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WINOX

WINOX HOLDINGS LIMITED

盈利時控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6838)

2018 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

- The Group’s revenue amounted to HK\$1,128,653,000, representing a corresponding increase of 26.6%.
- The Group’s gross profit amounted to HK\$308,694,000, representing a corresponding increase of 20.3%.
- The Group’s profit for the year amounted to HK\$154,126,000, representing a corresponding increase of 32.4%.
- Earnings per share amounted to HK30.8 cents, representing a corresponding increase of 32.2%.
- The Board proposed a final dividend of HK8.5 cents per ordinary share for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the demand for luxury goods has been continuously picked up as the economy of the world’s major economies has remained strong in the first half of 2018. Winox Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) recorded a satisfactory growth of 26.6% in revenue for the year ended 31 December 2018 as compared to last year, which was mainly due to the increase in sales of watch bracelets and mobile phone cases and parts of the Group in 2018.

The principal focus of the Group remains on the development and manufacture of premium stainless steel products, and our major business segments are, namely, watch bracelets, mobile phone cases and parts, costume jewellery, and accessories and parts for leather goods.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group's revenue increased by 26.6% to HK\$1,128,653,000 (2017: HK\$891,446,000) as compared to last year. Revenue attributable to watch bracelets, mobile phone cases and parts, costume jewellery, and accessories and parts for leather goods were 47.3%, 43.9%, 7.1% and 1.7% respectively (2017: 48.7%, 36.3%, 13.2% and 1.8% respectively).

During the year 2018, export value of Swiss made watches continuously improved and achieved an increase of 6.3% as compared to last year. The Group's revenue of watch bracelets reported an increase of 23.1% to HK\$533,875,000 (2017: HK\$433,849,000) as compared to last year.

During the year 2018, sales of mobile phone cases and parts was HK\$495,437,000 (2017: HK\$323,393,000), representing a significant increase of 53.2% as compared to last year.

Sales of costume jewellery for the year recorded a decline of 31.8% to HKD80,548,000 (2017: HKD118,023,000).

Sales of accessories and parts for leather goods amounted to HK\$18,793,000 (2017: HK\$16,181,000), representing an increase of 16.1% as compared to last year.

Profit

As a result of the increase in sales for the year, gross profit increased by 20.3% to HK\$308,694,000 (2017: HK\$256,529,000) as compared to last year. Gross profit margin for the year slightly decreased to 27.4% (2017: 28.8%) mainly due to higher material costs used in mobile phone cases and parts and increased labour costs. Profit for the year increased by 32.4% to HK\$154,126,000 (2017: HK\$116,435,000) and basic earnings per share for the year increased by 32.2% to HK30.8 cents (2017: HK23.3 cents).

Cost of Sales

Cost of sales included costs of production materials and labour, and manufacturing overhead and other costs. The following table sets forth the breakdown of our cost of sales for the year ended 31 December 2018:

	2018	2017
	HK\$'000	HK\$'000
Direct materials costs	404,451	279,053
Direct labour costs	291,231	241,673
Manufacturing overhead and other costs	124,277	114,191
	819,959	634,917

For the year ended 31 December 2018, direct materials costs and labour costs accounted for about 49.3% and 35.5% (2017: 44.0% and 38.0%) of the total cost of sales, the changes were mainly due to the significant increase in sales of mobile phone cases and parts which has higher materials cost proportion; whereas manufacturing overhead and other costs accounted for about 15.2% (2017: 18.0%) of the total cost of sales.

Other Income

Other income amounted to HK\$8,241,000 for the year which remained at the similar level as compared to HK\$8,228,000 for last year.

Other Gains and Losses

Other gains for the year amounted to HK\$3,556,000 (2017: losses of HK\$8,173,000) which was mainly due to the net exchange gain from the depreciation of Renminbi during the year.

Expenses

Selling and distribution costs increased by 15.8% to HK\$30,383,000 for the year as compared to HK\$26,235,000 for last year which was in line with the increase in revenue.

