

**Combine Will International Holdings Limited**

(Incorporated in Cayman Islands)

(Co. Reg. No:MC-196613)

**FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FOURTH QUARTER AND YEAR ENDED 31 DECEMBER 2019****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) A Statement of Profit or Loss (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.****1(a)(i) Statement of Profit or Loss for the quarter ended 31 December 2019**

	The Group							
	3 months ended 31 December				12 months ended 31 December			
	2019	2018	Change	%	2019	2018	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
<b>Continuing Operations</b>		Restated <sup>#1</sup>				Restated <sup>#1</sup>		
Revenue	351,292	326,286	25,006	7.66	1,765,226	1,416,410	348,816	24.63
Cost of sales	(313,632)	(295,247)	18,385	6.23	(1,616,209)	(1,316,118)	300,091	22.80
<b>Gross Profit</b>	<b>37,660</b>	<b>31,039</b>	<b>6,621</b>	<b>21.33</b>	<b>149,017</b>	<b>100,292</b>	<b>48,725</b>	<b>48.58</b>
Other gain and (other loss)	12,101	(26,455)	38,556	145.74	25,894	82,557	(56,663)	(68.64)
Selling and distribution expenses	(3,593)	(2,989)	604	20.21	(14,700)	(21,346)	(6,646)	(31.13)
Administrative expenses	(24,051)	(42,225)	(18,174)	(43.04)	(77,242)	(90,189)	(12,947)	(14.36)
<b>Profit/(Loss) From Operations</b>	<b>22,117</b>	<b>(40,630)</b>	<b>62,747</b>	<b>154.44</b>	<b>82,969</b>	<b>71,314</b>	<b>11,655</b>	<b>16.34</b>
Finance costs	(6,662)	(3,945)	2,717	68.87	(22,614)	(15,108)	7,506	49.68
<b>Profit/(Loss) Before Tax</b>	<b>15,455</b>	<b>(44,575)</b>	<b>60,030</b>	<b>134.67</b>	<b>60,355</b>	<b>56,206</b>	<b>4,149</b>	<b>7.38</b>
Income tax expenses	(1,398)	(1,646)	(248)	(15.07)	(6,484)	(3,523)	2,961	84.05

<b>Profit/(Loss) for the period/year from continuing operations</b>	<b>14,057</b>	<b>(46,221)</b>	<b>60,278</b>	<b>130.41</b>	<b>53,871</b>	<b>52,683</b>	<b>1,188</b>	<b>2.25</b>
<b>Discontinued Operations#1</b>								
(Loss)/Profit for the period/year from discontinued operations	-	(2,123)	2,123	N.M.	(2,668)	72	(2,740)	N.M.
<b>Profit/(Loss) for the period/year</b>	<b>14,057</b>	<b>(48,344)</b>	<b>62,401</b>	<b>129.08</b>	<b>51,203</b>	<b>52,755</b>	<b>(1,552)</b>	<b>(2.94)</b>
<b>Attributable to:</b>								
Owners of the Company	14,057	(47,615)	61,672	129.52	54,355	52,747	1,608	3.05
Non-controlling interests	-	(729)	729	N.M.	(3,152)	8	(3,160)	N.M.
	<b>14,057</b>	<b>(48,344)</b>	<b>62,401</b>	<b>129.08</b>	<b>51,203</b>	<b>52,755</b>	<b>(1,552)</b>	<b>(2.94)</b>
<b>Profit attributable to owners of the Company relates to:</b>								
Continuing Operations	14,057	(46,341)	60,398	130.33	54,260	52,704	1,556	2.95
Discontinued Operations	-	(1,274)	1,274	N.M.	95	43	52	N.M.
	<b>14,057</b>	<b>(47,615)</b>	<b>61,672</b>	<b>129.52</b>	<b>54,355</b>	<b>52,747</b>	<b>1,608</b>	<b>3.05</b>

#1 - The disposal of Machine Sales (Discontinued Operations) was completed on 30 March 2019. The Group has ceased to recognize the financial results of the Machine Sales from the date of completion onwards.

