.1
Medical and health care	296.7	15.9	217.6	13.4	79.1	36.4
Smart home	210.3	11.3	90.7	5.6	119.6	131.9
Household electrical appliances	73.8	4.0	88.7	5.5	-14.9	-16.8
Digital devices	69.9	3.8	79.2	4.9	-9.3	-11.7
Others	93.9	5.1	92.7	5.6	1.2	1.3
	<u>1,860.9</u>	<u>100.0</u>	<u>1,626.6</u>	<u>100.0</u>	<u>234.3</u>	<u>14.4</u>

Benefiting from the positive consumer sentiment, the considerable amount of orders in 2017 has made the production line reach its full capacity and significantly reduced the average production unit cost. Meanwhile, the strict implementation on quality enhancement within the Group was also proved effective, thereby strengthening the awareness of quality enhancement and waste reduction among departments, together with the continued increase in production efficiency driving by the sustainable development of smart production, the gross profit margin has had a further increase. During the year under review, the Group's gross profit increased to HK\$627.0 million (2016: HK\$456.5 million), representing an increase of 37.3% compared to that of the last year; the gross profit margin increased to 33.7% (2016: 28.1%), representing a year-on-year growth of 5.6 percentage points.

Taking into account the above factors, the Group recorded a profit attributable to owners of the Company for 2017 of HK\$301.8 million (2016: HK\$205.7 million), representing a significant year-on-year increase of 46.7%. The net profit margin is 16.2% (2016: 12.6%), representing a growth of 3.6 percentage points over that of the last year. Basic earnings per share were HK36 cents (2016: HK25 cents).

Moreover, the Group's trade receivable turnover days remained steady at around 50 days due to our effective credit policies. Meanwhile, such policies also resulted in an increase in the Group's net cash to HK\$452.3 million (2016: HK\$299.3 million). The sound financial position enables the Group to engage in merger and acquisition in a more active manner and to adopt necessary measures to promote the growth of the Group. In addition, the Group has considerable orders on hand. As at 31 December 2017, the Group's orders on hands amounted to HK\$789.7 million, representing an increase of 22.3% compared with HK\$645.5 million as at 31 December 2016.

## **BUSINESS SEGMENT ANALYSIS**

### *Mold Fabrication Business*

In 2017, the revenue of the mold fabrication business division from external customers amounted to approximately HK\$649.8 million, representing a stable increase of approximately 2.9% when compared to approximately HK\$631.4 million in last year, and accounting for approximately 34.9% of the Group's total revenue. Supported by the increased amount of orders and the enhanced utilization rate of production lines, as well as the positive impacts on gross profit resulting from the appreciation of Euro. During the year under review, the gross profit margin of the mold fabrication business increased by 9.0 percentage points to 37.4%.

The major products of the Group's ultra-large standard molds are automobiles components. The Group's clients mainly include tier one component suppliers to European automobile brands such as Mercedes-Benz, BMW and Volkswagen. The Group possesses respectable design capability, and involves in the design of our clients' products at an early stage. We assist in offering design proposals with high efficiency and cost-effectiveness and at the same time maintain high-quality of the precision molds, building a good reputation in the industry. The Group has been dedicating to seeking perfection in the production of ultra-large standard molds, and has established a designated R&D team for its flagship products to focus on the research, development and enhancement, with a view to becoming a specialized mold supplier.

In addition to the production line of ultra-large standard molds, the Group has also set up production lines for precision molds, covering 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 one-stop services and also quality and convenient production solutions to our customers.

#### *Plastic Components Manufacturing Business*

In 2017, the revenue of the plastic components manufacturing business division from external customers amounted to approximately HK\$1,211.1 million (2016: HK\$995.2 million), representing an increase of 21.7% compared with last year, and accounting for approximately 65.1% of the Group's total revenue.

During the year under review, with the rising demands in the smart home segment in North America, the Group has received a large amount of orders from two leading brands of smart home in North America and became their exclusive supplier of relevant products, driving an increase of 131.9% in the smart home segment during the year compared with last year. Currently, the Group has been undergoing the development of new products progressively with smart home brand customers, and has confidence in sustaining the growth momentum in 2018 and 2019.

For mobile phones and wearable devices segment, leveraging on its outstanding automatic and smart production technology, the Group has won satisfactory feedbacks from its smartphone brand customer. Coinciding with the smartphone brand customer launching its new products at the end of 2017, the Group successfully received orders of product components for the new product and secured a larger share of order among all suppliers for the existing products, driving considerable increase in the turnover during the year under review. Together with the increase in the sales of a popular audio equipment brand client, the revenue of mobile phones and wearable devices segment has recorded a year-on-year revenue growth of 24.7%.

