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EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated with limited liability in the Cayman Islands)
(Stock Code: 838)

FURTHER ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

AUDITED FINANCIAL RESULTS

Reference is made to the announcement of EVA Precision Industrial Holdings Limited (the "Company") dated 26 March 2020 in connection with the unaudited annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 (the "Unaudited Annual Results Announcement"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

The Board of the Company is pleased to announce that the Group's auditor, PricewaterhouseCoopers, has completed its audit of the consolidated financial statements of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The audited annual results for the year ended 31 December 2019 were approved by the Board on 6 May 2020, details of which are set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**3,747,055**	3,666,657
Cost of sales	*5*	**(2,982,064)**	(2,877,691)
Gross profit		**764,991**	788,966
Other income		**48,056**	28,857
Other losses – net		**(14,619)**	(183)
Selling and marketing costs	*5*	**(215,596)**	(213,800)
General and administrative expenses	*5*	**(462,790)**	(460,046)

	Note	2019 HK$'000	2018 HK$'000
Operating profit		**120,042**	143,794
Finance income	*6*	**15,031**	15,707
Finance costs	*6*	**(55,389)**	(55,587)
Share of losses of associates		**(2,082)**	(404)
Profit before income tax		**77,602**	103,510
Income tax expense	*7*	**(25,821)**	(20,847)
Profit for the year		**51,781**	82,663
Other comprehensive loss for the year, net of tax			
Items that may be reclassified to profit or loss			
– Currency translation differences		**(25,308)**	(58,832)
Items that will not be reclassified to profit or loss			
– Revaluation losses on financial assets at fair value through other comprehensive income ("FVOCI")		**(1,875)**	(7,814)
Total comprehensive income for the year		**24,598**	16,017
Profit for the year attributable to equity holders of the Company		**51,781**	82,663
Total comprehensive income for the year attributable to equity holders of the Company		**24,598**	16,017
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)			
– basic	*8*	**3.0**	4.8
– diluted	*8*	**3.0**	4.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,082,318**	2,017,140
Right-of-use assets		**371,454**	–
Investment property under development		**176,521**	156,003
Leasehold land and land use rights		**–**	238,778
Intangible assets		**8,524**	2,510
Investments in associates		**55,165**	63,043
Prepayments, deposits and other receivables		**44,831**	104,498
Financial assets at fair value through other comprehensive income		**81,247**	105,851
		2,820,060	2,687,823
Current assets			
Inventories		**607,705**	445,241
Trade receivables	*10*	**914,511**	989,599
Prepayments, deposits and other receivables		**232,562**	248,506
Restricted bank deposits		**84,460**	51,563
Short-term bank deposits		**218,060**	174,169
Cash and cash equivalents		**1,070,738**	1,111,046
		3,128,036	3,020,124
LIABILITIES			
Current liabilities			
Trade payables	*11*	**977,855**	838,136
Contract liabilities		**59,284**	68,493
Accruals and other payables		**253,970**	230,448
Bank borrowings		**1,125,744**	1,348,580
Lease liabilities		**18,223**	–
Finance lease liabilities		**–**	2,482
Current income tax liabilities		**11,193**	10,842
		2,446,269	2,498,981
Net current assets		**681,767**	521,143

	Note	2019 HK$'000	2018 HK$'000
Total assets less current liabilities		**3,501,827**	3,208,966
LIABILITIES			
Non-current liabilities			
Bank borrowings		**787,073**	597,253
Lease liabilities		**86,919**	–
Deferred taxation		**32,586**	23,210
		906,578	620,463
Net assets		**2,595,249**	2,588,503
EQUITY			
Capital and reserves			
Share capital		**171,713**	172,944
Reserves		**2,423,536**	2,415,559
Total equity		**2,595,249**	2,588,503

Note:

1. BASIS OF PRESENTATION

The Company is an investment holding company. Its subsidiaries are principally engaged in the provision of precision manufacturing services, focusing on the production of moulds and components and automated assembly services with high quality standard and dimensional accuracy.

At present, the Group operates eleven industrial parks in China (Shenzhen, Suzhou, Zhongshan, Chongqing, Wuhan and Weihai), Vietnam (Haiphong) and Mexico (San Luis Potosí). At the same time, the Group is in the process of building up new production facilities in Weihai to expand its business there.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 11 May 2005.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVOCI and investment property under development which are carried at fair values.

