HUARCHI GLOBAL GROUP HOLDINGS LIMITED
華記環球集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

Stock Code: 2296

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS HIGHLIGHTS OF THE YEAR

- Revenue increased by 16.8% from approximately MOP400,085,000 for the year ended 31 December 2018 to approximately MOP467,407,000 for the year ended 31 December 2019.

- Profit attributable to owners of the Company increased by 6.3% from approximately MOP48,442,000 for the year ended 31 December 2018 to approximately MOP51,474,000 for the year ended 31 December 2019.

- Basic earnings per share increased by 0.9% from MOP3.28 cents for the year ended 31 December 2018 to MOP3.31 cents for the year ended 31 December 2019.

- The Board does not recommend the declaration of a final dividend for the year ended 31 December 2019.

The board (the "**Board**") of directors (the "**Directors**") of Huarchi Global Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (together as the "**Group**") for the year ended 31 December 2019 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2018. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Company's prospectus dated 31 October 2019 (the "**Prospectus**").

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	**Year ended 31 December** **2019** *MOP'000*	2018 *MOP'000*
Revenue	5	**467,407**	400,085
Cost of services	9(c)	**(373,389)**	(320,469)
Gross profit		**94,018**	79,616
Other income	7	**1,890**	2,852
Other net (losses)/gains	8	**(64)**	129
Administrative and other operating expenses		**(19,482)**	(17,393)
Finance costs	9(a)	**(2,642)**	(2,955)
Listing expenses	9(d)	**(13,206)**	(6,676)
Profit before taxation		**60,514**	55,573
Income tax expense	10	**(9,040)**	(7,131)
Profit and total comprehensive income for the year attributable to owners of the Company	9	**51,474**	48,442
Earnings per share attributable to owners of the Company			
Basic and diluted	12	**MOP3.31 cents**	MOP3.28 cents

Consolidated Statement of Financial Position

	Notes	**As at 31 December** **2019** *MOP'000*	2018 *MOP'000*
Non-current assets			
Plant and equipment		**389**	130
Right-of-use assets		**32**	963
		421	1,093
Current assets			
Trade and other receivables	13	**196,892**	153,795
Amount due from a controlling shareholder		**–**	2,304
Amount due from ultimate holding company		**–***	–*
Contract assets	15	**56,437**	22,752
Pledged bank deposits		**32,068**	34,032
Bank balances and cash		**131,511**	15,723
		416,908	228,606
Current liabilities			
Trade and other payables	14	**(101,883)**	(78,383)
Contract liabilities	15	**(3,101)**	(3,296)
Lease liabilities		**(34)**	(911)
Tax payable		**(9,028)**	(7,407)
Bank overdrafts	16	**(11,213)**	(10,343)
Bank borrowings	16	**(35,000)**	(42,000)
		(160,259)	(142,340)
Non-current liabilities			
Lease liabilities		**–**	(34)
Net current assets		**256,649**	86,266
Total assets less current liabilities		**257,070**	87,359
Net assets		**257,070**	87,325
Capital and reserves			
Share capital	17	**20,630**	–*
Reserves		**236,440**	87,325
Total equity attributable to owners of the Company		**257,070**	87,325

* The balances represent amount less than MOP1,000.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 June 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1–1108, Cayman Islands. The address of its principal place of business in Hong Kong is 905B, 9/F., Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong. The address of its headquarter and principal place of business in Macau is Alameda Dr. Carlos d'Assumpçáo No. 249 Edif. China Civil Plaza 7 Andar E&F Macau. The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 21 November 2019.

The ultimate holding company of the Company is Seong Wa Holdings Limited ("**Seong Wa**"), which was incorporated in the British Virgin Islands ("**BVI**") and is jointly owned by Mr. Lou Cheok Meng ("**Mr. Lou**"), Mr. Chang Wa Ieong ("**Mr. Chang**"), Mr. Ao Weng Kong ("**Mr. Ao**") and Mr. Leong Ka In ("**Mr. Leong**").

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in (i) fitting-out works; (ii) construction works; and (iii) repair and maintenance works in Macau from both private and public sector customers.

These consolidated financial statements are presented in Macau Pataca ("**MOP**") which is same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION AND GROUP REORGANISATION

Pursuant to a reorganisation of the Company and its subsidiaries now comprising the Group which was completed on 22 January 2018 to rationalise the Group's structure (the "**Reorganisation**") in preparation of the listing of the shares of the Company on the Main Board of The Hong Kong Stock Exchange Limited (the "**Listing**"), the Company became the holding company of the Group. Details of the Reorganisation are fully explained in the paragraphs headed "Reorganisation" of the section headed "History, Reorganisation and Group Structure" in the Prospectus.

Upon completion of the Reorganisation, details of which are explained in the Prospectus, the Company has become the holding company of the companies now comprising the Group, which have been under the control of Mr. Lou, Mr. Chang, Mr. Ao and Mr. Leong together, who are considered as the ultimate controlling shareholders of the Group (the "**Controlling Shareholders**") before and after the Reorganisation.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group in respect of the year ended 31 December 2018 are prepared as if the current group structure immediately after the Reorganisation had been in existence throughout the year ended 31 December 2018 or since their respective dates of incorporation or establishment to 31 December 2018 if this is the shorter period.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amended standards adopted by the Group

The Group has consistently applied all new and revised HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2019 in the financial years prior to the financial year ended 31 December 2019, including HKFRS 15 "Revenue from Contracts with Customers" and related amendments to HKFRS 15 "Clarifications to HKFRS 15 Revenue from Contracts with Customers", together with the relevant transitional provisions, and HKFRS 16 "Leases", except that the Group adopted HKFRS 9 "Financial Instruments" with effective from 1 January 2018.

