KEE Holdings Company Limited
開易控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2011)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	2017	2016	**Change**
	$'000	*$'000*	**%**
		(Restated)	
Revenue	**184,732**	145,568	**+26.9**
Gross profit	**57,704**	42,071	**+37.2**
(Loss)/profit from continuing operations	**(13,762)**	31,125	**–144.2**
Loss from discontinued operation (attributable to equity shareholders)	**(31,808)**	(7,888)	**303.2**
(Loss)/profit attributable to equity shareholders	**(45,127)**	21,940	**–305.7**

	2017	2016	**Change**
	$'000	*$'000*	**%**
Total assets	**380,180**	405,760	**–6.3**
Cash and cash equivalents	**95,590**	186,496	**–48.7**
Total equity attributable to equity shareholders	**314,083**	298,523	**+5.2**

FINANCIAL RESULTS

The board of directors (the "Board") of KEE Holdings Company Limited (the "Company") is pleased to present the consolidated results of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2017, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000* (Restated)
Continuing operations			
Revenue	*2*	**184,732**	145,568
Cost of sales		**(127,028)**	(103,497)
Gross profit		**57,704**	42,071
Other (losses)/gains, net	*3*	**(10,592)**	7,339
Distribution costs		**(15,197)**	(10,989)
Administrative expenses		**(40,248)**	(34,318)
Gain on disposal of a subsidiary		**–**	17,837
Gain on disposal of property, plant and equipment and leasehold land to related parties		**–**	17,609
(Loss)/profit from operations		**(8,333)**	39,549
Finance costs	*4(a)*	**–**	(9)
(Loss)/profit before taxation	*4*	**(8,333)**	39,540
Income tax	*5*	**(5,429)**	(8,415)
(Loss)/profit from continuing operations		**(13,762)**	31,125
Loss from discontinued operation	*6*	**(31,808)**	(7,888)
(Loss)/profit for the year		**(45,570)**	23,237
Attributable to:			
Equity shareholders of the Company		**(45,127)**	21,940
Non-controlling interests		**(443)**	1,297
(Loss)/profit for the year		**(45,570)**	23,237
(Loss)/earnings per share from continuing operations attributable to equity shareholders of the Company (HK cents)	*7*		
Basic		**(3.0)**	6.9
Diluted		**(3.0)**	6.9
(Loss)/earnings per share attributable to equity shareholders of the Company (HK cents)	*7*		
Basic		**(10.0)**	5.1
Diluted		**(10.0)**	5.0

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2017**	2016
		HK$'000	*HK$'000*
			(Restated)
(Loss)/profit for the year		**(45,570)**	23,237
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences on translation of the financial statements of subsidiaries in the Mainland China		**28,450**	(21,778)
— Fair value gain on available-for-sale investment		**3,480**	–
— Other comprehensive income arising from discontinued operation	*6*	**3,064**	(8,146)
		34,994	(29,924)
Total comprehensive income for the year		**(10,576)**	(6,687)
Attributable to:			
Equity shareholders of the Company		**(13,630)**	(4,717)
Non-controlling interests		**3,054**	(1,970)
Total comprehensive income for the year		**(10,576)**	(6,687)
Attributable to:			
Continuing operations		**18,168**	9,347
Discontinued operation		**(28,744)**	(16,034)
Total comprehensive income for the year		**(10,576)**	(6,687)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**57,805**	57,323
Intangible assets		**2,448**	3,047
Available-for-sale investment	*8*	**103,480**	–
Prepayments for property, plant and equipment		**292**	93
Rental deposit		**987**	–
Deferred tax assets		**3,039**	2,985
		168,051	63,448
Current assets			
Inventories	*10*	**23,924**	19,417
Trade and other receivables	*11*	**92,615**	135,759
Current tax recoverable		**–**	38
Cash and cash equivalents	*12*	**95,590**	186,496
Assets held for sale		**–**	602
		212,129	342,312
Current liabilities			
Trade and other payables	*13*	**40,366**	84,955
Current tax payable		**1,787**	1,392
		42,153	86,347
Net current assets		**169,976**	255,965
Total assets less current liabilities		**338,027**	319,413
Non-current liabilities			
Deferred tax liabilities		**1,124**	1,124
Net assets		**336,903**	318,289
Capital and reserves			
Share capital		**4,648**	4,348
Reserves	*14*	**309,435**	294,175
Total equity attributable to equity shareholders of the Company		**314,083**	298,523
Non-controlling interests		**22,820**	19,766
Total equity		**336,903**	318,289

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise KEE Holdings Company Limited ("the Company") and its subsidiaries (together referred to as "the Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that available-for-sale investment is stated at fair value.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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

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

(c) New and revised HKFRSs that are first effective for the current accounting period

During the year, the Group has adopted a number of amendments to the HKFRSs which did not have material impact on the Company's consolidated financial statements except that additional disclosure is required to be made in the consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7 — Statement of Cash Flows: Disclosure Initiative. It requires the Group to provide additional disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities. As the Group had no liabilities arising from financing activities during the year ended 31 December 2017 and the comparative information is not required in the first year of adoption, no such disclosure was made in the consolidated financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 REVENUE

The principal activities of the Group are manufacture and sale of zippers and other related product. During the year, the Group has ceased the rendering of property agency services which is reclassified as "discontinued operation", the details of which are set out in note 6.

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

	2017 *HK$'000*	2016 *HK$'000* (Restated)
Sales of goods		
Finished zippers and sliders	**180,090**	139,926
Flat knit ribs	**–**	1,698
Others	**4,642**	3,944
	184,732	145,568

No individual customer had transactions exceeding 10% of the Group's revenue.

3 OTHER (LOSSES)/GAINS, NET

	2017 *HK$'000*	2016 *HK$'000* (Restated)
Interest income	**1,439**	1,018
Government grants	**547**	275
Net foreign exchange (losses)/gains	**(11,371)**	10,161
Loss on disposal of property, plant and equipment	**(1,378)**	(4,147)
Others	**171**	32
	(10,592)	7,339

4 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2017	2016
	HK$'000	*HK$'000*
Interest on bank borrowing	–	9

(b) Staff costs*

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Salaries, wages and other benefits	**52,471**	49,521
Contributions to defined contribution retirement plans	**6,700**	5,058
	59,171	54,579

(c) Other items

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Depreciation and amortisation*		
land lease premium	–	8
property, plant and equipment	**9,628**	12,220
intangible assets	**781**	799
	10,409	13,027
Auditors' remuneration		
audit services	**1,100**	1,760
tax services	–	18
other services	–	840
	1,100	2,618

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
(Reversal of impairment losses)/impairment losses charged on trade and other receivables	**(177)**	1,034
Impairment losses charged on equipment	**1,867**	4,513
Operating lease charges: minimum lease payments		
hire of plant and machinery*	**7,917**	4,342
hire of other assets (including property rentals)	**1,279**	172
	9,196	4,514
Research and development expenses	**3,769**	1,790
Cost of inventories* *(note 10)*	**127,028**	103,497

* Cost of inventories includes HK$53,569,000 (2016: HK$52,651,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Current tax — PRC corporate income tax		
Provision for the year	**3,701**	8,892
Under-provision in respect of prior years	**–**	365
	3,701	9,257
Current tax — Hong Kong Profits Tax and others		
Provision for the year	**–**	268
Over-provision in respect of prior years	**(117)**	–
	(117)	268
Deferred tax		
Origination and reversal of temporary differences	**1,878**	(1,108)
	5,462	8,417
Income tax expense is attributable to:		
Continuing operations	**5,429**	8,415
Discontinued operation	**33**	2
	5,462	8,417