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

2. ACCOUNTING POLICIES

(a) New and amended standards and interpretation adopted by the Group

The following new and amended standards and interpretation are mandatory for the first time for the financial year beginning 1 January 2019:

Amendments to Annual Improvement Project	Annual improvements 2015 – 2017 cycle
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over income tax treatments

The Group changed its accounting policies following the adoption of HKFRS 16 which are disclosed in note 2.1. The adoption of other new and amended standards and interpretation did not have any material impact in the current period or any prior periods.

(b) ***New standards, amendments to existing standards that have been issued and are relevant to the Group but not effective for the financial year beginning 1 January 2019 and have not been early adopted***

		Effective for annual periods beginning on or after
Amendments to HKFRS 3 (Revised)	Definition of a business	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the adoption of the above new standards, amendments to standards and do not expect them to have a material impact in the current or future reporting periods and on foreseeable future transactions. The directors of the Group will adopt the new standards, amendments to standards and interpretation when they become effective.

2.1 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach, and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

(a) ***Adjustments recognised on the adoption of HKFRS 16***

On adoption of HKFRS 16, as a lessee, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.88%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

	2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**125,265**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**84,470**
Add: finance lease liabilities recognised as at 31 December 2018	**2,482**
Less: short-term leases recognised on a straight-line basis as expense	**(286)**
Lease liability recognised as at 1 January 2019	**86,666**
Of which are:	
Current lease liabilities	**10,835**
Non-current lease liabilities	**75,831**
	86,666

	2019
	HK$'000
Lease liabilities – Plant and machinery	**2,482**
Lease liabilities – Factory and office premises	**84,184**
	86,666

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Leasehold land and land use rights previously presented as a separate item on the consolidated statement of financial position is grouped as part of right-of-use assets with effect from 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 *HK$'000*	1 January 2019 *HK$'000*
Leasehold land and land use rights	**230,685**	238,778
Land under finance lease	**6,199**	6,461
Plant and machinery under finance lease	**62,154**	11,990
Factory and office premises	**72,416**	84,184
Total right-of-use assets	**371,454**	341,413

The change in accounting policies affected the following items in the consolidated statement of financial position on 1 January 2019, which leasehold land and land use rights decreased by HK$238,778,000, property, plant and equipment decreased by HK$18,451,000, right-of-use assets increase by HK$341,413,000, finance lease liabilities decreased by HK$2,482,000 and lease liabilities increased by HK$86,666,000. There was no impact on retained earnings on 1 January 2019.

(i) Impact on segment disclosures and earnings per share

Segment results, segment assets and segment liabilities as at 31 December 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Increase in segment results *HK$'000*	**Increase in segment assets** *HK$'000*	**Increase in segment liabilities** *HK$'000*
Metal stamping	759	26,323	26,902
Plastic injection	1,330	46,093	47,108
Total	2,089	72,416	74,010

Earnings per share decreased by HK0.1 cent per share for the year ended 31 December 2019 as a result of the adoption of HKFRS 16.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HKFRIC 4 "Determining whether an Arrangement contains a Lease".

(b) The Group's leasing activities and how these are accounted for

The Group leases various buildings, plant and machineries. Rental contracts are typically made for fixed periods of 2 to 11 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease arrangements do not impose any covenants, but certain lease liabilities are effectively secured as the right to the leased assets revert to the lessors in the event of default. As at 31 December 2019, the net book amount of the secured right-of-use assets was approximately HK$62,154,000 (31 December 2018: HK$11,990,000).

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

- amounts expected to be payable by the Group under residual value guarantees

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and

- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors and senior management collectively. They review the Group's internal reporting in order to assess performance and allocate resources.

The Group is organised into two main business segments:

(i) design and fabrication of metal stamping moulds and manufacturing of metal stamping components and lathing components ("Metal stamping"); and

(ii) design and fabrication of plastic injection moulds and manufacturing of plastic injection components ("Plastic injection").

The chief operating decision-maker assesses the performance of the operating segment based on a measure of profit before interest and tax.

Information provided to the chief operating decision-maker is measured in a manner consistent with that in the consolidated financial statements.