Administrative expenses increased by 25.6% to HK\$109,007,000 (2017: HK\$86,798,000) for the year as compared to last year, the increase was mainly due to the increase in salaries and performance bonus.

During the year, finance costs amounted to HK\$2,961,000 (2017: HK\$3,489,000), representing a decrease of 15.1% as compared to last year which was mainly due to the repayment of bank loans.

Taxation

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25%. During the year ended 31 December 2018, certain PRC subsidiaries were rewarded the High and New Technology Enterprise certificate and eligible to a tax rate of 15% for 3 years with effect from the financial year ended 31 December 2017. Accordingly, an overprovision for PRC EIT in prior years amounting to HK\$5,993,000 was recognised during the year ended 31 December 2018.

Inventories

	2018	2017
	HK\$'000	HK\$'000
Raw materials	10,070	10,694
Work in progress	32,915	50,631
Finished goods	31,819	20,825
	74,804	82,150

As at 31 December 2018, the Group recorded an inventory balance of HK\$74,804,000 (31 December 2017: HK\$82,150,000), representing a decrease of 8.9% which was mainly due to the decrease in work in progress at the end of the year. The inventory turnover of the Group for year ended 31 December 2018 was 34.9 days as compared to 39.0 days for the year ended 31 December 2017.

Trade Receivables

As at 31 December 2018, trade receivables of the Group amounted to HK\$153,243,000 (31 December 2017: HK\$140,261,000) and the increase was in line with the increase in revenue. The credit periods granted to our customers were considered on individual basis ranging from 30 days to 90 days. Generally, no credit would be granted to customers which are new, short-term and placing orders in immaterial scale. As most of our customers were internationally renowned brand owners, we considered we were exposed to relatively minimal default risk. The trade receivables turnover of the Group for the year ended 31 December 2018 was 47.5 days (for the year ended 31 December 2017: 46.9 days).

Trade Payables

As at 31 December 2018, the trade payables of the Group amounted to HK\$102,206,000 (31 December 2017: HK\$99,416,000). The trade payables were primarily related to the purchase of raw materials from suppliers with credit periods ranging from 30 days to 90 days. The trade payables turnover of the Group for the year ended 31 December 2018 was 44.9 days (for the year ended 31 December 2017: 40.9 days).

Liquidity, Indebtedness and Charges on Assets

During the year, the Group maintained a satisfactory liquidity level. As at 31 December 2018, net current assets of the Group was HK\$269,788,000 (31 December 2017: HK\$222,605,000). Besides, the Group had cash and bank balances of HK\$239,478,000 (31 December 2017: HK\$200,453,000), of which 39.5% was in Hong Kong dollars, 38.2% was in Renminbi, 20.9% was in United States dollars, and 1.4% was in Swiss Franc and other currencies.

As at 31 December 2018, the Group's outstanding bank borrowings totalled HK\$52,250,000 (31 December 2017: HK\$74,821,000), which were all in Hong Kong dollars. All of such outstanding bank borrowings were arranged on floating rate basis and contained repayment on demand clause at any time at the discretion of the bank. According to Hong Kong Accounting Standards, the Group had classified the bank borrowings as current liabilities in the consolidated statement of financial position as at 31 December 2018 in accordance with the settlement term. Of the total bank borrowings, according to the repayment schedule, HK\$22,571,000 was repayable within one year and the balance of HK\$29,679,000 was repayable after one year.

The charged assets included a piece of land in Dongguan where our factory was situated and certain properties constructed thereon, and the deposits for two keyman life insurance policies. The banking facilities to the Company's wholly-owned subsidiaries were also secured by corporate guarantees in favour of the bank from the Company.

As at 31 December 2018, the total unutilised banking facilities available to the Group amounted to HK\$30,465,000 (2017: HK\$31,988,000).

As at 31 December 2018, the Group's gearing ratio was 0.06 (31 December 2017: 0.08), which was calculated on the basis of outstanding borrowings over total assets of the Group.