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2017 *HK$'000*	2016 *HK$'000* (Restated)
(Loss)/profit from continuing operations before taxation	**(8,333)**	39,540
Loss from discontinued operation before taxation *(note 6(i))*	**(31,775)**	(7,886)
	(40,108)	31,654
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned *(note i)*	**(8,602)**	8,672
Effect of non-deductible expenses	**4,424**	3,566
Effect of non-taxable income	**(122)**	(1,692)
Effect of tax losses not recognised	**9,059**	158
Effect of tax concessions *(note ii)*	**(795)**	(3,307)
Tax effect of temporary differences arising from withholding tax on undistributed profits *(note iii)*	**1,756**	442
(Over-provision)/under-provision in prior years	**(117)**	365
Others	**(141)**	213
	5,462	8,417

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or the BVI.

KEE Zippers is subject to Hong Kong Profits Tax at 16.5% in 2017 and 2016.

(ii) KEE (Guangdong) Garment Accessories Limited ("KEE Guangdong") was recognised as a High and New Technology Enterprise ("HNTE") and is entitled to a preferential income tax rate of 15% up to 2018. Except for KEE Guangdong, the statutory income tax rate applicable to the Company's other subsidiaries in Mainland China was 25%.

(iii) Pursuant to the Corporate Income Tax Law of the PRC and its relevant regulations, PRC-resident enterprises are levied withholding income tax at 10% on dividends to their non-PRC-resident corporate investors for earnings accumulated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. Under the Sino-Hong Kong Double Tax Arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest of a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5%. As at 31 December 2017, deferred tax liability recognised in this regard was HK$1,124,000 (2016: HK$1,124,000).

6 DISCONTINUED OPERATION

On 24 August 2017, the Company completed the disposal of its 100% equity interest in and shareholder's loan made to Neo Ocean Ventures Limited and its subsidiaries ("Neo Ocean Group"), which engages in real estate agency service business in the People's Republic of China ("the PRC"), to an independent third party of the Company. The Group had decided to cease its real estate agency service business because Neo Ocean Group's financial performance was not satisfactory since it had commenced the business in 2016. The scale of the property agency services was fundamentally hindered after the government of the PRC has imposed home purchase restrictions on the residential real estate market in various cities in the PRC. Following the decision and completion of disposal of Neo Ocean Group, this business is re-classified as a discontinued operation and is no longer included in operating segment information.

(i) The financial performance and total comprehensive income for the period from 1 January 2017 to 24 August 2017 (date of disposal) and the year ended 31 December 2016 is presented as follows:

	1 January 2017 to 24 August 2017 *HK$'000*	Year ended 2016 *HK$'000*
Revenue	**99,796**	7,630
Expenses	**(132,086)**	(15,516)
Loss before income tax of discontinued operation	**(32,290)**	(7,886)
Income tax expense	**(33)**	(2)
Loss after income tax of discontinued operation	**(32,323)**	(7,888)
Gain on disposal of Neo Ocean Group after income tax and transaction costs	**515**	–
Loss from discontinued operation	**(31,808)**	(7,888)
Other comprehensive income		
Exchange differences on translation of discontinued operation	**3,064**	(8,146)
Total comprehensive income from discontinued operation	**(28,744)**	(16,034)

Loss per share (HK cents)	**2017**	2016
Basic, from the discontinued operation	**(7.1)**	(1.8)
Diluted, from the discontinued operation	**(7.1)**	(1.8)

The calculations of basic and diluted loss per share from the discontinued operation are based on:

	2017 *HK$'000*	2016 *HK$'000*
Loss attributable to equity shareholders of the Company from discontinued operation	**(31,808)**	(7,888)

	2017 *'000*	2016 *'000*
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**450,009**	434,330
Weighted average number of ordinary shares in issue during the year used in the diluted loss per share calculation	**450,009**	434,617

(ii) Net cash flows incurred for the period from 1 January 2017 to 24 August 2017 (date of disposal) and the year ended 31 December 2016 were as follows:

	1 January 2017 to 24 August 2017 *HK$'000*	Year ended 2016 *HK$'000*
Net cash inflow/(outflow) from operating activities	**20,500**	(63,574)
Net cash outflow from investing activities	**(407)**	(6)
Net cash (outflow)/inflow from financing activities	**(9,450)**	147,900
Net increase in cash	**10,643**	84,320

(iii) Details of disposal

	2017 *HK$'000*
Total cash consideration received and receivable:	**100,000**
Carrying amount of the net liabilities sold	**43,275**
Shareholder's loan from the Group disposed of	**(138,691)**
Reclassification of exchange reserve upon disposal	**(3,064)**
Gain on disposal after income tax	**1,520**
Transaction costs incurred for the disposal transaction	**(1,005)**
Net gain on disposal after income tax and transaction costs	**515**

The carrying amounts of assets and liabilities as at the date of disposal of 24 August 2017 are as follows:

	24 August 2017 *HK$'000*
Property, plant and equipment	**397**
Trade and other receivables	**181,701**
Cash and bank balance	**96,180**
Total assets	**278,278**
Trade and other payables	**(182,862)**
Loan from the Group	**(138,691)**
Total liabilities	**(321,553)**
Net liabilities	**(43,275)**

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on:

Loss attributable to the equity shareholders of the Company of HK$45,127,000 (2016: profit of HK$21,940,000), is calculated as follows:

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit attributable to the equity shareholders of the Company		
From continuing operations	**(13,319)**	29,828
From discontinued operation *(note 6(i))*	**(31,808)**	(7,888)
	(45,127)	21,940

Weighted average number of 450,009,000 ordinary shares (2016: 434,330,000 ordinary shares) in issue during the year, is calculated as follows:

	2017	2016
	'000	*'000*
Issued ordinary shares at 1 January	**434,804**	426,820
Effect of share options exercised	**–**	7,510
Placement of new shares under a subscription agreement	**15,205**	–
Weighted average number of ordinary shares at 31 December	**450,009**	434,330

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on:

Loss attributable to the equity shareholders of the Company of HK$45,127,000 (2016: profit of HK$21,940,000) is calculated as follows:

	2017	2016
	HK$'000	*HK$'000*
(Loss)/profit attributable to the equity shareholders of the Company		
From continuing operations	**(13,319)**	29,828
From discontinued operation	**(31,808)**	(7,888)
	(45,127)	21,940

Weighted average number of ordinary shares of 450,009,000 shares (2016: 434,617,000 shares) is calculated as follows:

	2017	2016
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**450,009**	434,330
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	**–**	287
Weighted average number of ordinary shares at 31 December	**450,009**	434,617

8 AVAILABLE-FOR-SALE INVESTMENT

Pursuant to the two subscription agreements dated 17 July 2017 and 21 August 2017 entered into between the Company and Fullgoal China Access RQFII Fund SPC ("Fullgoal SPC"), a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability, the Company has subscribed for 10,000 non-voting, participating and redeemable Class G shares in Fullgoal Strategic Growth Fund Segregated Portfolio (the "Fund") created by Fullgoal SPC at a total cash consideration of HK$100,000,000.