\*N.M. - Not Meaningful

	The Group							
	3 months ended 31 December				12 months ended 31 December			
	2019	2018	Change	%	2019	2018	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
<b>Results of Discontinued Operations</b>								
Revenue	-	16,115	N.M.	N.M.	19,075	146,889	(127,814)	(87.01)
Cost of sales	-	(12,784)	N.M.	N.M.	(16,210)	(121,570)	(105,360)	(86.67)
<b>Gross Profit</b>	-	3,331	N.M.	N.M.	2,865	25,319	(22,454)	(88.68)
Other gain and (other loss)	-	568	N.M.	N.M.	16	1,250	(1,234)	(98.72)
Selling and distribution expenses	-	(996)	N.M.	N.M.	(974)	(5,419)	(4,445)	(82.03)
Administrative expenses	-	(4,949)	N.M.	N.M.	(4,531)	(19,301)	(14,770)	(76.52)
<b>(Loss)/profit from Operations</b>	-	(2,046)	N.M.	N.M.	(2,624)	1,849	(4,473)	(241.91)
Finance costs	-	(262)	N.M.	N.M.	(139)	(649)	510	78.58
<b>(Loss)/profit Before Tax</b>	-	(2,308)	N.M.	N.M.	(2,763)	1,200	(3,963)	(330.25)
Income tax expenses	-	185	N.M.	N.M.	-	(1,128)	1,128	N.M.
<b>Operating (loss)/profit of discontinued operations</b>	-	(2,123)	N.M.	N.M.	(2,763)	72	(2,835)	N.M.
Gain on disposal of subsidiaries for the Group	-	-	-	-	95	-	95	N.M.
<b>(Loss)/Profit for the period/year from Discontinued Operations</b>	-	(2,123)	N.M.	N.M.	(2,668)	72	(2,740)	N.M.

**1(a)(ii) Statement of Profit or Loss and Other Comprehensive Income for the quarter ended 31 December 2019**

	The Group							
	3 months ended 31 December				12 months ended 31 December			
	2019	2018	Change	%	2019	2018	Change	%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
<b>Profit/(loss) for the period/year</b>	<b>14,057</b>	<b>(48,344)</b>	<b>62,401</b>	<b>129.08</b>	<b>51,203</b>	<b>52,755</b>	<b>(1,552)</b>	<b>(2.94)</b>
<b>Other comprehensive income</b>								
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	(631)	-	(631)	N.M.	(631)	-	(631)	N.M.
Exchange difference on translating foreign operations	5,849	(7,818)	13,667	174.81	(1,310)	(11,655)	10,345	88.76
Reclassification adjustments foreign operations disposed during the period	-	-	-	-	(532)	-	(532)	N.M.
<b>Other comprehensive income for the period/year, net of tax</b>	<b>5,218</b>	<b>(7,818)</b>	<b>13,036</b>	<b>166.74</b>	<b>(2,473)</b>	<b>(11,655)</b>	<b>9,182</b>	<b>78.78</b>
<b>Total comprehensive income for the period/year</b>	<b>19,275</b>	<b>(56,162)</b>	<b>75,437</b>	<b>134.32</b>	<b>48,730</b>	<b>41,100</b>	<b>7,630</b>	<b>18.56</b>
<b>Attributable to:</b>								
Owners of the Company	19,275	(55,293)	74,568	134.86	51,946	41,232	10,714	25.98
Non-controlling interests	-	(869)	869	N.M.	(3,216)	(132)	(3,084)	(2,336.36)
	19,275	(56,162)	75,437	134.32	48,730	41,100	7,630	18.56

**Note:**

The Group's profit/(loss) before tax from Continuing Operations is arrived at after charging / (crediting):

	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation and amortization	16,382	9,785	68,951	46,424
Gain on disposal of subsidiaries	-	1,511	-	(138,387)
Fair value movement on FVTPL	(4,326)	250	(4,326)	250
Impairment of right of use assets	883	-	883	-
Fair value movement on financial guarantee contracts	(442)	-	2,558	-
Impairment on PPE	-	4,129	-	4,129
Allowance for trade and other receivables and contract assets	4,856	10,975	4,856	35,558
Write down of inventory	-	(12,288)	-	16,296
Interest income	(883)	(236)	(1,032)	(378)
Interest on bank loans and overdrafts	3,535	3,946	19,501	15,108
Interest on lease liabilities	3,113	-	3,113	-
Loss on disposals of property, plant and equipment	2,103	3,084	2,103	3,084
Exchange difference, net	1,679	818	3,616	3,317

