TLMC

TAK LEE MACHINERY HOLDINGS LIMITED
德 利 機 械 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8142

FIRST QUARTERLY REPORT
2019-2020

RESULTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2019

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*This report, for which the directors (collectively the "**Directors**" or individually a "**Director**") of Tak Lee Machinery Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2019

The board of Directors (the "**Board**") is pleased to announce the unaudited consolidated results of the Group for the three months ended 31 October 2019, together with the unaudited comparative figures for the corresponding period in 2018.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 October 2019

		For the three months ended 31 October	
	Notes	**2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (unaudited)
Revenue	3	**178,840**	143,437
Cost of revenue		**(145,334)**	(123,359)
Gross profit		**33,506**	20,078
Other income and net gains		**209**	1,178
Administrative and other operating expenses		**(10,202)**	(5,973)
Profit from operations		**23,513**	15,283
Finance costs		**(1,948)**	(790)
Profit before tax		**21,565**	14,493
Income tax expense	4	**(3,915)**	(2,316)
Profit and total comprehensive income for the period attributable to owners of the Company	5	**17,650**	12,177
Earnings per share – Basic and diluted (HK cents per share)	7	**1.77**	1.22

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2019

	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1 August 2019 (audited)	10,000	92,661	2,620	260,352	365,633
Profit and total comprehensive income for the period	–	–	–	17,650	17,650
At 31 October 2019 (unaudited)	**10,000**	**92,661**	**2,620**	**278,002**	**383,283**
At 1 August 2018 (audited)	10,000	92,661	2,620	226,801	332,082
Profit and total comprehensive income for the period	–	–	–	12,177	12,177
At 31 October 2018 (unaudited)	10,000	92,661	2,620	238,978	344,259

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company under the Companies Law of the Cayman Islands on 11 December 2015. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is D.D.111, Lot No. 117, Sheung Che Village, Pat Heung, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the sales of heavy equipment and spare parts, leasing of heavy equipment and provision of maintenance and ancillary services in Hong Kong.

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Generous Way Limited, a company incorporated in the British Virgin Islands ("**BVI**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated financial statements of the Group for the three months ended 31 October 2019 (the "**Unaudited Consolidated Financial Statements**") have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**") and Interpretations. In addition, the Unaudited Consolidated Financial Statements include the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Unaudited Consolidated Financial Statements are unaudited, but have been reviewed by the audit committee of the Company ("**Audit Committee**") and were approved for issue by the Board.

The Unaudited Consolidated Financial Statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the Unaudited Consolidated Financial Statements are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 July 2019.

Application of new and amendments to HKFRSs

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current period:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period had no material effect on the amounts reported and/or disclosures set out in the Unaudited Consolidated Financial Statements.

2.1 Changes in accounting policies

The Group has applied HKFRS 16 for the first time with a date of initial application on 1 August 2019. As a result, the Group has changed its accounting policy for lease contracts as detailed below. The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application. As permitted under the specific transitional provisions in the standard, any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

(a) Adjustments recognised on adoption of HKFRS 16

Prior to the adoption of HKFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated statement of profit or loss and other comprehensive income over the lease period on a straight-line basis. Upon adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 August 2019. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the consolidated statement of profit or loss and other comprehensive income in the period in which it is incurred using effective interest method.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by certain items as set out in note 2.1(b). The right-of-use assets were recognised in the consolidated statement of financial position. Depreciation was charged on a straight-line basis over the shorter of the asset's useful life or the lease term.

(b) *Accounting policies adopted since 1 August 2019*

Until the year ended 31 July 2019, payments made under operating leases were recognised as an expense on a straight-line basis over the lease term. From 1 August 2019 onwards, 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. Each lease payment is allocated between the liability 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. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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 lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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.