Accordingly, the coming into mandatory effect of the new and amended HKFRSs in the current financial year had no material impact on the Group's financial performance and positions for the current and years and/or the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised to HKFRSs which are not yet effective:

	Effective for accounting periods beginning on or after
HKFRS 17, *Insurance Contracts*	1 January 2021
HKFRS 10 and HKAS 28, Amendments in *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
HKFRS 3, Amendments in *Definition of a Business*	1 January 2020
HKAS 1 and HKAS 8, Amendments in *Definition of Material*	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take where there are alternative approaches allowed under the new standards.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to equity shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the year.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in Note 16, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The Group monitors capital with references to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there was adequate working capital to serve its debt obligations. At 31 December 2019, the ratio of the Group's total liabilities over its total assets was 38% (2018: 62%).

5. REVENUE

Revenue represents the net amounts received and receivable for fitting-out works, construction works and repair and maintenance works rendered by the Group to customers, net of discounts, in which contract revenue from fitting-out and construction works are recognised over time and revenue from repair and maintenance works is recognised upon completion.

An analysis of the Group's revenue is analysed as follows:

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Contract revenue from fitting-out works	**455,864**	392,700
Contract revenue from construction works	**11,122**	5,662
Repair and maintenance works	**421**	1,723
Total	**467,407**	400,085

Disaggregation of revenue from contracts with customers

(a) Revenue breakdown by recognition methods

The Group recognised revenue derived from provision of fitting-out and construction works either by input or output method. For provision of repair and maintenance works, due to the short duration of the contracts, the Group recognised revenue upon completion. The table below sets forth a breakdown of the Group's revenue by recognition methods during the year:

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Revenue recognised over time using:		
Input method	**596**	16,864
Output method	**466,390**	381,498
	466,986	398,362
Repair and maintenance works	**421**	1,723
Total	**467,407**	400,085

When the progress towards complete satisfaction of the performance obligations of a contract can be measured reasonably, revenue from fitting-out and construction works is recognised using the percentage of completion method, measured by reference to the amount of work performed to date. Under output method, the work performed is established according to the progress certificate confirmed by the customers as a percentage of total contract sum. Under input method, the work performed is measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

The Directors consider that progress certificates confirmed by customers are the only directly observable and faithful depiction to measure the Group's performance and progress. As such, for projects where the customers confirm progress certificates, output method is to be adopted; and the only circumstance that leads to the adoption of input method for a particular project is the lack of progress certificates confirmed by customers.

(b) Revenue breakdown by source of contracts and role of the Group

	Year ended 31 December 2019			
	Fitting-out works	**Construction works**	**Repair and maintenance works**	**Total**
	MOP'000	***MOP'000***	***MOP'000***	***MOP'000***
Source of contracts				
Public sector	**167,134**	**10,327**	**417**	**177,878**
Private sector	**288,730**	**795**	**4**	**289,529**
Total	**455,864**	**11,122**	**421**	**467,407**

	Year ended 31 December 2018			
	Fitting-out works	Construction works	Repair and maintenance works	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Source of contracts				
Public sector	70,160	5,662	1,315	77,137
Private sector	322,540	—	408	322,948
Total	392,700	5,662	1,723	400,085

	Year ended 31 December 2019			
	Fitting-out works	**Construction works**	**Repair and maintenance works**	**Total**
	MOP'000	***MOP'000***	***MOP'000***	***MOP'000***
Role of the Group				
Main contractor	**88,741**	**11,122**	**417**	**100,280**
Subcontractor	**367,123**	**–**	**4**	**367,127**
Total	**455,864**	**11,122**	**421**	**467,407**

	Year ended 31 December 2018			
	Fitting-out works	Construction works	Repair and maintenance works	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Role of the Group				
Main contractor	68,693	5,662	1,583	75,938
Subcontractor	324,007	–	140	324,147
Total	392,700	5,662	1,723	400,085

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), being the executive directors of the Company, in order for the CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

(a) Fitting-out works;

(b) Construction works; and

(c) Repair and maintenance works.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

(a) Segment revenue and profit

The following is an analysis of the Group's revenue and results by operating segment:

For the year ended 31 December 2019

	Fitting-out works *MOP'000*	**Construction works** *MOP'000*	**Repair and maintenance works** *MOP'000*	**Total** *MOP'000*
Segment revenue – external	**455,864**	**11,122**	**421**	**467,407**
Segment results	**91,972**	**1,974**	**72**	**94,018**
Corporate expenses				**(32,688)**
Other income, net gains or (losses)				**1,826**
Finance costs				**(2,642)**
Profit before taxation				**60,514**

For the year ended 31 December 2018

	Fitting-out works *MOP'000*	Construction works *MOP'000*	Repair and maintenance works *MOP'000*	Total *MOP'000*
Segment revenue – external	392,700	5,662	1,723	400,085
Segment results	77,588	1,103	925	79,616
Corporate expenses				(24,069)
Other income, net gains or (losses)				2,981
Finance costs				(2,955)
Profit before taxation				55,573

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results mainly represented profit earned by each segment, excluding income and expenses of the corporate function, which include certain other income, net gains and (losses), certain administrative and other operating expenses, listing expenses and finance costs.