Treasury

The Group adopted conservative treasury policies in cash and financial management for the year. Cash was generally placed in short-term deposits. The Group's liquidity and financing requirements were reviewed regularly.

For the year ended 31 December 2018, the Group's sales was mainly denominated in Hong Kong dollars and United States dollars, contributing to 54.1% and 43.0% of the total revenue respectively (2017: 60.9% and 38.5%). The expenses of the Group for the year were mainly denominated in Renminbi. As Hong Kong dollars was pegged with United States dollars, the directors of the Company (the "**Directors**") considered the Group was exposed to limited risk in this aspect. Despite that, the Group's production plants were located in Mainland China and the labour costs and manufacturing overhead were mainly denominated in Renminbi. The appreciation and depreciation of Renminbi might affect the overall production costs of the Group.

The Group did not use any financial instruments for hedging purposes during the year and the Group did not have any hedging instruments as at 31 December 2018. We would continue to monitor closely the exchange rate risk arising from the Group's existing operations and new investments in future. We would implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

Capital Commitments and Significant Investment

Capital expenditure contracted for by the Group but not yet provided in the audited consolidated financial statements of the Company as at 31 December 2018 was HK\$24,030,000 (31 December 2017: HK\$25,774,000), which was mainly related to the acquisition of property, plant and equipment and prepaid lease payments.

Possible Investment in a New Production Plant

Winox Watch Manufactory (Dongguan) Limited, the Group's subsidiary, is negotiating with the local government in respect of the investing agreement in establishment of a new production plant on a parcel of land (the "**Land**") located in Xinmalian Village, Dalang Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市大朗鎮新馬蓮村) with a total site area of approximately 24,988 square meters (or 37.5 mu), which is adjacent to one of the existing production plants of the Group, subject to the successful bidding of the Land by the Group. Please refer to the announcement of the Company dated 21 September 2018 for details.

Contingent Liabilities

As at 31 December 2018, save for the granting of corporate guarantees by the Company to its wholly-owned subsidiaries as described above, the Group did not have any other significant contingent liabilities.

Employment and Remuneration Policy

As at 31 December 2018, the total number of employees of the Group was 3,594 (2017: 3,482). During the year, staff costs (including Directors' emoluments) amounted to HK\$359,449,000 (2017: HK\$292,091,000). Remuneration of the employees which included salary and discretionary bonus was based on the Group's results and individual performance. Medical and retirement benefits schemes were made available to all levels of personnel.

The Company had adopted a share option scheme to incentivise its senior management and employees. As at 31 December 2018, no options had been granted by the Company pursuant to the share option scheme.

OUTLOOK

The uncertainties around the US-China trade tensions, Brexit and increasing geopolitical tensions has weakened the global economic growth in 2019 and impacted the consumer sentiment for luxury goods. Although the US interest rate hike is expecting to come to a halt by some market participants and central banks of major countries are acting to increase the liquidity of the money markets in order to boost the real economy, the outcome is yet to be observed. However, this is the Group's strategy to remain focused on the business segments that we have strengths and expertise. With the extensive experience of our core team and our advanced technology in handling precision stainless steel materials and product design, we are very optimistic on the development of stainless steel product business ahead. We are committed to improving our operation efficiency and will make the best use of our resources to enhance our profitability for the purpose of achieving the sustainable growth of the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	3	1,128,653	891,446
Cost of sales		(819,959)	(634,917)
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Gross profit		308,694	256,529
Other income		8,241	8,228
Other gains and losses		3,556	(8,173)
Selling and distribution costs		(30,383)	(26,235)
Administrative expenses		(109,007)	(86,798)
Finance costs	4	(2,961)	(3,489)
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Profit before taxation	5	178,140	140,062
Taxation	6	(24,014)	(23,627)
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Profit for the year		154,126	116,435
Other comprehensive (expense) income			
<i>Item that may be subsequently</i>			
<i>reclassified to profit or loss:</i>			
– exchange differences on translation			
of financial statements of			
foreign operations		(35,628)	36,789
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Total comprehensive income for the year		118,498	153,224
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Earnings per share – Basic	7	HK30.8 cents	HK23.3 cents
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment		365,955	349,617
Prepaid lease payments		32,945	33,083
Deposit for land use right		20,675	21,781
Deposits paid for acquisition of property, plant and equipment		10,788	19,724
Deposit and prepayment for a life insurance policy		4,244	4,087
		434,607	428,292
Current assets			
Inventories		74,804	82,150
Trade and other receivables	9	188,215	177,649
Taxation recoverable		3,464	1,905
Bank balances and cash		239,478	200,453
		505,961	462,157
Current liabilities			
Trade and other payables	10	154,062	143,508
Taxation payable		29,861	21,223
Bank borrowings		52,250	74,821
		236,173	239,552
Net current assets		269,788	222,605
Net assets		704,395	650,897
Capital and reserves			
Share capital		50,000	50,000
Reserves		654,395	600,897
Total equity		704,395	650,897