The segment results and other segment items are as follows:

	2019				2018			
	Metal stamping	**Plastic injection**	**Microcredit**	**Total**	Metal stamping	Plastic injection	Microcredit	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total gross segment revenue	**2,188,915**	**2,201,080**	**–**	**4,389,995**	2,243,914	2,058,765	–	4,302,679
Inter-segment revenue	**(353,196)**	**(289,744)**	**–**	**(642,940)**	(373,046)	(262,976)	–	(636,022)
Revenue	**1,835,719**	**1,911,336**	**–**	**3,747,055**	1,870,868	1,795,789	–	3,666,657
Segment results	**49,733**	**73,977**	**(1,530)**	**122,180**	73,144	75,764	867	149,775
Unallocated expenses				**(4,220)**				(6,385)
Finance income				**15,031**				15,707
Finance costs				**(55,389)**				(55,587)
Profit before income tax				**77,602**				103,510
Income tax expense				**(25,821)**				(20,847)
Profit for the year				**51,781**				82,663
Share of (losses)/profits of associates	**(552)**	**–**	**(1,530)**	**(2,082)**	(1,271)	–	867	(404)
Depreciation	**165,071**	**58,718**	**–**	**223,789**	157,139	66,500	–	223,639
Amortisation	**881**	**–**	**–**	**881**	5,027	928	–	5,955

For the years ended 31 December 2018 and 2019, unallocated expenses represent corporate expenses.

The segment assets and liabilities are as follows:

	2019					2018				
	Metal stamping	**Plastic injection**	**Microcredit**	**Un-allocated**	**Total**	Metal stamping	Plastic injection	Microcredit	Un-allocated	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets	**4,023,310**	**1,847,997**	**55,165**	**21,624**	**5,948,096**	4,349,705	1,291,384	49,400	17,458	5,707,947
Liabilities	**949,182**	**443,060**	**-**	**1,960,605**	**3,352,847**	613,267	523,721	–	1,982,456	3,119,444
Capital expenditure	**293,590**	**106,108**	**-**	**-**	**399,698**	464,225	123,440	–	–	587,665

Segment assets consist primarily of certain property, plant and equipment, investment property under development, right-of-use assets (2018: leasehold land and land use rights), intangible assets, investments in associates, prepayments, deposits, certain other receivables, financial assets at FVOCI, inventories, trade receivables and cash and cash equivalents.

Segment liabilities comprise operating liabilities but exclude bank borrowings, current income tax liabilities, deferred taxation and certain accruals and other payables.

Capital expenditure comprises additions to property, plant and equipment, investment property under development, right-of-use assets (2018: leasehold land and land use rights) and intangible assets.

Revenue from external customers, based on the destination of the shipment, and non-current assets, other than deferred income tax assets, by countries are as follows:

	2019				2018			
	HK & PRC	**Vietnam**	**Mexico**	**Total**	HK & PRC	Vietnam	Mexico	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**3,447,130**	**279,313**	**20,612**	**3,747,055**	3,474,296	192,361	–	3,666,657
Non-current assets by geographical region								
Total segment non-current assets	**2,313,340**	**255,315**	**251,405**	**2,820,060**	2,295,019	247,718	145,086	2,687,823
Total segment assets	**5,258,554**	**403,646**	**285,896**	**5,948,096**	5,069,204	419,045	219,698	5,707,947

Segment assets and liabilities are reconciled to the Group's assets and liabilities as follows:

	As at 31 December			
	2019		2018	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Segment assets/liabilities	**5,926,472**	**1,392,242**	5,690,489	1,136,988
Unallocated:				
Cash and cash equivalents	**19,280**	**–**	15,029	–
Other receivables	**2,344**	**–**	2,429	–
Current income tax liabilities	**–**	**11,193**	–	10,842
Deferred taxation	**–**	**32,586**	–	23,210
Bank borrowings	**–**	**1,912,817**	–	1,945,833
Accruals and other payables	**–**	**4,009**	–	2,571
Total	**5,948,096**	**3,352,847**	5,707,947	3,119,444

An analysis of the Group's three (2018: three) major customers, each of which accounts for 10% or more of the Group's external revenue, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**566,663**	543,780
Customer B	**548,280**	469,477
Customer C	**345,755**	349,409

4. REVENUE

	2019	2018
	HK$'000	*HK$'000*
Sales		
Design and fabrication of metal stamping moulds	**210,705**	201,064
Manufacturing of metal stamping components	**1,495,846**	1,545,032
Manufacturing of lathing components	**85,063**	99,194
Design and fabrication of plastic injection moulds	**73,938**	72,029
Manufacturing of plastic injection components	**1,824,532**	1,713,685
Others *(Note)*	**56,971**	35,653
	3,747,055	3,666,657

The Group derives all revenue from the sales of goods at a point in time.