For medical and health care, the growth impetus remained during the year under review with the revenue increased by 36.4% year-on-year, mainly attributable to the rising market demands for medical and healthcare products as well as the new products launched by customers during the year which promoted the results in this segment.

The Group has been committed to optimizing the highly automatic and smart production. During the year under review, due to the significant improvement in production efficiency resulted from the increased production volume and the Group's efforts in automation, the gross profit margin for the plastic components manufacturing business division improved to 31.7% from approximately 27.8% for last year, representing a significant increase of 3.9 percentage points.

## **OUR CLIENTS**

As at 31 December 2017, the 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 diversify 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 2017 was HK\$1,860.9 million, representing an increase of HK\$234.3 million or 14.4% when compared with the revenue of HK\$1,626.6 million in 2016.

In 2017, the revenue from external customers of the mold fabrication segment was HK\$649.8 million, representing an increase of HK\$18.4 million or 2.9% when compared with revenue of HK\$631.4 million in 2016. The Group's major products of ultra-large standard molds are automobiles components. The Group's clients mainly include tier one component suppliers to European automobiles brands such as Mercedes-Benz, BMW and Volkswagen.

In 2017, the revenue from external customers of the plastic components manufacturing segment was HK\$1,211.1 million, representing an increase of HK\$215.9 million or 21.7% when compared with the revenue of HK\$995.2 million in 2016. The revenue increased compared with last year, which was mainly attributable to the positive spending sentiment in the market. By leveraging our outstanding automatic and smart production technology, we have secured more orders for components, and thereby three segments, being smart home, mobile phones and wearable devices as well as medical and health care segment in the downstream industries, have recorded significant growth as compared with last year.

### **Gross Profit**

Gross profit for the year ended 31 December 2017 was HK\$627.0 million, representing an increase of HK\$170.5 million or 37.3% when compared with the gross profit of HK\$456.5 million in 2016. Such increase was mainly attributable to the sufficient amount of orders, resulting in the capacity of its production line being fully reached, which in turn significantly reduced the average production unit cost. Meanwhile, the strict implementation on quality enhancement within the Group was also proved effective, thereby strengthening the awareness of quality enhancement and waste reduction among departments. Together with the continued increase in production efficiency driving by the sustainable development of smart production, the gross profit margin has had a further increase.

The gross profit margin for the mold fabrication segment increased from 28.4% in 2016 to 37.4% for the year, primarily due to the increased number of orders, the continuous enhancement of the utilization rate of production lines, and the positive impacts on the gross profit margin resulting from the appreciation of Euro during the year, achieving an increase of 9.0 percentage points in the gross profit margin of the mold fabrication segment.

The gross profit margin for the plastic components manufacturing segment increased from 27.8% in 2016 to 31.7% for the year, which increased primarily due to the significant improvement in production efficiency arising from the increased production volume and the Group's continuous efforts in enhancing the automation of production lines.

### **Other Income**

Other income for the year ended 31 December 2017 was HK\$28.7 million, representing an increase of HK\$6.0 million or 26.4% when compared with HK\$22.7 million in 2016. The increase was mainly attributable to the increase of approximately HK\$5.0 million in government grants income of the Group.

## **Other (Losses)/Gains – Net**

Net other losses for the year ended 31 December 2017 was HK\$11.1 million, representing a decrease of HK\$26.5 million when compared to the net other gains of HK\$15.4 million in 2016. During the year, US dollars depreciated against Renminbi, therefore, the Group recorded an exchange loss from revaluation of the closing exchange rate of US dollar-denominated assets. In addition, 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 Euro on the Group. Although the rise of exchange rate of Euro may cause a foreign exchange loss of Euro-denominated bank loan, the revenue of Euro-denominated business will increase accordingly as the exchange rate increases. The Group expected the effect of fluctuation of the exchange rate of Euro to be relatively low, therefore Euro hedging has been cancelled in December 2017.

## **Selling Expenses**

For the year ended 31 December 2017, the selling expenses was HK\$84.6 million (2016: HK\$86.6 million) and the percentage to sales amounted to 4.5% (2016: 5.3%), representing a decrease of HK\$2.0 million when compared to 2016, and the percentage to sales decreased by 0.8 percentage point, which was mainly of the reason that the Group changed the calculation of sales commission during the year, resulting in the decrease in sales commission as compared to last year.