**1(b)(i) A Statement of Financial Position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.**

	The Group		The Company	
	At 31.12.2019	At 31.12.2018	At 31.12.2019	At 31.12.2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Non-current assets</b>				
Property, plant and equipment	304,469	225,769	-	-
Right-of-use Assets	96,002	-	-	-
Financial assets at FVTOCI	369	-	-	-
Investments in subsidiaries	-	-	461,263	461,263
Other receivables	11,833	-	11,833	-
Goodwill	1,927	1,927	-	-
	414,600	227,696	473,096	461,263
<b>Current assets</b>				
Inventories	131,395	590,787	-	-
Trade and bills receivables	220,107	217,189	-	-
Prepayments, deposits and other receivables	132,471	157,254	3,000	-
Contract assets	430,681	-	-	-
Current tax assets	1,224	1,753	-	-
Financial assets at fair value through profit or loss ("FVTPL")	120,342	78,055	-	-
Bank and cash balances	100,485	89,872	1,189	1,125
	1,136,705	1,134,910	4,189	1,125
<b>Total assets</b>	<b>1,551,305</b>	<b>1,362,606</b>	<b>477,285</b>	<b>462,388</b>
<b>Current liabilities</b>				
Trade and bills payables	184,098	209,573	-	-
Accruals and other payables	173,546	174,373	-	-
Finance lease payables	25,157	-	-	-
Amount due to a subsidiary	-	-	20,638	11,319
Short-term loans and borrowings	375,238	261,985	-	-
Financial guarantee contracts	2,558	-	8,059	-
Current tax liabilities	12,435	6,259	-	-
	773,032	652,190	28,697	11,319
<b>Non-current liabilities</b>				
Long-term loans and borrowings	56,626	67,500	-	-

Finance lease payables	48,688	-	-	-
Deferred tax liabilities	2,650	2,650	-	-
	107,964	70,150	-	-
<b>Total liabilities</b>	<b>880,996</b>	<b>722,340</b>	<b>28,697</b>	<b>11,319</b>
<b>Equity attributable to owners of the Company</b>				
Share capital	242,456	242,456	242,456	242,456
Reserves	427,853	386,765	206,132	208,613
	670,309	629,221	448,588	451,069
Non-controlling interests	-	11,045	-	-
<b>Total equity</b>	<b>670,309</b>	<b>640,266</b>	<b>448,588</b>	<b>451,069</b>
<b>Total liabilities and equity</b>	<b>1,551,305</b>	<b>1,362,606</b>	<b>477,285</b>	<b>462,388</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.****Amount repayable in one year or less, or on demand**

As at 31 December 2019	As at 31 December 2018
Secured	Secured
HK\$'000	HK\$'000
375,238	261,985

**Amount repayable after one year**

As at 31 December 2019	As at 31 December 2018
Secured	Secured
HK\$'000	HK\$'000
56,626	67,500

**Details of collaterals**

The Group's banking facilities are secured by cross corporate guarantees executed by companies within the Group and other third-parties companies.



**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	The Group		The Group	
	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>				
Profit / (loss) before tax				
Continuing operations	15,455	(44,575)	60,355	56,206
Discontinued operations	95	(2,308)	(2,668)	1,200
	15,550	(46,883)	57,687	57,406
Adjustments for :				
Depreciation and amortization	16,382	9,924	68,951	47,036
Gain on disposal of subsidiaries	-	1,511	(95)	(138,387)
Fair value movement on FVTPL	(4,326)	250	(4,326)	250
Loss on disposals of property, plant and equipment	2,103	3,084	2,103	3,084
Impairment of right of use assets	883	-	883	-
Fair value movement on financial guarantee contracts	(442)	-	2,558	-
Impairment on property, plant and equipment	-	4,129	-	4,129
Allowance for trade and other receivables and contract assets	4,856	10,975	4,856	35,558
Write down of inventory	-	(12,288)	-	16,296
Interest income	(883)	(240)	(1,032)	(393)
Finance costs	6,648	4,207	22,614	15,757
<b>Operating profit/(loss) before working capital changes</b>	<b>40,771</b>	<b>(25,331)</b>	<b>154,199</b>	<b>40,736</b>
Decrease / (increase) in inventories	48,326	(15,516)	21,331	(81,956)
(Increase)/Decrease in trade and bills receivables	(4,924)	56,043	(9,016)	36,813
Increase in contract assets	(34,211)	-	(34,211)	-
Decrease in prepayments, deposits and other receivables	20,864	15,340	13,612	(50,546)
(Increase)/Decrease in trade and bills payables	(87,547)	21,786	(20,435)	(3,084)
Decrease / (increase) in accruals and other payables	32,187	(9,985)	12,539	(38,225)
<b>Cash generated from/(used in) operations</b>	<b>15,466</b>	<b>42,337</b>	<b>138,019</b>	<b>(96,262)</b>
Interest paid	(5,334)	(4,207)	(19,501)	(15,757)
Interest on lease liabilities	(3,113)	-	(3,113)	-