(b) Geographical information

The Group's operations are solely located in Macau.

(c) Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Customer A	**50,999**	N/A[(b)]
Customer B	**73,015**	N/A
Customer C	**48,013**	N/A[(b)]
Customer D	**N/A[(b)]**	206,390
Customer E	**N/A[(b)]**	95,889
Customer F	**205,553**	N/A

Notes:

(a) The revenue was from contract revenue from fitting-out and construction works.

(b) Revenue from the customers is less than 10% of the total revenue in the respective corresponding year.

(c) No single customers in respect of repair and maintenance services contributed 10% or more to the Group's revenue for the year.

7. OTHER INCOME

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Interest income	**1,225**	423
Insurance compensation	**657**	2,429
Others	**8**	—*
	1,890	2,852

* The balance represents amount less than MOP1,000.

8. OTHER NET (LOSSES)/GAINS

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Net exchange loss	**(64)**	—*
Gain on disposal of plant and equipment	**—**	129
	(64)	129

* The balance represents amount less than MOP1,000.

9. PROFIT FOR THE YEAR

Profit for the year is arrived at after charging/(crediting):

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
(a) Finance costs		
Interest on lease liabilities	**25**	81
Interest on bank borrowings	**2,089**	2,361
Bank overdraft interest	**528**	513
	2,642	2,955
(b) Staff costs (including directors' remuneration)		
Contributions to defined contribution retirement plans	**119**	158
Salaries and wages		
— Directors' remuneration	**1,648**	1,567
— Salaries recognised as administrative and other operating expenses	**11,691**	12,167
— Wages recognised as costs of services	**1,022**	3,615
Other staff costs	**96**	1
	14,576	17,508
(c) Cost of services		
Subcontracting fees	**357,229**	297,953
Staff costs	**1,022**	3,615
Material costs	**10,415**	14,023
Others	**4,723**	4,878
	373,389	320,469
(d) Other items		
Depreciation for plant and equipment	**93**	111
Depreciation for right-of-use assets	**931**	899
Minimum operating lease payments	**—**	3
Gain on disposal of plant and equipment	**—**	(129)
Net foreign exchange losses	**64**	—*
Auditor's remuneration (Note)	**1,238**	—
Listing expenses	**13,206**	6,676

Note: No auditor's remuneration was incurred for the year ended 31 December 2018 as the companies comprising the Group are not subject to statutory audit requirements under the relevant rules and regulations in their respective jurisdictions of incorporation.

* The balance represents amount less than MOP1,000.

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
The income tax expense comprises:		
Macau Complementary Tax		
— current year	**9,040**	7,131

The Company is tax exempted under the laws of Cayman Islands and subject to Hong Kong profits tax at a tax rate of 16.5% (2018: 16.5%) on the estimated assessable profit arising in Hong Kong.

During the Reporting Period, all of the Group's revenue was derived in Macau. Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000, during the Reporting Period.

The income tax expense for the year can be reconciled to the profit before taxation in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Profit before taxation	**60,514**	55,573
Notional tax on profit before taxation calculated at rates applicable to profits in the tax jurisdictions concerned	**6,807**	6,696
Tax effect of utilisation of tax losses not previously recognised	**—**	(66)
Tax effect of expenses not deductible for tax purpose	**2,002**	801
Tax effect of tax loss not recognised	**516**	192
Tax effect of tax exemption under Macau Complementary Income Tax	**(216)**	(216)
Tax effect of non-taxable income	**(81)**	—
Others	**12**	(276)
Income tax expense for the year	**9,040**	7,131

At the end of the Reporting Period, there was no material deferred tax required to be provided.

11. DIVIDEND

No dividend has been paid or declared by other companies comprising the Group during the year.

During the year ended 31 December 2018, AD&C Engineering & Construction Company Limited ("**AD&C**"), Huarchi Global Construction Corporation Limited ("**Huarchi Global**") and Q.F. Stone Decoration Engineering (Macau) Company Ltd. ("**Q.F. Stone**") declared and paid total dividends of MOP80,000,000 to their then shareholders prior to the completion of the Reorganisation who are also the Controlling Shareholders.

12. EARNINGS PER SHARE

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

	2019	2018
Profit attributable to owners of the Company (MOP'000)	**51,474**	48,442
Weighted average number of ordinary shares in issue (in '000 Number of shares)	**1,556,164**	1,475,500
Basic and diluted earnings per share (MOP cents)	**3.31**	3.28

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company and weighted average number of shares in issue. The number of shares for the purpose of basic earnings per share has been retrospectively adjusted for the 1,499,987,520 shares which were issued pursuant to the Capitalisation Issue (as defined in note 17). In addition, the number of shares for the year ended 31 December 2018 is calculated on the basis that the shares issued to Talent Leap Investments Limited and Ace Hope Investments Limited respectively have been issued since 31 January 2018.

Diluted earnings per share for those years were the same as basic earnings per share as there were no potential ordinary shares outstanding during each of the two years ended 31 December 2019.

13. TRADE AND OTHER RECEIVABLES

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
Trade receivables	**113,321**	77,170
Retention receivables	**74,510**	50,544
	187,831	127,714
Deferred listing expenses	**—**	3,032
Other receivables, prepayments and deposits	**9,061**	23,049
Total trade and other receivables	**196,892**	153,795

Trade receivables

The Group allows an average credit period of 0–90 days to its customers. The following is an aged analysis of trade receivables presented based on invoice dates at the end of the Reporting Period, net of allowance for impairment.