## **Administrative Expenses**

For the year ended 31 December 2017, the administrative expenses was HK\$215.2 million (2016: HK\$181.2 million) and the percentage to sales amounted to 11.6% (2016: 11.1%), representing an increase of HK\$34.0 million when compared to 2016, and the percentage to sales increased by 0.5 percentage point. The increase in the administrative expenses was mainly attributable to: 1) the significant growth of the results for the year and the annual salary adjustment which led to the increase in wages and bonuses of employees; 2) during the year, the Group commenced the development of new products with customers such as smart home brands, which led to the increase in development expenses as compared to the corresponding period of last year; and 3) the renovation of the new office building and purchase of equipment during the year, which led to the increase in depreciation. Excluding the above effects of bonuses and development costs, the percentage of administrative expenses to sales in 2017 was 8.5%, representing a decrease of 0.5 percentage point as compared to 9.0% in 2016.

## **Finance Income – Net**

Net finance income for the year ended 31 December 2017 was HK\$4.6 million, representing an increase of HK\$2.3 million or 100.0% as compared to the net finance income of HK\$2.3 million in 2016, which was mainly attributable to the decrease in operating loans as a result of sufficient cash flows of the Group as well as the number of purchase of principal guaranteed available-for-sale financial assets increased, which led to the increase in the net finance income.

## **Income Tax Expense**

Income tax expense for the year ended 31 December 2017 was HK\$47.7 million (2016: HK\$23.3 million) and the effective tax rate was 13.6% (2016: 10.2%). Income tax expense increased by HK\$24.4 million as compared to 2016, which was mainly attributable to the significant growth in profit before tax, which led to the increase in income tax expense. Furthermore, all of the Group's principal mold fabrication and plastic components manufacturing companies were National New and High Technology Enterprise which enjoyed a preferential enterprise income tax rate of 15%, and our research and development expenses were benefited from the preferential policy of extra pre-tax deduction, as such, the effective tax rate was 13.6%.

## **Profit for the Year Attributable to Owners of the Company**

Profit attributable to owners of the Company for the year ended 31 December 2017 was HK\$301.8 million, representing an increase of HK\$96.1 million or 46.7% from HK\$205.7 million in 2016.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group maintained a good financial position during the year. As at 31 December 2017, the Group had net current assets of approximately HK\$560.3 million (31 December 2016: HK\$348.4 million). The Group had cash and cash equivalents of approximately HK\$540.8 million (31 December 2016: HK\$381.3 million). The current ratio of the Group as at 31 December 2017 was approximately 187.2% (31 December 2016: 152.2%).

Total equity of the Group as at 31 December 2017 was approximately HK\$911.5 million (31 December 2016: HK\$685.0 million). The gearing ratio as at 31 December 2017 was approximately 10.7% (31 December 2016: 29.1%). The gearing ratio is lower than that as at 31 December 2016. Such decrease was mainly due to the decrease in operating loans as a result of sufficient cash flows of the Group as well as the increase in equity caused by the profits earned during the year.

## DEBT MATURITY PROFILE

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

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Within 1 year	<b>32,705</b>	164,984
Between 1 year and 2 years	<b>30,430</b>	19,810
Between 2 years and 5 years	<b>34,780</b>	14,500
	<b><u>97,915</u></b>	<u>199,294</u>

An analysis of the Group's key liquidity ratios as at 31 December 2017 is as follows:

	<b>2017</b>	2016
Inventory turnover days ( <i>Note 1</i> )	<b>86</b>	84
Trade receivable turnover days ( <i>Note 2</i> )	<b>50</b>	45
Trade payable turnover days ( <i>Note 3</i> )	<b>70</b>	69
Current ratio ( <i>Note 4</i> )	<b>187.2%</b>	152.2%

*Notes:*

1. Inventory turnover days are calculated based on the average balance of inventory 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 86 days, which was approximate to that of 2016.

## **TRADE RECEIVABLE TURNOVER DAYS**

During the year, the Group's trade receivable turnover days were 50 days, representing an increase of 5 days as compared to that in 2016, which was mainly due to the significant increase in sales amounts during the fourth quarter of 2017. The relevant sales are still within normal credit period.

## **TRADE PAYABLE TURNOVER DAYS**

During the year, the Group's trade payable turnover days were 70 days, which was approximate to that of 2016.

## **CURRENT RATIO**

As at 31 December 2017, the Group's current ratio was 187.2%, representing an increase of 35.0 percentage points as compared to that in 2016, which was mainly attributable to the increase in net current assets of the Group.

## **FOREIGN EXCHANGE RISK MANAGEMENT**

The Group mainly operates in the PRC and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to the HK dollar, US dollar, Euro and RMB. Exchange rate fluctuations and market trends have always been the main concerns 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, Euro 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 on 15 January 2014).

The table below sets out the use of net proceeds from the initial public offering.