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. REVENUE

Revenue from contracts with customers by major products or service lines is summarised as follows:

	Three months ended 31 October	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sales of heavy equipment and spare parts	**131,622**	131,882
Lease of heavy equipment	**45,996**	10,727
Provision of maintenance and ancillary services	**1,222**	828
	178,840	143,437

4. INCOME TAX EXPENSE

	Three months ended 31 October	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax – Hong Kong		
Provision for the year	**231**	2,332
Deferred tax	**3,684**	(16)
	3,915	2,316

The Company was incorporated in the Cayman Islands and TLMC Company Limited, a wholly-owned subsidiary of the Company, was incorporated in the BVI. Both companies are tax exempted as no business was carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI.

Upon the introduction of the two-tiered profits tax rates regime effective on 28 March 2018, the profits tax rate for the first HK$2 million of assessable profits has been lowered to 8.25% of a qualifying group entity, and assessable profits above HK$2 million will continue to be subject to the rate of 16.5%. For other group entities not qualifying for the two-tiered profits tax regime, Hong Kong profits tax has been provided at a rate of 16.5% (three months ended 31 October 2018: 16.5%) on the estimated assessable profits for the three months ended 31 October 2019.

5. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Three months ended 31 October	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Auditor's remuneration	**169**	166
Cost of inventories sold	**112,703**	113,261
Depreciation	**9,595**	3,009
Foreign exchange gain, net	**(109)**	(563)
Legal and professional fees for the proposed transfer of listing of the shares of the Company from GEM to Main Board of the Stock Exchange	**2,004**	–
Net gain on disposals of property, plant and equipment	**–**	(522)
Operating lease charges in respect of:		
– Director's quarters	**–**	504
– Office premises	**398**	401
	398	905
Reversal of allowance for inventories	**(261)**	(304)
Staff costs (including Directors' emoluments)		
– Salaries, allowances and bonus	**18,229**	5,614
– Retirement benefit scheme contributions	**641**	187
– Quarters expenses	**9**	518
	18,879	6,319
Finance costs		
– Interest expense on lease liabilities	**33**	–
– Interest on bank borrowings	**1,915**	790

6. DIVIDEND

The Board has resolved not to declare any dividend for the three months ended 31 October 2019 (three months ended 31 October 2018: Nil).

7. EARNINGS PER SHARE

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

	Three months ended 31 October	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Earnings:		
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**17,650**	12,177
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**1,000,000**	1,000,000

Note:

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the three months ended 31 October 2019 of HK$17,650,000 (three months ended 31 October 2018: HK$12,177,000) and the weighted average 1,000,000,000 ordinary shares (three months ended 31 October 2018: 1,000,000,000 ordinary shares) in issue during the period.

Diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue for the three months ended 31 October 2018 and 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is a heavy equipment sales and leasing service provider in Hong Kong with over 18 years of presence in the industry. The Group is principally engaged in (i) the sale of new and used earthmoving equipment and spare parts, (ii) the leasing of earthmoving equipment, and (iii) the provision of maintenance and ancillary services for earthmoving equipment users in Hong Kong. The Group has not changed its principal business since the listing of the Company's issued ordinary shares on GEM of the Stock Exchange on 27 July 2017.

The Group recorded an increase in profit attributable to owners of the Company for the three months ended 31 October 2019 by approximately 45.1% to approximately HK$17.7 million from approximately HK$12.2 million for the three months ended 31 October 2018. Excluding the non-recurring legal and professional fees for the proposed transfer of listing of the issued ordinary shares of the Company from GEM to Main Board of the Stock Exchange (the "**Listing Expenses**"), the Group would have recorded a profit attributable to owners of the Company of approximately HK$19.7 million for the three months ended 31 October 2019 (three months ended 31 October 2018: approximately HK$12.2 million).

The increase in the profit contribution was primarily attributed to the growth in the leasing business of the Group, given the commencement and progress of large-scale infrastructure and reclamation projects such as the Three Runway System of the Hong Kong International Airport and the Tung Chung New Town Extension.

Earnings per share for the three months ended 31 October 2019 was HK1.77 cents per share, representing an increase of 45.1% compared with HK1.22 cents per share for the same period in 2018. The basis of calculating the earnings per share is detailed in Note 7 to the Unaudited Consolidated Financial Statements above.