The fair value of the Fund is based on its net asset value as at 31 December 2017 reported by the Fund's manager. A firm of professional valuers, has been appointed by the Company to assist management to assess whether any adjustment to the reported net asset of the Fund is required for the purpose of estimation of the fair value of the Fund as at 31 December 2017. Management considered the net asset value of HK$103,480,000 reported by the Fund's manager was an appropriate approximation of fair value of the Fund and therefore, no adjustment is considered necessary.

9 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography.

Accordingly, the Group has presented the following two reportable segments in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment.

- Zippers (Mainland China):

  This segment manufactures zippers products and mainly sells to customers in Mainland China. Its activities are mainly carried out in Guangdong province and Zhejiang province.

- Zippers (Overseas):

  This segment purchases zipper products from segment of Mainland China and sells to overseas customers. Its activities are mainly carried out in Hong Kong.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order.

During the year, the Group has decided to cease the real estate agency services and completed the disposal of this business on 24 August 2017. The financial information of this operating segment including that of the year ended 31 December 2017 is presented as discontinued operation as set out in note 6.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and deferred tax assets. Segment liabilities include trade and other payables and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted profit before taxation" i.e. "revenue less cost of sales, distribution costs and administrative expenses". Items not specifically attributed to individual segment are excluded from the calculation of segment profit. The Group's senior executive management is provided with segment information concerning segment revenue, profit and assets. Segment liabilities are not reported to the Group's senior executive management regularly.

Information regarding the Group's reportable segments as provided to the Group's senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 respectively is set out below:

	Zippers-Mainland China *HK$'000*	**Zippers-Overseas** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2017			
Revenue from external customers	**160,538**	**24,194**	**184,732**
Inter-segment revenue	**43,390**	**788**	**44,178**
Reportable segment revenue	**203,928**	**24,982**	**228,910**
Reportable segment profit/(loss)	**20,080**	**(5,445)**	**14,635**
Interest expense	**–**	**–**	**–**
Depreciation and amortisation for the year	**10,188**	**199**	**10,387**
Impairment of equipment	**1,867**	**–**	**1,867**
Reportable segment assets at year end	**185,115**	**30,158**	**215,273**
Additions to non-current segment assets during the year	**10,163**	**910**	**11,073**
Reportable segment liabilities at year end	**35,363**	**3,563**	**38,926**

	Zippers-Mainland China HK$'000	Zippers-Overseas HK$'000	Total HK$'000 (Restated)
Year ended 31 December 2016			
Revenue from external customers	122,478	23,090	145,568
Inter-segment revenue	43,896	607	44,503
Reportable segment revenue	166,374	23,697	190,071
Reportable segment profit/(loss)	9,040	(731)	8,309
Interest expense	–	(9)	(9)
Depreciation and amortisation for the year	(12,860)	(167)	(13,027)
Impairment of equipment	(4,513)	–	(4,513)
Reportable segment assets at year end	187,494	8,381	195,875
Additions to non-current segment assets during the year	9,176	860	10,036
Reportable segment liabilities at year end	29,192	602	29,794

(b) Reconciliations of reportable segment revenues, profit or loss and assets

	2017 ***HK$'000***	2016 *HK$'000* (Restated)
Revenue		
Reportable segment revenue	**228,910**	190,071
Elimination of inter-segment revenue	**(44,178)**	(44,503)
Consolidated revenue *(note 2)*	**184,732**	145,568

	2017 ***HK$'000***	2016 *HK$'000* (Restated)
Profit/(loss)		
Reportable segment profit	**14,635**	8,309
Elimination of unrealised profit of inter-segment purchase of inventories, other assets and property, plant and equipment	**612**	97
Reportable segment profit derived from the Group's external customers	**15,247**	8,406
Other (loss)/gain, net	**(10,592)**	7,339
Impairment loss on non-current assets	**(1,867)**	(4,513)
Unallocated head office and corporate expenses *(Note)*	**(11,121)**	(7,138)
Gain on disposal of a subsidiary	**–**	17,837
Gain on disposal of property, plant and equipment and leasehold land	**–**	17,609
Consolidated (loss)/profit before taxation from continuing operations	**(8,333)**	39,540

Note: Unallocated head office and corporate expenses mainly represented exchange losses, auditors' remuneration, staff costs of head office and legal and professional fees.

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Assets		
Reportable segment assets	**215,273**	195,875
Elimination of unrealised profit of inter-segment purchase of inventories and other assets	**(1,261)**	(2,046)
Elimination of unrealised profit of inter-segment purchase of property, plant and equipment	**(606)**	(433)
	213,406	193,396
Deferred tax assets	**3,039**	2,985
Available-for-sale investment	**103,480**	–
Unallocated head office and corporate assets	**421**	823
Cash and cash equivalents	**9,834**	32,830
Sale consideration receivable arising from disposal of a subsidiary	**50,000**	–
Discontinued operation:		
— Advertisement expenses paid on behalf of a property developer *(note 11(iii))*	**–**	92,649
— cash and cash equivalents	**–**	71,896
— others	**–**	11,181
Consolidated total assets	**380,180**	405,760
Liabilities		
Reportable segment liabilities	**38,926**	29,794
Current tax liabilities	**1,787**	1,392
Deferred tax liabilities	**1,124**	1,124
Unallocated head office and corporate liabilities	**1,440**	2,058
Discontinued operation:		
— Advertising expenses payable	**–**	44,605
— others	**–**	8,498
Consolidated total liabilities	**43,277**	87,471

(c) Geographic information

The geographical location of customers is based on the location at which the goods were delivered. The revenue of the Group mainly derived from sales to customers in Mainland China except for sales of HK$24,194,000 (2016: HK$23,090,000) to overseas customers for the year ended 31 December 2017.

The Group's non-current assets excluding available-for-sale investment and deferred tax assets (the "Specified Non-current Assets) comprise property, plant and equipment, intangible assets, prepayment for property, plant and equipment and rental deposit. The geographical location property, plant and equipment, prepayment for property, plant and equipment and rental deposit is based on the physical location of the assets. In the case of intangible assets, it is based on the location of the operation to which they are allocated. As at 31 December 2017, the Group's Specified Non-current Assets were located in Mainland China and Hong Kong with carrying amounts of HK$59,944,000 (2016: HK$59,583,000) and HK$1,588,000 (2016: HK$880,000) respectively.

10 INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**7,819**	6,922
Work in progress	**14,768**	11,501
Finished goods	**1,337**	994
	23,924	19,417

An analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	2017	2016
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**125,686**	102,989
Write down of inventories	**2,116**	2,113
Reversal of write-down of inventories	**(774)**	(1,605)
	127,028	103,497

The write-down of inventories was related to decrease in the estimated net realisable value of certain slow-moving inventories.

The reversal of write-down of inventories made was due to the sales and utilisation of inventories previously provided for.