Note: Others mainly represent proceeds from sales of scrap materials.

5. OPERATING PROFIT

Expenses included in cost of sales, selling and marketing costs and general and administrative expenses are analysed as follows:

	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**202,998**	221,606
Depreciation of right-of-use assets	**20,791**	2,033
Amortisation of leasehold land and land use rights	**–**	5,955
Amortisation of intangible assets	**881**	–
Employee benefit expenses	**892,458**	854,727
Auditor's remuneration		
– Audit services	**3,830**	3,830
– Non-audit services	**345**	345
Changes in inventories of finished goods and work-in-progress	**(134,301)**	(68,615)
Raw materials and consumables used	**2,124,811**	1,915,114
Provision for inventory obsolescence	**5,486**	3,639
Subcontracting expenses	**126,782**	209,434
Utilities expenses	**70,651**	65,342
Transportation expenses	**30,629**	34,743
Packaging expenses	**115,854**	118,912
Marketing expenses	**5,225**	6,860
Office expenses	**48,051**	46,598
Operating lease payments for properties	**–**	6,464
Operating lease payments for low value premises	**782**	–
Others	**145,177**	124,550
	3,660,450	3,551,537

6. FINANCE INCOME/COSTS

	2019	2018
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**15,031**	15,707
Finance costs		
Interest expense on:		
Bank borrowings	**64,989**	60,192
Finance lease liabilities	**–**	158
Lease liabilities – plant and machinery	**978**	–
Lease liabilities – factory and office premises	**3,796**	–
Interest capitalised	**(14,374)**	(4,763)
	55,389	55,587

7. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current taxation		
– Hong Kong profits tax	**–**	–
– Mainland China corporate income tax	**24,100**	29,991
Over-provision in prior years	**(7,655)**	(8,556)
Deferred income tax	**9,376**	(588)
	25,821	20,847

(a) Hong Kong profits tax

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

(b) Mainland China corporate income tax

Income tax of the subsidiaries of the Group established in Mainland China has been provided at the following tax rates:

(i) Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2018: 25%) on the assessable income of each of the group's entities, except that certain subsidiaries are eligible for certain tax exemptions and concessions including tax holiday and reduced income tax rate during the year.

(ii) EVA Precision Industrial (Suzhou) Limited, Shenzhen EVA Mould Manufacturing Limited, Chongqing Digit Auto Body Ltd., Shenzhen EVA Precision Technology Group Limited, Zhongshan Digit Automotive Technology Limited, Yihe Plastic and Electronic Products (Shenzhen) Co., Ltd. and Digit Stamping Technology (Wuhan) Limited are each recognised by the Chinese Government as a "National High and New Technology Enterprise" and are therefore subject to a preferential tax rate of 15% during the years ended 31 December 2018 and 2019.

Under the Corporate Income Tax Law of Mainland China, dividend distributions out of profit of foreign invested enterprises earned after January 2008 are subject to corporate withholding income tax at 10%, or at a reduced rate of 5% for subsidiaries of Hong Kong incorporated holding companies. Deferred tax charge of HK$10,000,000 is recognised for the withholding tax related to the unremitted retained earnings of a subsidiary for the year ended 31 December 2019 (2018: Nil).

(c) Other income taxes

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and accordingly, are exempted from British Virgin Islands income tax.

The subsidiary established and operating in Vietnam is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of commencing operations; and a 50% reduction in corporate income tax for the next nine years. The Vietnam subsidiary of the Group was exempted from corporate income tax in Vietnam for the year ended 31 December 2018 and 2019.