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
0–30 days	**44,618**	46,229
31–60 days	**51,587**	16,600
61–90 days	**466**	8,372
Over 90 days	**16,650**	5,969
	113,321	77,170

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customers. Recoverability of the existing customers is reviewed by the Group regularly.

Retention receivables

Retention receivables are unsecured, interest-free and recoverable at the end of the defects liability period of individual contracts, ranging from 1 year to 5 years from the date of the completion of the respective projects.

The following is an aged analysis of retention receivables which are to be settled, based on the expiry of the defects liability period, at the end of the Reporting Period.

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
On demand or within one year	**25,471**	35,746
After one year	**49,039**	14,798
	74,510	50,544

Included in Group's retention receivables balances as at 31 December 2019 were receivables with aggregate carrying amount of approximately MOP8,831,000 (2018: MOP6,126,000), which were past due at the end of the Reporting Period for which the Group had not provided for impairment loss. The Group does not hold any collateral over these balances.

The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. The Group assessed the ECL for trade and retention receivables individually as at 31 December 2019 and 2018. No impairment allowance for trade and retention receivables were provided since the loss given default and exposure at default are low based on historical credit loss experience. The management of the Group has also assessed all available forward looking information, including but not limited to expected growth rate of the industry and expected subsequent settlement, and concluded that there is no significant increase in credit risk and the expected credit loss rate for the Group's trade and retention receivables is minimal for all bands of trade and retention receivables.

In determining the recoverability of trade and retention receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the end of the Reporting Period.

The Group's trade and retention receivables are denominated in the functional currency.

There were no impairment losses recognised for retention receivables during the year.

14. TRADE AND OTHER PAYABLES

Trade and other payables at the end of the Reporting Period comprise amounts outstanding for trade purposes and daily operating costs. The average credit period taken for trade purchase is 0 to 35 days.

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
Trade payables	**14,118**	25,943
Retention payables *(Note)*	**44,741**	25,765
	58,859	51,708
Accrued contract costs	**38,758**	22,381
Accruals and other payables	**4,266**	4,294
Total trade and other payables	**101,883**	78,383

Note: Retention payables are interest-free and payable at the end of the defects liability period of individual contracts, ranging from 1 to 5 years from the completion date of the respective project.

Accrued contract costs as at 31 December 2019 are expected to be settled during the year ending 31 December 2020 (2018: year ended 31 December 2019).

The following is an aged analysis of trade payables presented based on the invoice dates at the end of the Reporting Period:

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
1–30 days	**2,522**	3,371
31–60 days	**6,473**	17,933
61–90 days	**791**	1,423
Over 90 days	**4,332**	3,216
	14,118	25,943

The retention payables are to be settled within 2 years based on the expiry of defects liability period, at the end of the Reporting Period.

The following is an aged analysis of retention payables which are to be settled, based on the expiry of the defects liability period, at the end of the Reporting Period.

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
On demand or within one year	**24,780**	14,921
After one year	**19,961**	10,844
	44,741	25,765

The Group's trade and retention payables are denominated in the functional currency.

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

Disclosures of revenue-related items:

	At 31 December	
	2019	2018
	MOP'000	MOP'000
Contract assets		
Provision of fitting-out works	**56,437**	21,704
Provision of construction works	**—**	1,048
	56,437	22,752
Contract liabilities		
Provision of fitting-out works	**3,101**	2,726
Provision of construction works	**—**	570
	3,101	3,296

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because as at the end of the Reporting Period the rights are conditional on the Group's future performance or on certification of the works by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle. The changes in contract assets and liabilities are due to i) adjustments arising from changes in the measure of progress of contracting work, or ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

Contract assets as at 31 December 2019 are expected to be recovered and settled during the year ending 31 December 2020 (2018: year ended 31 December 2019).

Contract liabilities as at 31 December 2019 are expected to be recognised as revenue during the year ending 31 December 2020 (2018: year ended 31 December 2019).

As at 31 December 2019, contract liabilities included receipt in advance from customers amounting to approximately MOP3,101,000 (2018: MOP2,700,000).

There were no impairment losses recognised on any contract assets during the year.

The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. The Group assessed the ECL for contract assets individually as at 31 December 2019 and 2018. No impairment allowance for contract assets were provided since the loss given default and exposure at default are low based on historical credit loss experience. The management of the Group has also assessed all available forward looking information, including but not limited to expected growth rate of the industry and expected subsequent settlement, and concluded that there is no significant increase in credit risk.

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction prices allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

	As at 31 December	
	2019	2018
	MOP'000	*MOP'000*
Provision of fitting-out works	**173,376**	153,170
Provision of construction works	**28,859**	14,000
	202,235	167,170

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of fitting-out and construction works services as of 31 December 2019 will be substantially recognised as revenue during the year ending 31 December 2020.