11 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade debtors and bills receivable	**42,473**	37,481
Less: Allowance for doubtful debts	**(1,115)**	(1,037)
	41,358	36,444
Other prepayments	**1,012**	2,276
Deposits and other debtors	**245**	1,470
Sale consideration receivables *(note i)*	**50,000**	–
Salary expenses paid on behalf of a related party *(note ii)*	**–**	2,920
Advertisement expenses paid on behalf of a property developer *(note iii)*	**–**	92,649
	92,615	135,759

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Note:

(i) It represented the balance of the sale consideration of HK$50,000,000 receivable from the purchaser arising from disposal of the Company's subsidiary as detailed in note 6. Pursuant to the sale and purchase agreement, the balance is repayable within one year from the completion date of disposal of 24 August 2017. In addition, upon completion of the disposal, the share of the subsidiary together with the Group's shareholder's loan made to the subsidiary disposed of to the purchaser are pledged to the Company as securities for the purchaser's obligation to pay the balance of the purchase consideration. As at the end of the reporting period, the balance is neither past due nor impaired.

(ii) During the year ended 31 December 2016, Tianjin Jinhui Day Gold Co., Limited ("Tianjin Jinhui"), a subsidiary of the Company, paid salary expenses of RMB 2,612,000 (equivalent to HK$2,920,000)) on behalf of its related party — Beijing Zhonghong Network Marketing Consultant Co., Ltd. ("Zhonghong Network"), to Zhonghong Network's staff. Zhonghong Network is a subsidiary of Zhonghong Holding Company Limited ("Zhonghong"), which is an intermediate holding company of the Group. Tianjin Jinhui was disposed of on 24 August 2017.

(iii) During the year ended 31 December 2016, the Group through a subsidiary of the Company signed the advertisement agency agreements on behalf of a property developer (as mentioned in note 12). Certain of these expenses amounting to HK$48,044,000 were paid to the relevant advertisement agents on behalf of the property developer by the Group. This amount was recorded as other receivables in the Group's consolidated financial statements for the year ended 31 December 2016. The remaining outstanding advertisement expenses payable on behalf of the property developer and receivable from the property developer amounted to HK$44,605,000 for the year ended 31 December 2016 (note 13). The subsidiary was disposed of on 24 August 2017.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables) based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**10,604**	18,742
Over 1 month but within 2 months	**15,492**	8,696
Over 2 months but within 3 months	**8,524**	5,361
Over 3 months	**6,738**	3,645
	41,358	36,444

Trade debtors and bills receivable are in general due within 20-90 days from the date of billing.

12 CASH AND CASH EQUIVALENTS

	2017	2016
	HK$'000	*HK$'000*
Cash at bank and in hand	**95,590**	186,496
Cash and cash equivalents	**95,590**	186,496

As at 31 December 2017, cash and cash equivalents in the amount of HK$58,354,000 (2016: HK$138,530,000) were denominated in RMB and were deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the exchange restriction imposed by the PRC government.

As at 31 December 2016, RMB200,007,000 (equivalent to HK$223,587,000) of cash balance from Hainan Xinjia Tourism Development Company Limited ("the Property Developer"), in which a subsidiary of Neo Ocean Ventures Limited, Tianjin Jinhui acts as the exclusive property agent thereof, was deposited in a newly opened bank account in name of Tianjin Jinhui as the designated escrow account for the Property Developer. The above escrow account arrangement was requested by one of the banks of the Property Developer ("the Bank") which provided bank borrowings to the Property Developer. It served as guaranteed deposits to the Bank.

As the Group has no right to use the cash balance from this escrow account and does not obtain benefit of interest income earned therefrom, the Group did not recognise this cash balance from escrow account as its own assets in the Company's consolidated financial statements for the year ended 31 December 2016.

During the year ended 31 December 2017, Tianjin Jinhui, was disposed of and the Group had no such escrow account as at 31 December 2017.

13 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade creditors	**11,209**	12,978
Payroll and staff benefits payable	**18,285**	12,943
Accrued expenses	**6,055**	5,330
Payables for purchase of property, plant and equipment	**2,344**	2,831
Other taxes payable	**740**	983
Advances from third parties	**575**	4,024
Advertising expenses payable *(note 11(iii))*	**–**	44,605
Other payables	**1,158**	1,261
	40,366	84,955

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

As at 31 December 2016, advances from third parties represented non-interest bearing amount of RMB3,600,000 (equivalent to HK$4,024,000) received on behalf of a Property Developer from its customers regarding property sales.

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**8,727**	8,903
Over 1 month but within 3 months	**2,059**	3,364
Over 3 months but within 6 months	**396**	439
Over 6 months	**27**	272
	11,209	12,978

14 SHARE CAPITAL

(i) Authorised and issued share capital

	At 31 December 2017		At 31 December 2016	
	No. of shares	**Share capital**	No. of shares	Share capital
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised,				
Ordinary shares of HK$0.01 each	**2,000,000**	**20,000**	2,000,000	20,000
Ordinary shares, issued and fully paid:				
At 1 January	**434,804**	**4,348**	426,820	4,268
Shares issued under a subscription agreement or share option scheme	**30,000**	**300**	7,984	80
At 31 December	**464,804**	**4,648**	434,804	4,348

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Shares issued under a subscription agreement or share option scheme

During the year ended 31 December 2017, 30,000,000 new ordinary shares of HK$0.01 each were issued at HK$1 per share pursuant to a subscription agreement dated 26 June 2017. This resulted in a net proceeds of HK$29,190,000, of which HK$300,000 and HK$28,890,000 (net of issue expenses of HK$810,000) were credited to share capital and the share premium account respectively. The shares were issued to provide additional working capital to the Group.

During the year ended 31 December 2016, options were exercised to subscribe for a total of 7,984,000 ordinary shares in the Company at a consideration of HK$9,701,000, of which HK$80,000 and HK$9,621,000 were credited to share capital and the share premium account respectively. The amount of HK$3,087,000 had been transferred from the capital reserve to the share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group continued to operate the zipper business during the year ended 31 December 2017 and it was presented as continuing operations in the consolidated financial statements. The Group has disposed of its real estate agency service business during the year and the results of which were presented as discontinued operation in the consolidated financial statements.

The customers in zippers business are primarily OEMs who manufacture apparel products for (i) apparel brands in China; and (ii) some well-known international apparel labels. The Group maintains a close working relationship with apparel brand owners on the design of zippers to be applied on the apparel products. The apparel brand owners usually decide on the supplier for their OEMs and place orders with such OEMs who in turn source zippers and other garment accessories from the Group.

The services rendered in real estate agency service business include the related sales planning, organization, promotion and sales activities of the property projects in PRC for the property developers.

The real estate agency service business faced severe challenges over last year. The performance of the real estate agency service business was not satisfactory. The scale of the business was fundamentally hindered after the government of the PRC has imposed the home purchase restrictions on the residential real estate market in various cities in the PRC.

The Company has disposed of the entire equity interest of Neo Ocean Ventures Limited, a wholly owned subsidiary of the Group and the parent company of all subsidiaries (the "Neo Ocean Group") in real estate agency service business segment within the Group, as well as the shareholder's loan from the Company, at an aggregate consideration of HK$100 million during the year ended 31 December 2017. Following the completion of disposal of the Neo Ocean Group, the real estate agency service business was re-classified as discontinued operation.

FINANCIAL HIGHLIGHTS

The Group's revenue for the year ended 31 December 2017, which solely represented the revenue from zipper business, increased to approximately HK$184.73 million as compared with approximately HK$145.57 million for the year ended 31 December 2016.