NOTES

1. General

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is Ming Fung Holdings (Hong Kong) Limited, a company with limited liability incorporated in the British Virgin Islands. Its ultimate controlling shareholder is Mr. Yiu Hon Ming ("**Mr. Yiu**"), who is also the Chairman and Managing Director of the Company. The Company is an investment holding company and the principal activities of its principal subsidiaries are manufacture and trading in stainless steel products.

The consolidated financial statements are presented in Hong Kong dollars ("**HK\$**"), which is same as the functional currency of the Company.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "**Group**") have applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

Summary of effects arising from initial application of HKFRS 15

The Group has performed an assessment on the impact of the adoption of HKFRS 15 and concluded that no material financial impact exists, and therefore no adjustment to the opening balance of retained profits at 1 January 2018 was recognised.

HKFRS 9 “Financial Instruments”

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement”.

Summary of effects arising from initial application of HKFRS 9

(a) Classification and measurement

The Directors reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There is no change in classification and measurement on the Group's financial assets.

(b) Impairment under ECL model

The Group has applied the HKFRS 9 simplified approach to measure ECL using a lifetime ECL for trade receivables. To measure the ECL, the Group assessed individually for trade debtors.

ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12-month ECL (“**12m ECL**”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model was not significantly different to that under HKAS 39 based on the counterparties' past repayment history and forward looking information.

3. Revenue and Segment Information

The Group's operating activities are attributable to a single reporting segment focusing on manufacture and trading of stainless steel products. Information reported to the members of executive directors of the Company, being the chief operating decision makers (the “**CODM**”), for the purposes of resources allocation and assessment of segment performance focuses on revenue analysis by products, including watch bracelets, mobile phone cases and parts, costume jewellery, accessories and parts for leather goods, and by geographic locations of customers, including Switzerland, Taiwan, PRC, Liechtenstein and other European countries, Hong Kong and other countries. However, other than revenue analysis, no operating results and other discrete financial information is available. In addition, the CODM reviews the results of the Group as a whole to make decisions. Accordingly, no segment information is presented other than entity wide disclosures.

Revenue from major products

Revenue by products are as follows:

	2018	2017
	HK\$'000	HK\$'000
Watch bracelets	533,875	433,849
Mobile phone cases and parts	495,437	323,393
Costume jewellery	80,548	118,023
Accessories and parts for leather goods	18,793	16,181
	1,128,653	891,446

Geographical information

Revenue from external customers based on locations of customers by geographical areas is as follows:

	2018	2017
	HK\$'000	HK\$'000
Switzerland	508,595	413,438
Taiwan	291,268	225,546
PRC	161,192	71,734
Liechtenstein and other European countries	90,804	122,165
Hong Kong	76,008	52,721
Other countries	786	5,842
	1,128,653	891,446