Provisions for income taxes in other jurisdictions are based on the assessable profits of the respective subsidiaries and the applicable tax rates.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Basic

	2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**51,781**	82,663
Weighted average number of ordinary shares in issue ('000)	**1,725,549**	1,738,936
Basic earnings per share (HK cents per share)	**3.0**	4.8

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (i.e. share options). A calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average annual quoted share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2019	2018
Profit attributable to equity holders of the Company (HK$'000)	**51,781**	82,663
Weighted average number of ordinary shares in issue ('000)	**1,725,549**	1,738,936
Adjustment for share options ('000)	**1,147**	87,017
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,726,696**	1,825,953
Diluted earnings per share (HK cents per share)	**3.0**	4.5

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Interim dividend paid of HK 0.65 cent (2018: HK0.85 cent) per share	**11,230**	14,678
Declared special dividend of HK2.67 cents (2018: Nil) per share	**45,833**	–
Proposed final dividend of HK0.25 cent (2018: HK0.63 cent) per share	**4,291**	10,885
	61,354	25,563

A final dividend in respect of the year ended 31 December 2019 of HK$0.25 cent per share, totaling of HK$4,291,000 has been proposed for approval at the upcoming annual general meeting. These financial statements have not reflected this dividend payable.

10. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**915,699**	990,787
Less: Provision for impairment	**(1,188)**	(1,188)
Trade receivables – net	**914,511**	989,599

The credit period granted by the Group to its customers is generally 30 to 180 days. The aging of the trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**731,749**	830,915
91 to 180 days	**183,950**	159,872
	915,699	990,787
Less: Provision for impairment	**(1,188)**	(1,188)
Trade receivables – net	**914,511**	989,599

The carrying amounts of trade receivables approximate their fair values.

The top five customers and the largest customer accounted for 30.1% (2018: 30.2%) and 10.8% (2018: 9.7%), respectively, of the trade receivables balance as at 31 December 2019. Other than these major customers, there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

As at 31 December 2019, no trade receivables (2018: Nil) were past due.

Trade receivables are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong dollars ("HK$")	**94,057**	147,104
United States dollars ("US$")	**446,888**	432,828
Chinese Renminbi ("RMB")	**353,695**	378,309
Others	**21,059**	32,546
	915,699	990,787

11. TRADE PAYABLES

The aging of trade payables based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 to 90 days	**646,810**	510,521
91 to 180 days	**331,045**	327,615
	977,855	838,136

The carrying amounts of trade payables approximate their fair values and are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**18,086**	31,548
RMB	**660,712**	556,705
US$	**297,713**	248,558
Others	**1,344**	1,325
	977,855	838,136

12. SUBSEQUENT EVENT

After the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the country/region. With the extension of Chinese New Year holiday nationwide and travel restriction, the Group postponed the resumption of production of its PRC production facilities after Chinese New year. As at the date of this final results announcement, all of the Group's production facilities have resumed operations. The Group expects that the COVID-19 outbreak may bring temporary interruption to the business but will not significantly alter the long term business growth. The Group will pay close attention to the development of the COVID-19 outbreak and continue to evaluate its impact on the financial position and operating results of the Group.

In February 2020, the Group entered into an agreement to dispose its 10% equity interest in Shenzhen Jinggong Microcredit Limited, for a cash consideration of RMB12,460,000 (equivalent to approximately HK$13,910,000). Shenzhen Jinggong Microcredit Limited was engaged in the microcredit business in Mainland China.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the Unaudited Annual Results Announcement was neither audited nor agreed with PricewaterhouseCoopers as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

Item for the year ended 31 December 2019	**Disclosure in this audited preliminary announcement** *HK$'000*	**Disclosure in the Unaudited Preliminary Announcement** *HK$'000*	**Difference** *HK$'000*	*Note*
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Other comprehensive income/(loss) for the year, net of tax				
– Revaluation gains/(losses) on financial assets at fair value through other comprehensive income	(1,875)	9,568	(11,443)	*1*
Total comprehensive income for the year	24,598	36,041	(11,443)	*1*
Total comprehensive income for the year attributable to equity holders of the Company	24,598	36,041	(11,443)	*1*
CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
Financial assets at fair value through other comprehensive income	81,247	92,690	(11,443)	*1*
Reserves	2,423,536	2,434,979	(11,443)	*1*

Note:

1. The difference of approximately HK$11 million was mainly due to the change in the fair value of financial assets at FVOCI after finalisation of valuations.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios related to the above material differences, all other information contained in the Unaudited Annual Results Announcement remain unchanged.