## Use of proceeds

	% of total amount	Net proceeds (HK\$ million)	Till 31 December 2017	
			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	–
	<u>100%</u>	<u>268.0*</u>	<u>254.9</u>	<u>13.1</u>

\* 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 2017, the Group had 3,726 full-time employees (31 December 2016: 3,286) and 520 workers dispatched to us from third party staffing companies (31 December 2016: 621). The Group's staff policy aims at recruiting employees with high levels of professionalism. Such employees are mainly allocated to the engineering and research and development departments, aiming at providing the customers with one-stop and customized integrated plastics solutions. As at 31 December 2017, the Group had 415 engineering and research and development staff with college or higher degrees (31 December 2016: 331).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes that the remuneration packages are reasonable, 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 the 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 2017, the Group has made no material acquisitions or disposals of subsidiaries.

## **CONTINGENT LIABILITIES**

As at 31 December 2017, the Group did not have any significant contingent liabilities.

## **OUTLOOK**

With the 2017 recovery among key economies in the world continuing in 2018, the Group, being one of the leading providers of the advanced one-stop plastic solution in the world, as well as a long-term business partner of the major technology giants in the United States and various internationally-known high-tech consumer brands, will usher into a new era of tremendous opportunities. It includes new product implementation plans in 2018 which have been confirmed among the diversified customer base, that will bring us fruitful and adequate orders. Currently, the existing orders have high visibility. As of 31 December 2017, the Group's orders on hand was HK\$789.7 million (31 December 2016: HK\$645.5 million), representing a year-on-year growth of 22.3%.

The Group will constantly reinforce the existing partnerships with its clients in the field of high-precision plastic molds and components, as well as to proactively identify and seek for new customers. In particular, the Group is optimistic about the future business development of the automobiles mold in Europe and North America, and is currently actively establishing a technical support center to respond to customers' demands on our products more promptly, so as to further expand its customer base, sales channel and regions coverage. Given that the production lines have nearly reached their full utilization, the Group is now seeking for a suitable site in the peripheral area of Shenzhen for plants expansion and is also searching for merger and acquisition opportunities to increase capacity. Meanwhile, the Group continues to make effort in upgrading its smart and automatic production facilities, thereby optimizing operating procedures and production efficiency to satisfy the increasing orders. For the production technology and product quality, especially for those of the mold fabrication, the Group will dedicate to pursuing specialization and seeking perfection on top of the existing technological strength, continuing making breakthrough and innovation, so as to lay a solid foundation for its long-term and sustainable development.

The Group signed an investment agreement in December 2017, of which the Group strategically invested a total amount of GBP2,280,000 (equivalent to approximately HK\$23,800,000) in Precision Robotics, a robotic surgery medical robot platform in the United Kingdom. Such transaction has been completed in January 2018. The investment is in line with the Group's expansion strategy in the medical and healthcare sector, and it underscores the Group's determination to further penetrate into the fast growing medical industry and explore global

opportunities in technology advancement. Precision Robotics is a new spin off company launched by Imperial College London. The investment in Precision Robotics will enhance the Group's business reputation in the medical technology sector and create more opportunities to acquire new customers. In order to enhance its competitiveness, the Group will continuously explore opportunities for mergers and acquisitions, actively seek for targets that have complementary advantages and can facilitate in expanding the Group's customer mix and technology enhancement, so as to further expand its business and improve the profitability.

Looking into 2018, the Group is not only aiming to maintain its leading position in the high-precision plastic molds sector, to reinforce its existing customer base, but also looking into the future, to grow bigger and stronger, and to become a model for its peers in the industry and contribute more to society. The Group has over 30 years of experience in the mold and plastic industry. With the close relationships with various giants in high-tech consumer brands leveraging on its abundant experiences in molds and plastic injection as well as its advanced technology, the Group is confident that it would jump to a new height riding on the prevailing trend of high-end technology consumer products diversification and upgrade.

#### **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 2017.

## **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 2017.

## **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 Board has 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 2017 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 2017 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 2017.

## **DIVIDEND**

The Board has recommended the payment of a final dividend of HK12 cents per share for the year ended 31 December 2017 to the shareholders whose names appear on the register of members of the Company at the close of business on 23 May 2018, amounting to a total of approximately HK\$99,991,000. 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 1 June 2018.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM to be held on 14 May 2018, the register of members of the Company will be closed from 9 May 2018 to 14 May 2018, 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 8 May 2018.

For determining the entitlement to the aforesaid proposed final dividend, the register of members of the Company will be closed from 21 May 2018 to 23 May 2018, 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 18 May 2018.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement of the Company for the year ended 31 December 2017 is available for viewing on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.tkmold.com](http://www.tkmold.com).

An annual report for the year ended 31 December 2017, 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, 12 March 2018

*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.*