Income tax (paid)/refund	(2,434)	(467)	813	(5,314)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,585</b>	<b>37,663</b>	<b>116,218</b>	<b>(117,333)</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(48,970)	(49,258)	(150,483)	(77,871)
Purchase of FVTPL	4,722	(78,305)	(38,418)	(78,305)
Proceeds from disposal of property, plant and equipment	2,000	447	2,000	447
Net cash outflow from disposal of a subsidiary	-	(1,309)	(10,998)	182,035
Purchase of FVTOCI	(1,000)	-	(1,000)	-
Interest received	593	240	742	393
<b>Net cash (used in) / generated from investing activities</b>	<b>(42,655)</b>	<b>(128,185)</b>	<b>(198,157)</b>	<b>26,699</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(9,319)	-	(9,319)	-
Repayment of loans	(12,333)	-	(15,000)	-
Inception of loans raised	44,000	52,000	44,000	82,000
Net advance/(repayment) of trust receipt and import loans	67,052	(76,959)	99,150	32,190
Principal elements of lease payments	4,539	-	(15,568)	-
Acquisition of non-controlling interests	-	-	(1,219)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>93,939</b>	<b>(24,959)</b>	<b>102,044</b>	<b>114,190</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>55,869</b>	<b>(115,481)</b>	<b>20,105</b>	<b>23,556</b>
<b>Cash and cash equivalents at beginning of the period/year</b>	<b>44,610</b>	<b>205,168</b>	<b>89,872</b>	<b>73,064</b>
Net effect of exchange rate changes in consolidating subsidiaries	6	185	(9,492)	(6,748)
<b>Cash and cash equivalents at end of the period/year</b>	<b>100,485</b>	<b>89,872</b>	<b>100,485</b>	<b>89,872</b>

	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>(Loss)/profit for the period from Discontinued Operations include the following:</b>				
Depreciation	-	139	151	612
Interest income	-	(4)	(3)	(15)
Interest on bank loans, overdrafts and lease liabilities	-	261	139	649
Exchange difference, net	-	(1,335)	(174)	(499)
<b>Cash flow from discontinued operations:</b>				
Net cash outflows from operating activities	-	10,840	(11,561)	5,251
Net cash inflows from investing activities	-	4	3	1
Net cash inflows from financing activities	-	(8,057)	16,832	(3,329)
<b>Net cash inflow</b>	-	<b>2,787</b>	<b>5,274</b>	<b>1,923</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The Group	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital redemption reserve	Financial assets at FVOCI reserve	Translation reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1 January 2019</b>	<b>242,456</b>	<b>26,488</b>	<b>2,033</b>	<b>1,665</b>	-	<b>(4,888)</b>	<b>361,467</b>	<b>629,221</b>	<b>11,045</b>	<b>640,266</b>
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	(1,186)	(1,186)	-	(1,186)
<b>Restated balance at 1 January 2019</b>	<b>242,456</b>	<b>26,488</b>	<b>2,033</b>	<b>1,665</b>	-	<b>(4,888)</b>	<b>360,281</b>	<b>628,035</b>	<b>11,045</b>	<b>639,080</b>
Total comprehensive income for the year	-	-	-	-	(631)	(1,778)	54,355	51,946	(3,216)	<b>48,730</b>
Dividend paid	-	-	-	-	-	-	(9,319)	(9,319)	-	(9,319)
Acquisition of non-controlling interests	-	-	-	-	-	-	(353)	(353)	(866)	<b>(1,219)</b>
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(6,963)	<b>(6,963)</b>
<b>At 31 December 2019</b>	<b>242,456</b>	<b>26,488</b>	<b>2,033</b>	<b>1,665</b>	<b>(631)</b>	<b>(6,666)</b>	<b>404,964</b>	<b>670,309</b>	-	<b>670,309</b>
<b>At 1 January 2018</b>	<b>242,456</b>	<b>26,488</b>	<b>2,033</b>	<b>1,665</b>	-	<b>6,627</b>	<b>308,720</b>	<b>587,989</b>	<b>11,177</b>	<b>599,166</b>
Total comprehensive income for the year	-	-	-	-	-	(11,515)	52,747	41,232	(132)	41,100
<b>At 31 December 2018</b>	<b>242,456</b>	<b>26,488</b>	<b>2,033</b>	<b>1,665</b>	-	<b>(4,888)</b>	<b>361,467</b>	<b>629,221</b>	<b>11,045</b>	<b>640,266</b>