IMPACT OF THE CORONAVIRUS OUTBREAK ON BUSINESS

Since the outbreak of the coronavirus, the Group has adopted various measures to assist in the containment of the virus in the community, and to minimise the impact on our business. In accordance with the relevant governmental instructions, we extended the Chinese New Year holidays of our industrial parks in China to 9 February 2020, and only resumed production thereafter. We also supported and adopted all protective and hygienic measures and guidelines laid out by the relevant government departments. Internally, we imposed restrictions on business travels, and required our staff to conduct businesses with customers, suppliers and other business partners through electronic means such as video conferencing whenever possible. We have also taken a wide range of other protective measures, such as requiring the staff who returned from epidemic regions to self-quarantine, the supply of protective face masks to employees, testing their body temperature before work and through sterilisation of production lines, with a view to containing the spread of the virus.

At present, the coronavirus outbreak shows signs of subsiding in China, and all of our industrial parks in China has resumed production. However, the coronavirus outbreak has brought about a general slowdown in business activities and market demand. Further, substantially all of the components manufactured by us are presently sold to our customers' assembly plants for producing the finished products. To form the finished products, these customers also require certain additional parts from overseas countries such as Japan. A slowdown in the supply of these additional parts from overseas countries caused by the coronavirus outbreak will result in production delays at our customers' assembly plants, which consequently affect their sales orders to us. Therefore, there is no denying that the coronavirus outbreak will negatively affect our business performance in 2020.

To get through this difficult period, the Group has adopted numerous measures to control costs, such as slowing down the recruitment of new staff, planning our production schedules in a more efficient manner to shorten the operating hours of the production lines with a view to reducing overhead expenses, and taking up more of the production procedures in-house to lower subcontracting costs.

The Group is confident about overcoming the challenges brought by the coronavirus outbreak. The Group's existing customers primarily consist of internationally renowned companies in the office automation equipment and automobile sectors. These customers have sound financial capabilities, and accordingly the Group considers that there is no material risk of default of payment from customers as a result of the coronavirus outbreak. The Group also has a strong and healthy balance sheet, and had successfully obtained additional loan facilities from banks in February and March 2020. Therefore, the Group has adequate financial resources to withstand any business slowdown brought by the coronavirus outbreak.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2019 will be held on Monday, 15 June 2020. A notice convening the annual general meeting will be published in due course.

DIVIDENDS

The Board recommends the payment of a final dividend of HK0.25 cent per ordinary share, totaling approximately HK$4,291,000. Subject to the approval of the directors' recommendation by the shareholders at the forthcoming annual general meeting to be held on 15 June 2020, the final dividend will be paid in cash on 6 July 2020. Including the interim dividend of HK$11,230,000 for the six months ended 30 June 2019 and the special dividend of HK$45,833,000 for the year ended 31 December 2019 paid on 23 September 2019 and 24 April 2020 respectively, the total dividends declared for the year ended 31 December 2019 will be approximately HK$61,354,000.

CLOSURE OF REGISTER OF MEMBERS

To determine which shareholders will be eligible to attend and vote at the forthcoming annual general meeting to be held on Monday, 15 June 2020, the register of members of the Company will be closed from Wednesday, 10 June 2020 to Monday, 15 June 2020, both days inclusive, during which period no share transfer will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 9 June 2020.

Subject to the shareholders' approval of the recommended final dividend at the annual general meeting of the Company, the final dividend will be payable on Monday, 6 July 2020 to shareholders whose names appear on the register of members on Monday, 22 June 2020. To determine eligibility for the final dividend, the register of members of the Company will be closed from Friday, 19 June 2020 to Monday, 22 June 2020, both days inclusive, during which period no share transfer will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 June 2020.

AUDIT COMMITTEE AND REVIEW OF PRELIMINARY ANNOUNCEMENT

The Audit Committee has reviewed and discussed the audited annual results for the year ended 31 December 2019. The figures in respect of the preliminary announcement of the Group's audited annual results for the year ended 31 December 2019 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

By order of the Board
Zhang Hwo Jie
Chairman

Hong Kong, 6 May 2020

As at the date of this announcement, the Board comprises three executive directors, being Mr. Zhang Hwo Jie (Chairman), Mr. Zhang Jian Hua (Vice Chairman) and Mr. Zhang Yaohua (Chief Executive Officer) and three independent non-executive directors, being Mr. Choy Tak Ho, Mr. Leung Tai Chiu and Mr. Lam Hiu Lo.