Loss for the year ended 31 December 2017 was HK$45.57 million, which mainly attributable to HK$31.81 million of loss from the discontinued operation and HK$11.37 million of net foreign exchange losses. In comparison, the profit for the year ended 31 December 2016 was HK$23.24 million, including HK$17.84 million of gain on disposal of a subsidiary, HK$17.61 million of gain on disposal of property, plant and equipment and leasehold land to related parties, HK$7.13 million of head office and corporate expenses and HK$10.16 million of net foreign exchange gains.

REVIEW OF OPERATIONS

Revenue

The Group's revenue for the year ended 31 December 2017 amounted to approximately HK$184.73 million, representing a year-on-year increase of 26.90% as compared to the last year, mainly relating to the increase in sales of finished zippers.

Revenue analysis by product category:

	Year ended 31 December			
	2017		2016	
	HK$ million	*%*	*HK$ million* (Restated)	*%*
Sales of goods				
Finished zippers and sliders	**180.09**	**97.5**	139.93	96.1
Flat knit ribs	**–**	**–**	1.70	1.2
Others	**4.64**	**2.5**	3.94	2.7
Total	**184.73**	**100.0**	145.57	100.0

Revenue analysis by geographic location:

	Year ended 31 December			
	2017		2016	
	HK$ million	*%*	*HK$ million* (Restated)	*%*
Mainland China	**160.54**	**86.9**	122.48	84.1
Overseas	**24.19**	**13.1**	23.09	15.9
Total revenue	**184.73**	**100.0**	145.57	100.0

Finished Zippers and Sliders

Revenue from sales of finished zippers and sliders increased by approximately HK$40.16 million or 28.7% to approximately HK$180.09 million for the year ended 31 December 2017 (2016: HK$139.93 million) was primarily due to (i) the fact that development of the garment industry in China remained stable and growing as a result of the rising international demands as well as the new trend of stable and growing development of the domestic economy; and (ii) the effective incentive measures, enhanced efforts in market development and improvement of customer service standard by the marketing team of the Company.

The Group achieved positive results in new marketing development. During the year 2017, the Group started cooperation with 11 new brands, among of which 1 brand was domestic brand and 10 brands were overseas brands.

The Group's revenue was mainly derived from sales in Mainland China. Other countries or regions to which the Group sold its products include Hong Kong, Switzerland, Italy, USA, India, Bangladesh, Germany, Korea, Belgium, Vietnam, South Africa and Tunisia.

Flat Knit Ribs

Due to the cessation of the flat knit ribs segment during the year 2016, there was no revenue from sales of flat knit ribs for the year ended 31 December 2017 (2016: HK$1.7 million).

Others

Others represent items such as scrap material, zipper components and moulds. Revenue of other items increased by approximately HK$0.7 million to approximately HK$4.64 million for the year ended 31 December 2017 (2016: HK$3.94 million). This was resulted from increase in sales of scrap materials.

Cost of Sales and Gross Profit

In 2017, the overall cost of sales for the Group's continuing operations amounted to approximately HK$127.03 million (2016: HK$103.50 million), representing an increase of approximately 22.7%. The overall gross profit of the Group increased by approximately 37.2% from approximately HK$42.07 million in 2016 to approximately HK$57.70 million in 2017. The overall gross profit margin increased from 28.9% of last year to 31.2%, which was attributable to decrease in unit manufacturing costs due to the increase in sales volume of zipper business.

Gross profit analysis by product category:

	Year ended 31 December			
	2017		2016	
	HK$ million	*%*	*HK$ million* (Restated)	*%*
Sales of goods				
Finished zippers and sliders	**55.93**	**96.9**	42.63	101.3
Flat knit ribs	**–**	**–**	(0.06)	-0.1
Others	**1.77**	**3.1**	(0.50)	-1.2
Total gross profit	**57.70**	**100.0**	42.07	100.0

Finished Zippers and Sliders

Gross profit for finished zippers and sliders increased by approximately 31.2% from approximately HK$42.63 million in 2016 to approximately HK$55.93 million in 2017, which was attributable to the increase in sales volume of zipper business.

Flat Knit Ribs

There is no sales of flat knit ribs for the year ended 31 December 2017 since the cessation of segment in 2016. The gross loss of flat ribs for the year ended 31 December 2016 was approximately HK$0.06 million.

Others

Gross profit of other items increased by approximately HK$2.28 million from gross loss of approximately HK$0.50 million in 2016 to gross profit of approximately HK$1.78 million in 2017, was mainly due to the disposal of certain slow-moving materials.

DISTRIBUTION COSTS

Distribution costs mainly represent (i) staff costs relating to sales and marketing personnel; (ii) advertising and promotion expenses; and (iii) transportation costs for delivery of the Group's products to customers. In 2017, the Group's distribution costs amounted to approximately HK$15.20 million (2016: HK$10.99 million), accounting for approximately 8.2% of the Group's turnover (2016: 7.5%). The increase in distribution costs was mainly due to the increase in staff costs relating to sales and marketing personnel and transportation cost.

ADMINISTRATIVE EXPENSES

Administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel; (ii) professional fees and auditors' remuneration; (iii) impairment losses of equipment; and (iv) other administrative expenses including depreciation and amortisation. In 2017, the Group's administrative expenses amounted to approximately HK$40.25 million (2016: HK$34.32 million), which accounted for approximately 21.8% of the Group's turnover (2016: 23.6%), was mainly due to the increase in rental expenses and staff costs.

INCOME TAX

Income tax mainly represents the tax expenses incurred in relation to the operations of the Group in the PRC and Hong Kong.

LOSS FROM DISCONTINUED OPERATION

Given the disposal of the equity interest of Neo Ocean Group which engages in real estate agency service business on 24 August 2017, the real estate agency service business was re-classified as discontinued operation for the year ended 31 December 2017.

The discontinued operation recorded a revenue of HK$99.80 million for the period ended 24 August 2017. This represented a about 1,208% increase comparing with the revenue of HK$7.63 million for the year ended 31 December 2016 (i.e. 4 months of operation as the real estate agency service business was launched in September 2016).

The relevant expenses for real estate agency service business for the period ended 24 August 2017 amounted to HK$132.09 million. The amount comprised of (i) salary and welfare expenses; and (ii) advertising and promotion expenses. The increase in expenses as compared with prior year's HK$15.52 million was primarily due to the expansion of the business during the year together with the full year effect of real estate agency service business.

The Group recorded a gain on disposal of Neo Ocean Group of HK$0.52 million as a result of the disposal after deduction of the relevant professional fees incurred for the transaction.

PROFITABILITY

In 2017, the Group's loss attributable to equity shareholders of the Company amounted to approximately HK$45.13 million (2016: profit of HK$21.94 million), representing a decrease of 305.7% as compared to 2016. The decrease was primarily due to increase in distribution costs, administrative expenses and loss from discontinued operation. The margin of loss attributable to equity shareholders of the Company for the year was 24.4% (2016: margin of profit 15.1%), a decrease of 39.5 percentage points as compared to 2016.

During the year, the Group's return on equity attributable to equity shareholders of the Company was -14.4% (2016: 7.3%), representing a decrease of 21.7 percentage points as compared to 2016.

AVAILABLE-FOR-SALE INVESTMENT

During the year, the Group has invested HK$100 million into Fullgoal Strategic Growth Fund Segregated Portfolio (the "Fund") and was recognised as available-for-sale investment with fair value of approximately HK$103.48 million as at 31 December 2017, resulted in an unrealised fair value gain of approximately HK$3.48 million which was recognised in other comprehensive income for the year ended 31 December 2017.