The Company	Share capital	Share premium	Contributed surplus	Capital redemption reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	242,456	26,488	130,205	1,665	50,255	451,069
Total comprehensive income for the year	-	-	-	-	6,838	6,838
Dividend paid	-	-	-	-	(9,319)	(9,319)
<b>At 31 December 2019</b>	<b>242,456</b>	<b>26,488</b>	<b>130,205</b>	<b>1,665</b>	<b>47,774</b>	<b>448,588</b>
<b>At 1 January 2018</b>	<b>242,456</b>	<b>26,488</b>	<b>130,205</b>	<b>1,665</b>	<b>50,255</b>	<b>451,069</b>
Total comprehensive income for the year	-	-	-	-	-	-
<b>At 31 December 2018</b>	<b>242,456</b>	<b>26,488</b>	<b>130,205</b>	<b>1,665</b>	<b>50,255</b>	<b>451,069</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

**State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

During the three months ended 31 December 2019,

- 1) the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme; and
- 2) the Company did not buy back any shares of the Company by the way of market acquisition and by share cancellation.

As at 31 December 2019 and 31 December 2018, there were no outstanding share options / warrants / convertible securities / treasury shares.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Date	Number of shares of HKD7.50 each
31 December 2019	32,327,400
31 December 2018	32,327,400

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

As at 31 December 2019, the Company did not buy back any shares of the Company by the way of market acquisition and by share cancellation.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Section 5 below, the Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in the audited financial statements for the year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for the accounting period beginning on 1 January 2019. The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Under IFRS 15, sales are recognised either when control of the products has transferred, being when the products are delivered to the customers; or when a performance obligation is satisfied over time by reference to the progress towards complete satisfaction.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. For revenue recognized over time, payment is not due from the customer until the products are delivered and therefore a contract asset is recognised over the period in which the

goods and services are performed representing the entity's right to consideration for the goods and services performed to date.

Before IFRS 16, leases that do not substantially transfer to the lessee all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (not of any incentives received from the lessor) are recognized as expenses on a straight-line basis over the lease term.

Under IFRS 16, the Group recognizes and measures a liability at the present value of the future minimum lease payments and recognize a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset recognize in profit or loss. As a result, right-to-use assets increased by HK\$96.0 million and lease liabilities increased by HK\$73.8 million at 31 December 2019, resulting in a net decrease of HK\$1.2 million in retained earnings as at 31 December 2018.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	3 months ended 31 December		12 months ended 31 December	
	2019	2018	2019	2018
	HK cents	HK cents	HK cents	HK cents
		Restated		Restated
Earnings per ordinary share for the period based on the net profit for the period				
(a) Based on weighted average number of ordinary shares on issue; and				
Continuing operations	43.48	(143.35)	167.85	163.03
Discontinued operations	-	(3.94)	0.29	0.13
Total	43.48	(147.29)	168.14	163.16
(b) On a fully diluted basis	N/A	N/A	N/A	N/A

Basic earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company for continuing operations and discontinued operations of approximately HK\$14,057,000 (Q4 2018: (HK\$46,341,000)) and approximately HK\$0 (Q4 2018: (HK\$1,274,000)), respectively by the weighted average number of ordinary shares in issue of 32,327,400 (Q4 2018: 32,327,400) during the Q4 2019 period.

Basic earnings per share is calculated by dividing the profit for continuing operations and discontinued operations attributable to owners of the Company of approximately HK\$54,260,000 (FY2018: HK\$52,704,000) and HK\$95,000 (FY2018: HK\$43,000), respectively by the weighted average number of ordinary shares in issue of 32,327,400 (FY2018: 32,327,400) during FY2019.

No diluted earnings per share are presented as the Group did not have any dilutive potential shares for the Q4 2019 and Q4 2018 periods as well as FY2019 and FY2018.



**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) Current financial period reported on; and  
 (b) Immediately preceding financial year.