4. Finance Costs

	2018 HK\$'000	2017 HK\$'000
Interests on bank borrowings	<u>2,961</u>	<u>3,489</u>

5. Profit Before Taxation

	2018 HK\$'000	2017 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration	6,512	4,552
Other staff costs	327,987	268,585
Other staff's retirement benefits schemes contributions	24,950	18,954
Total staff costs	<u>359,449</u>	<u>292,091</u>
Less: Capitalised in inventories	<u>(291,227)</u>	<u>(241,673)</u>
	<u>68,222</u>	<u>50,418</u>
Auditor's remuneration	1,430	1,340
Cost of inventories recognised as expenses (including staff costs and depreciation capitalised in inventories)	797,190	616,665
Depreciation of property, plant and equipment	39,092	34,350
Less: Capitalised in inventories	<u>(27,640)</u>	<u>(22,108)</u>
	<u>11,452</u>	<u>12,242</u>
Release of prepaid lease payments	789	772
Premium charges on a life insurance policy	325	325
Operating lease rentals in respect of rented premises	<u>1,933</u>	<u>1,698</u>

6. Taxation

	2018 HK\$'000	2017 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	17,286	15,297
Overprovision in prior years	(90)	(72)
	<u>17,196</u>	<u>15,225</u>
PRC EIT		
Current year	12,811	9,376
Overprovision in prior years	(5,993)	(974)
	<u>6,818</u>	<u>8,402</u>
	<u>24,014</u>	<u>23,627</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the EIT Law and Implementation Regulation of the EIT Law, the tax rate of the group entities in the PRC is 25%. During the year ended 31 December 2018, certain PRC subsidiaries were rewarded the High and New Technology Enterprise certificate and eligible to a tax rate of 15% for 3 years with effect from the financial year ended 31 December 2017. Accordingly, an overprovision for PRC EIT in prior years amounting to HK\$5,993,000 is recognised during the year ended 31 December 2018.

7. Earnings Per Share

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2018 HK\$'000	2017 HK\$'000
Earnings for the purposes of calculating basic earnings per share (profit for the year attributable to owners of the Company)	154,126	116,435
	2018 '000	2017 '000
Number of shares for the purpose of calculating basic earnings per share	500,000	500,000

No dilutive earnings per share is presented as there were no potential dilutive shares in both years.

8. Dividends

	2018 HK\$'000	2017 HK\$'000
Dividends recognised as distribution during the year:		
2017 final dividend – HK7 cents per ordinary share	35,000	–
2018 interim dividend – HK6 cents per ordinary share	30,000	–
2016 final dividend – HK3 cents per ordinary share	–	15,000
2016 special dividend – HK3 cents per ordinary share	–	15,000
2017 interim dividend – HK4 cents per ordinary share	–	20,000
	65,000	50,000

On 25 March 2019, a final dividend of HK8.5 cents (2017: a final dividend of HK7 cents) per ordinary share in respect of the year ended 31 December 2018, totalling HK\$42,500,000 (2017: HK\$35,000,000), has been proposed by the board of Directors. The final dividend is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. Trade and Other Receivables

	2018	2017
	HK\$'000	HK\$'000
Trade receivables	153,243	140,261
Prepayments and deposits	7,206	6,571
Prepaid lease payments	759	800
Value added tax recoverable	24,967	27,036
Others	2,040	2,981
	188,215	177,649

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days by the customers from date of issuance. A longer credit period may be granted to large or long-established customers with good payment history. The following is an aging analysis of trade receivables at the end of each reporting period based on the invoice date, which approximated the respective revenue recognition dates.