Looking forward, the Group is confident about the outlook and the prospects for sales and leasing of heavy equipment. With the Hong Kong government setting aside approximately HK$79.1 billion on the public expenditure on infrastructure as outlined in the 2019-20 Budget Speech, the implementation of the ten major infrastructure projects and the land enhancement strategy by reclamation and rock cavern development proposed by the Hong Kong government, and the commencement of several other large-scale infrastructure projects, such as the Three Runway System of the Hong Kong International Airport, Tseung Kwan O-Lam Tin Tunnel, Route 6 Development and the Tung Chung New Town Extension, the Group is expecting a stable growth in the heavy equipment industry in Hong Kong in the coming future. Hence, the Group believes that the demand for its heavy equipment will remain strong in the coming years.

To capture opportunities, the Group is committed to the diversification of its supplier base and product offering. For instance, during the three months ended 31 October 2019, the Group entered into a new dealership agreement, under which the Group was granted the dealership for foundation equipment. The Group will continue to identify suitable suppliers and products in pursuit of more dealerships or distributorships of heavy equipment, which would further boost its competitive edge in the long run.

FINANCIAL REVIEW

Revenue

The Group recorded an increase in revenue for the three months ended 31 October 2019 by approximately 24.7% to approximately HK$178.8 million as compared with revenue of approximately HK$143.4 million for the three months ended 31 October 2018. The increase was mainly attributable to the increase in revenue from leasing of heavy equipment of approximately HK$35.3 million.

Cost of revenue

The Group's cost of revenue amounted to approximately HK$145.3 million for the three months ended 31 October 2019, representing an increase of approximately 17.7% (three months ended 31 October 2018: approximately HK$123.4 million). Cost of revenue mainly comprised cost of heavy equipment and spare parts, depreciation, freight and transportation costs, repairs and maintenance costs, and staff costs for operators, technicians and inspectors. The increase was mainly driven by the increase in cost of the leasing segment of approximately HK$18.8 million for the three months ended 31 October 2019.

Gross profit and gross profit margin

The Group's gross profit increased by approximately 66.7% from approximately HK$20.1 million for the three months ended 31 October 2018 to approximately HK$33.5 million for the three months ended 31 October 2019, with gross profit margin at approximately 18.7% (three months ended 31 October 2018: approximately 14.0%). The increases in gross profit and gross profit margin were mainly attributable to the increase in gross profit of the leasing business by approximately HK$16.5 million for the three months ended 31 October 2019. The gross profit of the sales segment and provision of maintenance and ancillary services segment decreased by approximately HK$3.1 million for the three months ended 31 October 2019.

Other income

The Group recognised other income of approximately HK$1.2 million and approximately HK$0.2 million for the three months ended 31 October 2018 and 2019, respectively. The decrease was mainly due to the absence of net gain on disposals of property, plant and equipment of approximately HK$0.5 million.

Administrative and other operating expenses

The administrative expenses increased by approximately HK$4.2 million or 70.0% from approximately HK$6.0 million for the three months ended 31 October 2018 to approximately HK$10.2 million for the three months ended 31 October 2019. The increase in administrative expenses was mainly due to the non-recurring Listing Expenses of approximately HK$2.0 million, and the general and administrative expenses incurred for the expansion of office and workshop.

Finance costs

The finance costs increased substantially by approximately HK$1.1 million or 137.5% from approximately HK$0.8 million for the three months ended 31 October 2018 to approximately HK$1.9 million for the three months ended 31 October 2019. The increase was mainly due to the increases in average bank borrowings and average interest rate for the three months ended 31 October 2019 as compared to those of the same period last year.

Income tax expense

The income tax expense increased by approximately HK$1.6 million or 69.6% for the three months ended 31 October 2019 compared with the same period last year. Excluding the tax impact of Listing Expenses, the effective tax rate of the Group approximates the prevailing Hong Kong profits tax rate.