	The Group		The Company	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on issued share capital at the end of the year:	20.74	19.46	13.88	13.95
Number of ordinary shares in issue	32,327,400	32,327,400	32,327,400	32,327,400

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

As mentioned in paragraph 5 above, the implementation of IFRS 15 and 16 has significantly affected various figures reported including the revenue, gross profit, inventory, right-to-use assets and lease liabilities for the current period reported on.

### **8.1 Revenue**

The Group's overall revenue increased by HK\$348.8 million or 24.6%, from HK\$1,416.4 million in FY2018 (Restated) to HK\$1,765.2 million in FY2019. With the disposal of the Machine Tools segment in March 2019, our revenue was mainly derived from ODM segment and the increase was mainly due to continuous orders placed by our core customers and the goods delivered as scheduled for the year.

### **8.2 Gross profit and gross profit margin**

In FY2019, the Group's gross profit increased by HK\$48.7 million or 48.6%, generating gross profit margin of 8.4% (FY2018 (Restated): 7.1%) mainly due to the growth in sales and continuous effort on productivity enhancement.

### **8.3 Other gain and (other loss)**

The Group's other income of HK\$25.9 million comprised mainly of mould engineering income in FY2019. In FY2018 (Restated), there was one-off gain on disposal of subsidiaries of HK\$138.3 million, which were partially offset by provision of severance payment of HK\$35.8 million, written down of inventory of HK\$16.3 million and allowance of trade and other receivables of HK\$35.6 million.

### **8.4 Selling and distribution expenses**

The Group's selling and distribution expenses decreased by HK\$6.6 million or 31.1%, from HK\$21.3 million in FY2018 (Restated) to HK\$14.7 million in FY2019 mainly due to a decrease in transportation expenses.

### 8.5 Administrative expenses

The Group's administrative expenses decreased by HK\$12.9 million or 14.4%, from HK\$90.1 million in FY2018 (Restated) to HK\$77.2 million in FY2019, mainly due to the provision of Secure Seniors Fund made in 2018.

### 8.6 Finance Costs

Finance costs increased by HK\$7.5 million or 49.7%, from HK\$15.1 million in FY2018 (Restated) to HK\$22.6 million in FY2019 mainly due to an increase in bank loans and lease liabilities.

### 8.7 Income Tax Expenses

Income tax expenses increased by HK\$3.0 million or 84.1%, from HK\$3.5 million in FY2018 (Restated) to HK\$6.5 million in FY2019 mainly due to the increased profit in the ODM/OEM business segment.

## Financial position as at 31 December 2019

### 8.8 Non-current assets

The Group's non-current assets stood at HK\$414.6 million as at 31 December 2019, increased by 82.1% or HK\$186.9 million, from HK\$227.7 million at 31 December 2018. This was due to (i) an increase in capital expenditure on property, plant and equipment and right-of-use assets of HK\$150.5 million and HK\$93.8 million respectively, (ii) an increase in other receivables of HK\$11.8 million due to disposal of subsidiaries, and (iii) an increase in investment in financial assets at FVTOCI of HK\$0.4 million, which were partially offset by total depreciation expense of HK\$69.0 million.

### 8.9 Current assets

The Group's current assets stood at HK\$1,136.7 million as at 31 December 2019, an increase of HK\$1.8 million or 0.2%, from HK\$1,134.9 million as at 31 December 2018, mainly due to:

- an increase in contract assets of HK\$430.7 million due to implementation of IFRS 15 as explained in Paragraph 5;

- an increase in financial assets at FVTPL of HK\$42.2 million due to purchase addition financial assets of US\$5 million duly 2019;
- an increase in bank and cash balances of HK\$10.6 million; and
- an increase in trade and bills receivables of HK\$2.9 million in line with sales increase.

which were partially offset by:

- a decrease in inventories of HK\$459.4 million mainly due to implementation of IFRS 15 as explained in Paragraph 5;
- a decrease in prepayments, deposits and other receivables of HK\$24.7 million mainly due to a decrease in rental deposit; and
- a decrease in current tax assets of HK\$0.5 million.

#### **8.10 Current liabilities**

The Group's current liabilities stood at HK\$773.0 million as at 31 December 2019, an increase of HK\$120.8 million or 18.5%, from HK\$652.2 million as at 31 December 2018, mainly due to:

- an increase in short-term borrowings of HK\$113.1 million to finance working capital requirement;
- an increase in finance lease payables of HK\$25.2 million mainly due to implementation of IFRS 16 as explained in Paragraph 5;
- an increase in current tax liabilities of HK\$6.2 million; and
- an increase in financial guarantee contract of HK\$2.6 million.

which were offset by:

- a decrease in trade and bills payables of HK\$25.5 million, mainly due to decrease raw materials purchased in ODM/OEM segment; and
- a decrease in accruals and other payables of HK\$0.8 million.