Movement in contract liabilities balances during the year are as follows:

	Year ended 31 December	
	2019	2018
	MOP'000	*MOP'000*
Revenue recognised in the year that was included in contract liabilities at beginning of the year	**3,296**	16,014

16. BANK BORROWINGS AND BANK OVERDRAFTS

	At 31 December	
	2019	2018
	MOP'000	*MOP'000*
Bank borrowings (Note a)	**35,000**	42,000
Bank overdrafts	**11,213**	10,343
Total bank borrowings and bank overdrafts	**46,213**	52,343
Carrying amounts of the above bank borrowings and bank overdrafts repayable (Note b):		
On demand or within one year	**46,213**	52,343
More than one year, but not exceeding two years	**—**	—
More than two years, but not more than five years	**—**	—
More than five years	**—**	—
	46,213	52,343
Less: Amounts shown under current liabilities (Note c)	**(46,213)**	(52,343)
Amounts shown under non-current liabilities	**—**	—

Notes:

(a) The bank borrowings amounted to MOP35,000,000 as at 31 December 2019 (2018: MOP40,000,000), carry interest at prime rate per annum.

The bank borrowings amounted MOP nil (2018: MOP2,000,000), carry interest at prime rate plus 1% per annum. The effective interest rates on the borrowings as at 31 December 2019 was 5.25% to 5.375% per annum (2018: 5.375% to 6.375% per annum).

(b) The Group's bank borrowings are denominated in the functional currency. These bank borrowings are under banking facilities for drawing loans and issuing performance bonds. The banking facilities are secured by pledged bank deposits and promissory notes endorsed by AD&C, Q.F. Stone and S.J. Construction Design Engineering Company Ltd. which were guaranteed by the Company.

(c) All bank borrowings contain a repayment on demand clause and are shown under current liabilities.

17. SHARE CAPITAL

	2019		2018	
	Number of shares	**Share capital** *MOP'000*	Number of shares	Share capital *MOP'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At date of incorporated and 1 January *(Note i)*	**38,000,000**	**392**	38,000,000	392
Increase in authorised share capital on 24 October 2019 *(Note iv)*	**9,962,000,000**	**102,758**	—	—
At 31 December	**10,000,000,000**	**103,150**	38,000,000	392
Issued and fully paid:				
At date of incorporation and 1 January *(Note i)*	**12,480**	**—***	1,000	—*
Allotment of shares *(Note ii)*	**—**	**—**	9,000	—*
Allotment of shares under pre-ipo investment *(Note iii)*	**—**	**—**	2,480	—*
Issue of shares under the Capitalisation Issue *(Note v)*	**1,499,987,520**	**15,472**	—	—
Issue of shares under the Share Offer *(Note vi)*	**500,000,000**	**5,158**	—	—
At 31 December	**2,000,000,000**	**20,630**	12,480	—*

* The balances represent amount less than MOP1,000

Note:

(i) The Company was incorporated on 20 June 2017 in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 per share ("**Share**"). The subscriber to the Memorandum and Articles of Association was allotted and issued one fully paid Share. The subscriber Share was subsequently transferred to Seong Wa on the same day. On 20 June 2017, 999 Shares were allotted and issued at par to Seong Wa. Thereafter, Seong Wa owned 1,000 Shares.

(ii) On 22 January 2018, 9,000 Shares were alloted and issued at par to Seong Wa.

(iii) Pre-IPO Investment

On 26 January 2018, Talent Leap Investments Limited ("**Talent Leap**") and Ace Hope Investments Limited ("**Ace Hope**") respectively entered into a share subscription agreement with the Company respectively. Pursuant to the share subscription agreements, the Company alloted and issued 1,240 Shares and 1,240 Shares to Talent Leap and Ace Hope respectively at a total consideration of HK$19,200,000 (approximately MOP19,776,000) and was fully and unconditionally settled in cash on 31 January 2018.

(iv) On 24 October 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by the creation of an additional of 9,962,000,000 Shares of HK$0.01 each, each ranking pari passu with the Shares then in issue in all respects.

(v) On 24 October 2019, the Company capitalised the sum of HK$14,999,875 (equivalent to MOP15,472,000) standing to the credit of the share premium account of the Company (the "**Capitalisation Issue**") and applied the amount towards paying up in full 1,499,987,520 Shares of nominal value of HK$0.01 each for allotment to the shareholders whose names appear on the register of members of the Company prior to the listing of the Company's shares on the Stock Exchange pro rata to the then existing shareholders in the Company.

(vi) On 21 November 2019, 500,000,000 ordinary shares of HK$0.01 each were issued by way of share offer at a price of HK$0.25 per Share (the "**Share Offer**") for a total cash consideration of HK$125,000,000 (equivalent to MOP128,938,000), before issuance cost. The excess of the Share Offer over the par value of the shares issued was credited to the share premium account of the Company.

Future and Prospects

Looking ahead, although the outbreak of COVID-19 at the beginning of the extraordinary year 2020 has exerted certain downward pressure on the overall economy in Macau, the Group, in face of such oppressive challenges, will continue to focus its fitting-out projects on the local residential, office and school premises in Macau, with the expectation that the corresponding impact faced by the Group can be mitigated. In the Policy Address of the Government of Macau Special Administrative Region for financial year 2019, with the theme of "Seize opportunities for balanced development" and under the premises of focusing on improving people's livelihoods, the government will expedite the implementation of urban planning measures, such as the construction of new sea reclamation areas, additional medical facilities, and continue to deepen urban construction, including optimising the transportation and multicultural construction in Macau, which are expected to bring demand and momentum to Macau's fitting-out and construction industry in future. Therefore, the Group looks forward to taking advantage of such opportunities to achieve stable development in the year to follow. In the future, the Group will continue to follow the fundamental development strategies of (i) strengthening the Group's financial capabilities to undertake more new and larger scale fitting-out and construction projects; and (ii) further improving our production capacity, capabilities and cost efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

On 21 November 2019 (the "**Listing Date**"), 500,000,000 ordinary shares (the "**Shares**") of the Company were offered for subscription at HK$0.25 per Share, and the Shares were listed on the Main Board of the Stock Exchange.