INVENTORIES

Inventories are one of the principal components of the Group's current assets of zipper business. The value of inventories accounted for approximately 5.7% and 11.3% of the Group's total current assets as at 31 December 2016 and 2017 respectively.

Inventories increased by approximately 23.2% from approximately HK$19.42 million as at 31 December 2016 to approximately HK$23.92 million as at 31 December 2017 was mainly due to the increase in reserve of raw materials and self-finished goods for the production in the first quarter of 2018 in order to respond to the purchase order from customers.

The average inventory turnover days for 2017 and 2016 were 62 days and 58 days respectively.

The net write-down on inventories for the year 2017 was HK$1.34 million (2016: HK$0.51 million) was due to the decrease in the estimated net realisable value of certain slow-moving inventories.

TRADE DEBTORS

The Group's policy in respect of allowance for doubtful debts for 2017 was the same as that in prior year. As at 31 December 2017, the allowance for doubtful debts was approximately HK$1.11 million (31 December 2016: HK$1.04 million), accounting for 2.7% of the Group's total trade debtors (2016: 2.8%).

The Group's trade debtors (net) increased by around 13.48% from approximately HK$36.44 million of last year to approximately HK$41.36 million as at 31 December 2017.

The average trade debtors turnover days for 2017 and 2016 were 77 days and 78 days respectively.

OTHER RECEIVABLES

Other receivables mainly represent (i) sale consideration receivable arising from the disposal of the Company's subsidiary; and (ii) other prepayments for purchasing raw materials. The significant decrease in balance of other receivables by approximately HK$48.06 million, representing a decrease in 48.4% from approximately HK$99.32 million was mainly due to the net effect of the sale consideration of HK$50 million receivable from the purchaser arising from disposal of the Company's subsidiary as at 31 December 2017 and decrease in the salary expenses paid on behalf of a related party and the advertisement expenses paid on behalf of a property developer by Neo Ocean Group.

TRADE CREDITORS

The Group's trade creditors primarily relate to purchases of raw materials from suppliers with credit terms of 7 to 60 days for trade creditors.

The Group's trade creditors decreased by around 13.6% from approximately HK$12.98 million as at 31 December 2016 to approximately HK$11.21 million as at 31 December 2017. The average trade creditors turnover days for 2017 and 2016 were 33 days and 35 days respectively.

OTHER PAYABLES

Other payables mainly represent (i) payroll and staff benefits payable; (ii) accrued expenses; and (iii) payables for purchase of property, plant and equipment. The balance of other payables decreased by approximately 59.5% to approximately HK$29.16 million as at 31 December 2017 (2016: HK$71.98 million) was mainly due to reduction of advertising expenses payable in the book of the Neo Ocean Group which was disposed of during the year ended 31 December 2017.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a summary of cash flow data for the two years ended 31 December 2016 and 2017:

	Year ended 31 December	
	2017	2016
	HK$ million	*HK$ million*
Net cash generated from/(used in) operating activities	**17.99**	(56.97)
Net cash (used in)/generated from investing activities	**(152.05)**	148.41
Net cash generated from financing activities	**29.19**	18.46
Net (decrease)/increase in cash and cash equivalents	**(104.87)**	109.90
Cash and cash equivalents at 1 January	**186.50**	85.89
Effect of foreign exchange rate changes	**13.96**	(9.29)
Cash and cash equivalents at 31 December	**95.59**	186.50

The Group's net cash inflow from operating activities for the year 2017 amounted to approximately HK$17.99 million (2016: net cash outflow of HK$56.97 million). As at 31 December 2017, cash and cash equivalents amounted to approximately HK$95.59 million, representing a net decrease of approximately HK$90.91 million as compared with the position as at 31 December 2016, was mainly due to the combined effect of the payment for available-for-sale investment, the net cash outflow from disposal of a subsidiary and the proceeds received from issue of shares during 2017.

As at 31 December 2017, the cash and cash equivalents are HK$76.52 million, HK$12.75 million, HK$6.19 million, HK$26,000 and HK$97,000, expressed in RMB, HKD, USD, EUR and CHF respectively. As at 31 December 2016, the cash and cash equivalents are HK$138.53 million, HK$42.42 million, HK$5.52 million, HK$5,000, and HK$17,000 expressed in RMB, HKD, USD, EUR and CHF respectively.

The Group does not have any bank loan as at 31 December 2017 and 31 December 2016.

As at 31 December 2017, the Group has no bank facilities. The debt to asset ratio, being the Group's total liabilities over its total assets, at 31 December 2017 was 11.4% (2016: 21.6%). The debt to asset ratio is considered to be healthy and suitable for the continuous development of the Group's business.

NET CURRENT ASSETS

As at 31 December 2017, the Group had net current assets of approximately HK$169.98 million. The key components of current assets as at 31 December 2017 included cash and cash equivalents of approximately HK$95.59 million, trade and other receivables of approximately HK$92.62 million, and inventories of approximately HK$23.92 million. The key components of current liabilities were trade and other payables of approximately HK$40.37 million.

The net current assets decreased from approximately HK$255.97 million as at 31 December 2016 to approximately HK$169.98 million as at 31 December 2017, mainly attributable to the payment for purchasing an available-for-sale investment of HK$100 million during the year ended 31 December 2017.

PLEDGE OF ASSETS

The Group did not have any assets pledged for general facilities granted by banks.

CAPITAL COMMITMENTS

The capital commitments as at 31 December 2016 and 2017 not provided for in the financial statements were approximately HK$0.19 million and approximately HK$0.15 million respectively.

FOREIGN CURRENCY RISK

The Group generally finances its operation with internally generated resources. Cash and bank deposits and the transactions of the Group are mainly denominated in Hong Kong dollars ("HK$"), US dollars ("USD") and Renminbi ("RMB"). As HKD are pegged to USD, the Group considers the risk of movements in exchange rates between USD and HKD to be insignificant.

The Group had RMB denominated bank deposits amounting to approximately HK$18,166,000 (2016: HK$184,000) that was held by a subsidiary of the Company for which HKD is its functional currency. Additionally the Group had HK$ denominated inter-company other receivables amounting to approximately HK$171,204,000 (2016: HK$178,561,000) that were held by the subsidiaries of the Company for which RMB is their functional currency. At 31 December 2017, it is estimated that a general appreciation/depreciation of 0.5% in HK$, with all other variables held constant, would have increased/decreased the Group's net loss for the year and retained profits by approximately HK$765,000 (2016: decreased/increased the Group's net profit for the year and retained profits by approximately HK$745,000).The Group currently has no hedging arrangement for foreign currencies. The management will continue to monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

As at 31 December 2017, the Group had 578 full-time employees (31 December 2016: 595 full-time employees). The Group reviews remuneration and benefits of its employees annually according to the relevant market practice and individual performance of the employees. Save for the social insurance in China and the mandatory provident fund scheme in Hong Kong, the Group has not set aside or accrued any amount of money to provide for retirement or similar benefits for its employees. The staff costs incurred in the year 2017 were approximately HK$59.17 million (2016: HK$54.58 million).

CONTINGENT LIABILITIES

The Group had no other contingent liabilities as at 31 December 2016 and 2017.