#### **8.11 Non-current liabilities**

The Group's non-current liabilities stood at HK\$108.0 million as at 31 December 2019, an increase of HK\$37.8 million or 53.9%, from HK\$70.2 million as at 31 December 2018 mainly due to increase in lease liabilities of HK\$48.7 million mainly due to implementation of IFRS 16 as explained in Paragraph 5.

### **8.12 Statement of Cash Flows for the year ended 31 December 2019**

As at 31 December 2019, the Group's cash resources of HK\$100.5 million are considered adequate for current operational needs. The net increase in cash and cash equivalents of HK\$20.1 million held by the Group comprised:

- Net cash generated from operating activities of HK\$116.3 million due to better management and utilization of working capital;
- Net cash used in investing activities of HK\$198.2million mainly due to additions of property, plant and equipment and financial assets as FVTPL and FVTOCI; and
- Net cash generated from financing activities of HK\$102.0 million, mainly due to the net advances of trust receipt and import loans, and inception of new term loans.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The outbreak of COVID-19 has affected the overall economy in China and globally. However, it is expected the impact on the Group to be short-term and not significant. All our factories have resumed production and capacity ramping up gradually. Supply chain impact is manageable as around 50% of supplies are sourced from outside China and these are not interrupted. We expect supplies to be reinstated progressively over the next few weeks as most of our major suppliers have resumed production.

Meanwhile, the Group continues with its strategic self-enhancement through further re-engineering and re-organisation to tap higher productivity gains.

As the Group continues to drive sales with our pool of loyal repeat customers, barring unforeseen circumstances, it is confident that FY2020 will be another profitable year.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share (in Singapore cents)	5 cents per ordinary share
Tax Rate	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. A final tax-exempt one-tier dividend of S\$5.0 cents per ordinary share was previously declared in respect of the financial year ended 31 December 2018.

**(c) Date payable**

Subject to approval by shareholders at the next Annual General Meeting and to be announced at a later date.

**(d) Books closure date**

Subject to approval by shareholders at the next Annual General Meeting and to be announced at later date.

**12. If no dividend has been declared/recommended, a statement to that effect.**

Final dividend has been recommended for the current period reported on.

**13. If the group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained for the current period reported on.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

**14. Segmented revenue and results for geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Revenue of geographical segments of principal markets are analyzed by location of customers

	<b>FY2019</b>		<b>FY2018</b>		<b>Change</b>
	<b>HK\$'000</b>		<b>HK\$'000</b>		<b>%</b>
		<b>%</b>	<b>Restated#1</b>	<b>%</b>	
Asia	1,536,367	87.0	1,218,796	86.0	26.1
North America	6,190	0.4	24,891	1.8	(75.1)
Europe	222,669	12.6	172,723	12.2	28.9
<b>Total</b>	<b>1,765,226</b>	<b>100.0</b>	<b>1,416,410</b>	<b>100.0</b>	<b>24.6</b>

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Para 8 above.

**16. A breakdown of group sales.**

	<b>FY2019</b>	<b>FY2018</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
		<b>Restated#1</b>	
(a) Sales reported for first half year	978,869	705,227	38.8
(b) Operating profit after tax before deducting minority interests reported for first half year	21,470	10,296	108.5
(c) Sales reported for second half year	786,357	711,183	10.6
(d) Operating profit after tax before deducting minority interests reported for second half year	29,733	42,459	(30.0)



17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total Annual Dividend

	<b>FY2019</b> <b>(subject to shareholders' approval)</b>	<b>FY2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Ordinary</b>	1,616,370	1,616,370
<b>Preference</b>	N/A	N/A
<b>Total:</b>	-	-

18. Interested Person Transactions ("IPTs")

	<b>Aggregate value of all interested person transaction during the year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	<b>Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	N/A	N/A

19. Use of IPO Proceeds

All IPO proceeds had been fully utilized in 2011.

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company for the financial year ended 31 December 2019.

**21. Undertakings from Directors and Executive Officers under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1).

**BY ORDER OF THE BOARD**

**Chiu Hau Shun, Simon**  
**Executive Director**

28 February 2020