The Group mainly provides services of (i) fitting-out works; (ii) construction works; and (iii) repair and maintenance works in Macau, and the projects undertaken by the Group can be divided into (i) public sector projects and (ii) private sector projects by the types of project employers.

Fitting-out works

The Group provides fitting-out works for both new buildings and existing buildings in Macau. A fitting-out project involves shop drawing, procurement of materials, execution of fitting-out works, site supervision, management of subcontractors and overall project management. As at 31 December 2018, the Group had 29 fitting-out projects in progress, and for the year ended 31 December 2019, the Group was awarded 60 new fitting-out projects, of which, 69 fitting-out projects have been practically completed, and 20 fitting-out projects are still in progress.

Construction works

A construction project involves works including foundation works, and buildings services systems installation. The Group is also responsible for structural calculation and shop drawing, procurement of materials, site supervision, management of subcontractors and overall project management. The Group may subcontract site works to other subcontractors, including but not limited to, foundation works and building services systems installation. As at 31 December 2018, the Group had three construction projects in progress, and for the year ended 31 December 2019, the Group was awarded two new construction projects, of which, three construction projects have been practically completed, and two construction projects are still in progress.

Repair and maintenance works

The Group also provides repair and maintenance services for existing properties in Macau on (i) as-needed basis; and (ii) regularly over a fixed period. Repair and maintenance services provided by the Group include repair or replacement of interior decorative parts, as well as other works for building services systems such as installation of CCTV systems and air-conditioning systems. As at 31 December 2018, the Group had two repair and maintenance projects in progress, and for the year ended 31 December 2019, the Group was awarded 14 new repair and maintenance projects, of which, 14 repair and maintenance projects have been practically completed, and two repair and maintenance projects are still in progress.

In summary, the Group had 24 projects still in progress for the year ended 31 December 2019, of which, 15 projects were public sector projects and nine projects were private sector projects in terms of the types of project employers. The Group will continue to strive to balance the development of public sector projects and private sector projects.

Financial Review

Revenue

The following table sets forth a breakdown of the Group's revenue and the percentage of total revenue by the type of works for the years ended 31 December 2019 and 2018:

	Year ended 31 December			
	2019		2018	
	MOP'000	***Percentage of total revenue***	*MOP'000*	*Percentage of total revenue*
Fitting-out works	**455,864**	**97.5%**	392,700	98.2%
Construction works	**11,122**	**2.4%**	5,662	1.4%
Repair and maintenance works	**421**	**0.1%**	1,723	0.4%
Total	**467,407**	**100.0%**	400,085	100.0%

For the year ended 31 December 2019, the revenue of the Group amounted to approximately MOP467,407,000, representing an increase of approximately 16.8% from approximately MOP400,085,000 for the year ended 31 December 2018, of which (i) revenue derived from fitting-out works was approximately MOP455,864,000, representing an increase of approximately 16.1% compared to approximately MOP392,700,000 for the year ended 31 December 2018, which was mainly because 11 large-scale fitting-out projects with original contract value of over MOP10,000,000 commenced in financial year 2019, while only six large-scale fitting-out projects commenced in 2018; (ii) revenue derived from construction works was approximately MOP11,122,000, representing an increase of approximately 96.4% compared to approximately MOP5,662,000 for the year ended 31 December 2018. Such increase was mainly attributed to a construction project in the public sector with a total contract value of approximately MOP9,800,000, which commenced in financial year 2019 and had been nearly completed by the end of 2019; and (iii) revenue derived from repair and maintenance works was approximately MOP421,000, representing a decrease of approximately 75.6% compared to approximately MOP1,723,000 for the year ended 31 December 2018, which was mainly because 14 new repair and maintenance projects were awarded in 2019, representing a decrease as compared to the 38 new repair and maintenance projects awarded in the same period of 2018.

Cost of services

Cost of services includes subcontracting fees, staff costs, material costs and others. The total cost of services increased by approximately 16.5% from approximately MOP320,469,000 for the year ended 31 December 2018 to approximately MOP373,389,000 for the year ended 31 December 2019, which was attributed to the increase in revenue.

Gross profit and gross profit margin

The following table sets forth the Group's gross profit and gross profit margin by the type of works for the year ended 31 December 2019:

	Year ended 31 December			
	2019		2018	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	MOP'000	***%***	*MOP'000*	*%*
Fitting-out works	**91,972**	**20.2%**	77,588	19.8%
Construction works	**1,974**	**17.7%**	1,103	19.5%
Repair and maintenance works	**72**	**17.1%**	925	53.7%
Total	**94,018**	**20.1%**	79,616	19.9%

The Group's gross profit increased by approximately 18.1% from approximately MOP79,616,000 for the year ended 31 December 2018 to approximately MOP94,018,000 for the year ended 31 December 2019, which was mainly attributed to the increase in overall project revenue.

The gross profit margin of fitting-out works maintained at a stable level of approximately 20.0% in financial years 2018 and 2019.

Although the gross profit margin of construction works slightly decreased from approximately 19.5% for the year ended 31 December 2018 to approximately 17.7% for the year ended 31 December 2019, the increase in gross profit in financial year 2019 was basically in line with the increase in revenue.