	2018	2017
	HK\$'000	HK\$'000
0 to 30 days	83,903	89,738
31 to 60 days	52,346	44,328
61 to 90 days	16,510	5,875
Over 90 days	484	320
	153,243	140,261

10. Trade and Other Payables

	2018	2017
	HK\$'000	HK\$'000
Trade payables	102,206	99,416
Payroll and welfare payable	34,261	20,967
Other tax payables	1,628	5,636
Commissions and other payables to intermediary agents	8,976	9,664
Payables for acquisition of property, plant and equipment	2,998	3,676
Others	3,993	4,149
	154,062	143,508

The Group normally receives credit terms of 30 to 90 days from its suppliers. The following is an aging analysis of trade payables at the end of the reporting period based on invoice date:

	2018	2017
	HK\$'000	HK\$'000
0 to 30 days	34,201	36,707
31 to 60 days	41,474	41,521
61 to 90 days	23,502	17,772
Over 90 days	3,029	3,416
	102,206	99,416

CORPORATE GOVERNANCE

The Company has applied the principles of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on Stock Exchange (the “**Listing Rules**”) and complied with all the applicable code provisions of the CG Code throughout the year, save and except for the deviations from code provisions A.2.1 and A.6.7.

Under code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yiu is the Chairman and Managing Director (being defined as Chief Executive under the CG Code) of the Company who is responsible for overseeing the overall operations of the Group. Mr. Yiu is the founder of the Group who possesses comprehensive knowledge and experience of the industry and has in-depth understanding of the Group’s overall operations. Directors consider this structure is conducive to strong and consistent leadership, and effective and efficient planning and implementation of business decisions and strategies of the Group. The Board meets regularly to discuss major matters affecting the Group’s operations and considers this structure does not impair the balance of power and authority between the Board and the management of the Company.

Under code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. An Independent Non-executive Director was unable to attend the Company’s annual general meeting held on 28 May 2018 due to his other business engagements.

The audit committee of the Company (the “**Audit Committee**”) comprises wholly Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the Company’s management and external auditor, Messrs. Deloitte Touche Tohmatsu, the accounting principles and practices adopted by the Group and also discussed auditing, internal controls and financial reporting matters including the review of the Group’s audited consolidated financial statements for the year ended 31 December 2018.

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

For the year ended 31 December 2018, the Company or any of its subsidiaries had not purchased, sold or redeemed any of its listed securities.

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 own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 31 December 2018 and up to the date of this announcement.

PRELIMINARY ANNOUNCEMENT OF THE GROUP’S RESULTS

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in this preliminary announcement have been agreed by the Company’s auditor, Messrs. Deloitte Touche Tohmatsu, and to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

PROPOSED FINAL DIVIDEND AND ANNUAL GENERAL MEETING

The Board recommended a final dividend of HK8.5 cents per ordinary share (2017: HK7 cents per ordinary share) for the year ended 31 December 2018, be payable on Monday, 10 June 2019 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) at the close of business on Monday, 27 May 2019. The payment of the final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 20 May 2019 (the “**2019 AGM**”).

BOOK CLOSURE

For the purpose of ascertaining the Shareholders’ right to attend and vote at the 2019 AGM, the Register of Members will be closed from Wednesday, 15 May 2019 to Monday, 20 May 2019 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be 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 (the “**Branch Share Registrar**”) for registration not later than 4:30 p.m. on Tuesday, 14 May 2019.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed on Monday, 27 May 2019, on which no transfer of shares of the Company will be registered. In order to be entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Friday, 24 May 2019.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This preliminary annual results announcement is published on the websites of the Company (www.winox.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2018 will be despatched to the Shareholders and made available on the abovementioned websites by the end of April 2019.

By Order of the Board
Yiu Hon Ming
Chairman and Managing Director

Hong Kong • 25 March 2019

As at the date of this announcement, the Board comprises (a) five Executive Directors, namely, Mr. Yiu Hon Ming, Ms. Law Wai Ping, Mr. Chau Kam Wing Donald, Mr. Li Chin Keung and Ms. Yiu Ho Ting; (b) one Non-executive Director, namely, Mr. Au Wai Ming; and (c) three Independent Non-executive Directors, namely, Mr. Carson Wen, Professor Wong Lung Tak Patrick and Mr. Wu Ming Lam.