CONTINUING CONNECTED TRANSACTIONS

(i) Continuing Connected Transaction in Relation to the Cooperation Agreement

On 12 July 2016, Tianjin Vitality Marketing Consultancy Company Limited ("Tianjin Vitality"), an indirect wholly-owned subsidiary of the Company, and Yumafang Property Company Limited ("Yumafang Property"), entered into the cooperation agreement (the "Cooperation Agreement"), pursuant to which Yumafang Property agreed to engage Tianjin Vitality in providing promotion, marketing and planning related services for the property development projects conducted by Yumafang Property for a term of one year commencing from the date of the Cooperation Agreement.

Yumafang Property agreed to engage Tianjin Vitality as an agent to provide the following services (the "Services") to the Yumafang Property: (i) the online and offline advertising and promotion activities, event organisation, planning, marketing, promotion planning, brand building and promotion of the Yumafang Property; and (ii) the online and offline advertising and promotion activities, event organisation, planning, marketing, promotion planning for the property development projects conducted by Yumafang Property.

The service fee charged by Tianjin Vitality will be 6.5% of the cooperation expenses incurred by Tianjin Vitality for carrying out the Services, which will not exceed RMB325,000 (equivalent to approximately HK$380,000) based on the maximum amount of the agreed expenses of RMB5,000,000 (equivalent to approximately HK$5,850,000) for carrying out the Services incurred by Tianjin Vitality.

Zhonghong, a controlling shareholder of the Company, indirectly owns the entire equity interest in Yumafang Property. Accordingly, Yumafang Property is a connected person of the Company and the entering into of the Cooperation Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. Details can be referred to the announcement of the Company dated 12 July 2016.

The agreement expired on 11 July 2017. There was no commission income generated from rendering of property agency services in accordance with the agreement during the year ended 31 December 2017.

(ii) Continuing Connected Transaction in Relation to the Framework Cooperation Agreement

On 29 July 2016, Tianjin Vitality and Zhonghong entered into the framework cooperation agreement (the "Framework Cooperation Agreement") (as amended and supplemented by a supplemental agreement dated 2 September 2016 and a second supplemental agreement dated 10 November 2016), pursuant to which Zhonghong has agreed to engage Tainjin Vitality and Tianjin Jiuhui Tianjin Company Limited ("Tainjin Jiuhui") as the joint exclusive agent for the sales of the property projects developed by the Zhonghong and its subsidiaries (the "Zhonghong Group") including the related sales planning, organisation, promotion and sales activities for the period commencing from the effective date to 31 December 2017.

The Zhonghong Group shall pay to each of Tianjin Vitality and Tianjin Jiuhui a commission (the "Commission") ranging from 5.5% to 6.5% of the sales amounts received by the Zhonghong Group for the sales of properties. If the property projects developed by the Zhonghong Group are sold at a price exceeding the price agreed by Zhonghong Group and Tianjin Vitality, Tianjin Vitality shall be entitled to receive an excess sales equal to 20% to 40% of the excess sales amount received by the Zhonghong Group.

The maximum annual aggregate amount payable by the Zhonghong Group to Tianjin Vitality and Tianjin Jinhui under the Framework Cooperation Agreement shall not exceed RMB130,000,000 (equivalent to approximately HK$149,500,000). The Framework Cooperation Agreement has been approved by Shareholders at the extraordinary general meeting which was held on 5 January 2017.

During the year ended 31 December 2017, the Group generated the commission income of RMB39,866,000 (equivalent to approximately 45,200,000) under the Framework Cooperation Agreement.

(iii) Continuing Connected Transaction in Relation to the Operating Lease in Respect of Certain Plant and Buildings

On 28 December 2015, Mr. Xu Xipeng and Mr. Xu Xinan, senior management and previous shareholders of the Group, as lessors and KEE Guangdong as lessee, entered into the lease renewal agreement (the "Guangdong Lease Renewal Agreement") to renew the lease of the Guangdong Plant for a further term of three years from 1 January 2016 to 31 December 2018 for a monthly rental of RMB310,000.

An independent valuer advised that the monthly rental of RMB310,000 is fair and reasonable with reference to the market rate. For each of three years ending 31 December 2018, the annual rental paid and payable by the Group under the Lease Renewal Agreement is RMB3,720,000.

On 16 January 2017, Classic Winner Limited ("Classic Winner"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE Zippers Corporation Limited ("KEE Zippers"), an indirect subsidiary of the Company, as lessee entered into a lease renewal agreement (the "HK Lease Renewal Agreement") pursuant to which Classic Winner has agreed to lease to KEE Zippers a property in Hong Kong at a monthly rental of HK$51,000 payable within the 16th of each month for an initial term of three years commencing on 16 January 2017 to 15 January 2020. On 17 February 2016, Mr. Xu Xipeng and Mr. Xu Xinan resigned as the chairman of the board and chief executive officer of the Company respectively. Mr. Xu Xipeng and Mr. Xu Xinan also resigned as executive directors of the Company, but have remained as the directors of KEE International BVI and KEE Zippers, the subsidiaries of the Company, since 17 February 2016. Therefore Classic Winner is a connected person at the subsidiary level of the Company as of the date of HK Lease Renewal Agreement. An independent property valuer advised that the monthly rental of HK$51,000 is fair and reasonable with reference to the market rate. For each of the three years ending 15 January 2020, the maximum annual aggregate amounts payable by the Group under the HK Lease Renewal Agreement are as follows:

	HK$
Year ending 15 January 2018	612,000
Year ending 15 January 2019	612,000
Year ending 15 January 2020	612,000

On 16 January 2017, Nanhai Jinheming Investment Company Limited ("Nanhai Jinheming"), a company owned as to 50% and 50% by Mr. Xu Xipeng and Mr. Xu Xinan respectively, as lessor and KEE (Zhejiang) Garment Accessories Limited ("KEE Zhejiang"), an indirect subsidiary of the Company, as lessee entered into a lease renewal agreement (the "Zhejiang Lease Renewal Agreement") pursuant to which Nanhai Jinheming has agreed to lease to KEE Zhejiang the production base in Zhejiang Province at a monthly rental of RMB275,000 payable within the first 10 working days before the 16th day of each month for an initial term of three years commencing on 16 January 2017 to 15 January 2020, with three months' rent of RMB825,000 as deposit. On 17 February 2016, Mr. Xu Xipeng and Mr. Xu Xinan resigned as the chairman of the board and chief executive officer of the Company respectively. Mr. Xu Xipeng and Mr. Xu Xinan also resigned as executive directors of the Company, but have remained as the directors of KEE International BVI and KEE Zippers, the subsidiaries of the Company since 17 February 2016. Therefore Nanhai Jinheming is a connected person at the subsidiary level of the Company as of the date of the Zhejiang Lease Renewal Agreement. An independent property valuer advised that the monthly rental of RMB275,000 is fair and reasonable with reference to the market rate. For each of the three years ending 15 January 2020, the maximum annual aggregate amounts payable by the Group under the Zhejiang Lease Renewal Agreement are as follows:

	RMB	*HK$*
Year ending 15 January 2018	4,125,000	4,620,000
Year ending 15 January 2019	4,125,000	4,620,000
Year ending 15 January 2020	4,125,000	4,620,000

For the twelve months ended 31 December 2017, the total rental charges under the Guangdong Lease Renewal Agreement, the HK Lease Renewal Agreement and the Zhejiang Lease Renewal Agreement was HK$8,505,000.