The gross profit margin of repair and maintenance works decreased from approximately 53.7% for the year ended 31 December 2018 to approximately 17.1% for the year ended 31 December 2019. The decrease was mainly due to the higher costs incurred as a result of the greater complexity of the repair and maintenance projects undertaken for the year ended 31 December 2019.

As a result, the Group's overall gross profit margin increased from approximately 19.9% for the year ended 31 December 2018 to approximately 20.1% for the year ended 31 December 2019.

Other income and other net (losses)/gains

The Group's other income and other net (losses)/gains for the year was approximately MOP1,826,000 (2018: approximately MOP2,981,000), which included (i) insurance compensation of approximately MOP657,000 (2018: approximately MOP2,429,000) for the damages caused by typhoon to the Group's projects, and (ii) interest income of approximately MOP1,225,000 (2018: approximately MOP423,000).

Administrative and other operating expenses

The administrative and other operating expenses of the Group for the year amounted to approximately MOP19,482,000 (2018: approximately MOP17,393,000), representing an increase of approximately MOP2,089,000 or approximately 12.0% compared with the same period of last year. This was mainly due to (i) the increase of approximately MOP1,032,000 in donation and sponsorship expenses; and (ii) the increase of approximately MOP1,238,000 in auditor's remuneration during the year.

Listing expenses

For the years ended 31 December 2019 and 2018, the Group incurred professional service fees of approximately MOP13,206,000 and approximately MOP6,676,000, respectively, for the Listing.

Finance costs

The finance costs of the Group decreased from approximately MOP2,955,000 for the year ended 31 December 2018 to approximately MOP2,642,000 for the year ended 31 December 2019. Such decrease was mainly due to the repayment of bank borrowings of approximately MOP3,674,000 and approximately MOP7,000,000 in 2018 and 2019, respectively.

Income tax expense

The income tax expense of the Group increased from approximately MOP7,131,000 in financial year 2018 to approximately MOP9,040,000 in financial year 2019, mainly due to (i) the increase in revenue and gross profit, and (ii) the tax effect of listing expenses not deductible for tax purpose.

Profit for the year

The Group's profit for the year attributable to owners of the Company increased by approximately MOP3,032,000 from approximately MOP48,442,000 for the year ended 31 December 2018 to approximately MOP51,474,000 for the year ended 31 December 2019. Such increase was mainly contributed by the increase in revenue and gross profit and offset by the increase in listing expense during the year ended 31 December 2019.

Liquidity and Financial Resources

As at 31 December 2019, the Group had cash and cash equivalents of approximately MOP131,511,000 (2018: approximately MOP15,723,000), which represented the bank and cash balances of the Group, representing an increase of approximately MOP115,788,000, mainly related to the net proceeds of approximately HK$91,771,000 from the Listing. As at 31 December 2019, the Group's pledged bank deposits amounted to approximately MOP32,068,000 (2018: approximately MOP34,032,000).

As at 31 December 2019, bank borrowings amounted to approximately MOP35,000,000 (2018: approximately MOP42,000,000), and bank overdrafts amounted to approximately MOP11,213,000 (2018: approximately MOP10,343,000).

The Group's current and quick ratio was 2.6 (2018: 1.6). Current ratio is calculated as current assets divided by current liabilities as at the respective year end. Quick ratio is calculated as currents assets excluding inventories divided by current liabilities as at the respective year end. As the Group did not have any inventory on the consolidated statement of financial position, the quick ratio was the same as the current ratio. The increase in the Group's current and quick ratio was mainly due to the increase in current assets as a result of the net proceeds from the Listing.

The Group's gearing ratio was 18.0% (2018: 61.0%), which was calculated as total debt divided by total equity as at the end of financial year 2019. The decrease in the gearing ratio was mainly due to the increase in capital of approximately MOP169,745,000.

The Group constantly implements prudent financial management and has sufficient cash and bank balances in hand. The management believes that the Group's financial resources are sufficient to meet the working capital requirements in future.

Debts and Charge on the Group's Assets

As at 31 December 2019, the outstanding bank borrowings, bank overdrafts and unutilised bank facilities of the Group were approximately MOP35,000,000, MOP11,213,000 and MOP120,099,000, respectively, which have been secured by pledged bank deposits and the Company's corporate guarantee.

Treasury Policy

The Group regularly monitors the liquidity requirements to ensure to maintain sufficient cash resources for the working capital needs and capital expenditure needs. The Group generally finances its working capital and capital expenditure through cash flows generated from operating activities and external financing, and maintains a steady financial position.

Capital Structure

The Shares were listed on the Main Board of the Stock Exchange on 21 November 2019 ("**Listing Date**"), and the Company's capital structure has not changed since then. The capital structure of the Company consists of issued share capital, share premium, statutory reserve and retained earnings.

Significant Investments, Material Acquisitions or Disposals of Subsidiaries and Associates of the Group

For the year ended 31 December 2019, the Group did not hold any significant investments, and made no material acquisitions or disposals of its subsidiaries and associates.

Future Plans for Significant Investments

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, as at 31 December 2019, the Group did not have any future plans for significant investments.

Comparison of Business Objectives with Actual Business Progress and Use of Proceeds

The net proceeds from the share offer were approximately HK$91,771,000 (approximately equivalent to MOP94,661,000) (after deduction of underwriting fees and related listing expenses), of which approximately HK$20,573,000 had been utilised as of 31 December 2019 as follows.

Intended use	**Actual amount of net proceeds**	**Amount utilised as of 31 December 2019**	**Balance as at 31 December 2019**
	HK$'000	*HK$'000*	*HK$'000*
To finance our fitting-out and construction projects in Macau	62,693	20,573	42,120
To increase our workforce	15,967	—	15,967
To purchase machinery and equipment	13,111	—	13,111
	91,771	20,573	71,198

As at 31 December 2019, the unutilised net proceeds from the share offer had been deposited in the bank account of the Group.

Employees and Remuneration Policy

As at 31 December 2019, the Group had 56 (2018: 69) employees, and most of the employees were stationed in Macau.

The Group will enter into separate employment contracts with each of its employees in accordance with the applicable employment laws in Macau. The remuneration package offered to the Group's employees generally included basic salaries, bonuses and other cash allowances or subsidies. The Group determines the salary of its employees mainly based on each employee's qualifications, relevant experience, position and seniority.

Capital Commitments and Contingent Liabilities

As at 31 December 2019, the Group had no capital commitment (2018: nil).

As at 31 December 2019 and 31 December 2018, the Group had no material contingent liabilities.

Foreign Exchange Exposure

The Group earns revenue mainly in MOP and incurs costs mainly in MOP and HKD. The Directors believe that the Group's cash flows from operations and liquidity are not exposed to significant foreign exchange risk, and therefore, no hedging policy is currently in place for foreign exchange risk. However, the Group will continue to monitor foreign exchange risk and consider hedging significant foreign exchange risk when necessary.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the Reporting Period and up to the date of this announcement, each of the Directors, the Controlling Shareholders and their respective close associates (as defined in the Listing Rules) has confirmed that none of them had any business or interest in any company that competes or may compete, either directly or indirectly, with the business of the Group and any other conflict of interest which any such person has or may have, either directly or indirectly, with the Group.

DIVIDEND

The Board does not recommend the payment of any dividend for the Reporting Period (2018: AD&C, Huarchi Global and Q.F. Stone, which are subsidiaries of the Group, declared and paid total dividends of MOP80.0 million to their then shareholders prior to the completion of the Reorganisation who are also the Controlling Shareholders).

Compliance with the Corporate Governance Code

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**Code**") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Since the Listing Date and up to 31 December 2019 (the "**Period**"), the Directors had reviewed the Company's performance of its corporate governance practices that, to the best knowledge of the Board, the Company has complied with the code provisions as set out in the Code to throughout the Period, save for the deviation as specified with considered reasons for such deviation as explained below.

Under Code Provision A.2.1 of the Code, the roles of the chairman and chief executive officer should be separated and should not be performed by the same individual.

During the Period, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Lou is acting as the chairman of the Board and our managing director, who in practice operates as the chief executive of our Group. Our Directors are of the view that, Mr. Lou has been a key leadership figure of our Group and engaging with the overall management and in formulating our business plans and operating strategies, and our Group has benefited from Mr. Lou's extensive business network in the Macau construction industry and his technical expertise in the engineering fields. As such, our Directors are of the view that it would be in our Group's best interest for Mr. Lou to continue performing the two roles in terms of effective management and business development. Our Directors further believe that the balance of power and authority is adequately ensured by the operations of the Board, which comprises experienced and high-calibre individuals, with three of them being independent non-executive Directors.

Based on the above factors, the Board considers that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. The Company did not redeem any of its listed securities during the Reporting Period.

SHARE OPTION SCHEME

On 24 October 2019, the Company adopted a share option scheme (the "**Scheme**") conditional upon the listing of the Company's Shares on the Stock Exchange. The Scheme became effective on the Listing Date. No share options have been granted since the adoption of the Scheme and there was no share option outstanding as at 31 December 2019.

EVENT AFTER THE REPORTING PERIOD

The COVID-19 outbreak since early 2020 has exerted certain downward pressure on the overall economy in Macau and may potentially impact the Group's operations and financial position and performance.

The Group has been closely monitoring the impact of the developments on the Group's businesses and will continue to focus its fitting-out projects on the local residential, office and school premises in Macau, with the expectation that the corresponding impact faced by the Group can be mitigated.

As the extent to which the COVID-19 outbreak will continue is uncertain, it is not practicable to estimate the full financial effect that the COVID-19 outbreak may have on the Group's businesses as at the date when the financial statements are authorised to issue.

REVIEW OF ACCOUNTS

The Group's results for the year ended 31 December 2019 have been reviewed by the audit committee of the Board.

SCOPE OF WORK OF INDEPENDENT AUDITOR

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 2019 included in this preliminary results announcement have been agreed by the Group's independent auditor, Wellink CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Wellink CPA Limited 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 Wellink CPA Limited on this preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huarchi.com). The annual report of the Company for the year ended 31 December 2019 containing all the information required by the Listing Rules will be dispatched to its shareholders and posted on the above websites in due course.

By order of the Board
Huarchi Global Group Holdings Limited
Lou Cheok Meng
Chairman and Managing Director

Hong Kong, 31 March 2020

As at the date of this announcement, Mr. Lou Cheok Meng, Mr. Chang Wa Ieong, Mr. Ao Weng Kong and Mr. Leong Ka In are the executive directors of the Company; and Dr. Lam Chi Kit BBS MH JP, Dr. Sin Wai Chiu Joseph and Mr. Lo Chun Chiu Adrian are the independent non-executive directors of the Company.