PROSPECT

In 2018, global trade has showed obvious recovery, with an expectation of exports of China garments to remain its steady growth. However, due to "de-globalization" and trade protectionism, the garment industry of China will suffer from pressure of returning manufacturing operations to homeland in developed countries and the emerging economies, and thus facing relatively more uncertainties, which in turn increases the pressure on export business. In addition, the Chinese economy will continue to maintain its strong growth in 2018. The domestic economy is stable and growing, driving the household incomes to grow steadily and accelerating the pace of upgrading consumption structures, which is conducive to the continued rapid growth of domestic consumption. These factors not only bring challenges to the high quality zipper market segment, but also create business opportunities.

For this purpose, we actively take the following response measures:

We will continue to strive for market development, develop new products, meet market demand and continue to respond quickly to customer needs to improve customer satisfaction.

In addition, we will continue to improve production and operating efficiency, equipment and technology as well as automated production, improve product quality and control production costs.

We will continue to review the business strategic directions and operations of the Group in order to chart its long term corporate strategy and growth and to explore other business or investment opportunities with a view to enhance the Group's future development.

CORPORATE GOVERNANCE

Good corporate governance is conducive to enhancing the Group's overall performance and accountability is essential in modern corporate administration. The Board, which includes three independent non-executive Directors out of a total of four Directors, is responsible for setting strategic, management and financial objectives, continuously observing the principles of good corporate governance and devoting considerable effort to identifying and formalising best practices to ensure that the interests of Shareholders, including those of minority Shareholders, are protected.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code.

During the year ended 31 December 2017, the Company has complied with all the code provisions as set out in the Corporate Governance Code except the following deviations.

(i) Chairman and chief executive officer

As at 31 December 2017, the positions of Chairman and Chief Executive Officer were held by Mr. Wu David Hang. The Chairman provides leadership and is responsible for chairing the meetings, managing the operations of the Board, and ensuring that all major and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is also responsible for running the Company's businesses and implementing the Group's strategic plans and business goals. This constitutes a deviation from the Code Provision A.2.1 but the Board considers that this structure where the leadership of the Board is distinct from the executive responsibilities for running the business operations will not impair the balance of power and authority between the board and the management of the business, especially given that there is a strong and independent non-executive element on the Board and a clear division of responsibilities for running the business of the Company. The arrangement under which the roles of chairman and chief executive officer are performed under the same individual is considered as beneficial at the present stage as it helps to maintain the continuity of the Company's policies and the stability of the Company's operation as well as to enhance the management of the Company.

(ii) Internal control and risk management

Under Code Provision C.2.5, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the Audit Committee members. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. Appropriate measures have been put in place to manage the risks. No major issue was raised for improvement. The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

An audit committee has been established with written terms of reference in compliance with the Corporate Governance Code. The main duties of the audit committee are to assist the Board in reviewing the financial information and reporting system, internal control system and risk management, the effectiveness of the Company's internal audit function and relationship with external auditors, and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The audit committee consists of three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Yau Pak Yue (appointed on 28 July 2017) and Mr. Lu Nim Joel (appointed on 4 August 2017). Mr. Yau Pak Yue, an independent non-executive Director of the Company, is the chairman of the audit committee. Mr. Wong Yik Chung, John and Mr. Tse Calvin Kai Chuen ceased to be members of the audit committee after their resignations as independent non-executive Directors on 28 July 2017 and 4 August 2017 respectively. For the year ended 31 December 2017, the audit committee has held three meetings to discuss the auditing, internal controls and financial reporting matters of the Company. The audit committee of the Company has met with the management and external auditors of the Company and has reviewed the consolidated results of the Group for the year ended 31 December 2017.

REMUNERATION COMMITTEE

A remuneration committee has been established with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to determine the remuneration packages of individual executive Directors and senior management, review and make recommendation to the Board on the remuneration policy and structure for all Directors and senior management, and establish transparent procedures for developing such remuneration policy to ensure that no Director or any of his associates will participate in deciding his own remuneration. The remuneration committee consists of three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Yau Pak Yue (appointed on 28 July 2017) and Mr. Lu Nim Joel (appointed on 4 August 2017). Mr. Yau Pak Yue, an independent non-executive Director of the Company, is the chairman of the remuneration committee. Mr. Wong Yik Chung, John, Mr. Tse Calvin Kai Chuen and Ms. Feng Xiao Ying (appointed on 11 July 2017) ceased to be members of the remuneration committee after their resignations as independent non-executive Directors or executive Director on 28 July 2017, 4 August 2017 and 9 February 2018 respectively. For the year ended 31 December 2017, the remuneration committee has held two meeting.

NOMINATION COMMITTEE

A nomination committee has been established with written terms of reference in compliance with the Corporate Governance Code. The principal duties of the nomination committee are to review the Board composition, make recommendations to the Board on the appointment and succession planning of Directors, and assess the independence of independent non-executive Directors. The nomination committee consists of three independent non-executive Directors, namely Mr. Leung Ka Tin, Mr. Yau Pak Yue (appointed on 28 July 2017) and Mr. Lu Nim Joel (appointed on 4 August 2017) and one executive Director, namely Mr. Wu David Hang. Mr. Wu David Hang, an executive Director of the Company, is the chairman of the nomination committee. After the resignation of Ms. Feng Xino Ying (appointed on 11 July 2017) as executive director on 9 February 2018 and Mr. Wong Yik Chung and Mr. Tse Calvin Kai Chuen as independent non-executive directors on 28 July 2017 and 4 August 2017 respectively, they are no longer the members of the nomination committee. For the year ended 31 December 2017, the nomination committee has held two meeting.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

FINAL DIVIDEND

The Board does not recommend any payment of a final dividend (2016: Nil) in respect of the year 2017 to the Shareholders.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in Hong Kong on Wednesday, 30 May, 2018. Notice of the annual general meeting will be issued and disseminated to Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlements of the Shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Friday, 25 May 2018 to Wednesday, 30 May 2018, both days inclusive, during which period no transfer of shares will be registered. All transfers documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 24 May 2018.

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been compared by the Group's auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by BDO Limited in this respect did not constitute an audit, review or other 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 the auditor.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kee.com.cn). The annual report for the year ended 31 December 2017 containing all the information required by Appendix 16 to the Listing Rules will be despatched to Shareholders and available on the same websites in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Board"	the board of Directors
"Company"	KEE Holdings Company Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands on 6 July 2010, the Shares of which are listed on the Main Board of the Hong Kong Stock Exchange

"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Main Board"	the stock market operated by the Hong Kong Stock Exchange, which excludes the Growth Enterprise Market and the options market
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"OEM"	original equipment manufacturer or manufacturing
"PRC" or "China"	the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Share(s)"	share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Zhonghong"	中弘股份有限公司 (Zhonghong Holding Company Limited, a company incorporated with limited liability under the laws of the PRC, and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000979SZ))
"Zhonghong Group"	Zhonghong and its subsidiaries

By Order of the Board
KEE Holdings Company Limited
Wu David Hang
Chairman

Hong Kong, 28 March 2018

As at the date of this announcement, the executive Director is Mr. Wu David Hang; and the independent non-executive Directors are Mr. Yau Pak Yue, Mr. Nu Lim Joel and Mr. Leung Ka Tin.