Profit and total comprehensive income for the period

As a result of the foregoing, the Group's profit and total comprehensive income increased by approximately 45.1% from approximately HK$12.2 million for the three months ended 31 October 2018 to approximately HK$17.7 million for the three months ended 31 October 2019. The net profit margin of the Group increased to 9.9% as compared to 8.5% for the three months ended 31 October 2018. Excluding the non-recurring Listing Expenses, the Group would have recorded a profit attributable to owners of the Company of approximately HK$19.7 million for the three months ended 31 October 2019 (three months ended 31 October 2018: approximately HK$12.2 million).

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 October 2019, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**")), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were set out as follows:

Interests in the Company

*Long position in the ordinary shares of the Company (the "**Shares**")*

Directors	Nature of interest	Number of Shares held	Percentage of the Company's issued Shares
Mr. Chow Luen Fat ("**Mr. Chow**")	Interest in a controlled corporation *(Note)*	750,000,000	75%
Ms. Cheng Ju Wen ("**Ms. Cheng**")	Interest in a controlled corporation *(Note)*	750,000,000	75%

Note: These Shares are held by Generous Way Limited ("**Generous Way**"), which is beneficially owned as to 50% by Mr. Chow, the chairman of the Board, the chief executive officer of the Company and an executive Director and 50% by Ms. Cheng, the non-executive Director. Mr. Chow and Ms. Cheng are spouses. Under the SFO, each of Mr. Chow and Ms. Cheng is deemed to be interested in the same number of Shares held by Generous Way.

Interests in associated corporation of the Company

Long position in the ordinary shares of an associated corporation

Directors	Name of associated corporation	Nature of interest	Number of ordinary shares held	Percentage of issued ordinary shares
Mr. Chow Luen Fat	Generous Way Limited	Beneficial owner	50	50%
Ms. Cheng Ju Wen	Generous Way Limited	Beneficial owner	50	50%

Save as disclosed above, as at 31 October 2019, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDER

As at 31 October 2019, so far as the Directors are aware, the following entity (other than the Directors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the Shares

Name of shareholder	Nature of interest	Number of Shares held	Percentage of the Company's issued Shares
Generous Way Limited	Beneficial owner	750,000,000	75%

Save as disclosed above, as at 31 October 2019, the Directors were not aware of any persons who or entities which had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

Code provision A.2.1 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chow is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Chow is one of the founders of the Group and has been operating and managing the Group since its establishment in 2001, all the other Directors believe that the vesting of the roles of chairman and chief executive officer in Mr. Chow is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of its chairman and chief executive officer as required by the said code provision.

Save for the deviation from code provision A.2.1 as mentioned above, the Board is satisfied that the Company had complied with all applicable code provisions of the CG Code during the three months ended 31 October 2019.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules. The Share Option Scheme was adopted on 30 June 2017. No share options were granted or agreed to be granted under the Share Option Scheme during the period from the date of its adoption to 31 October 2019 and up to the date of this report.

INTERESTS IN COMPETING BUSINESS

During the three months ended 31 October 2019, the Directors were not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

INTERESTS OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Southwest Securities (HK) Capital Limited ("**Southwest Securities**") as its compliance adviser since the listing until 17 October 2019, being the date of publication of the annual report for the Company for the second full financial year commencing after the date of listing. As notified by Southwest Securities, save for (i) the compliance adviser agreement and (ii) the agreement for the provision of financial advisory service entered into between the Company and Southwest Securities dated 4 July 2017 and 31 July 2019, respectively, prior to its ceasing to act as the compliance adviser, neither Southwest Securities nor any of its directors, employees or close associates had any interests in relation to the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the three months ended 31 October 2019.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as contained in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard of Dealings**") as its required standard for Directors' dealing in the securities of the Company. Following a specific enquiry made by the Company on each of the Directors, each Director has confirmed that he/she had complied with the Required Standard of Dealings during the three months ended 31 October 2019.

REVIEW BY AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Law Tze Lun, Sir Kwok Siu Man KR and Dr. Wong Man Hin Raymond. Mr. Law Tze Lun is the chairman of the Audit Committee. The Audit Committee has reviewed the Unaudited Consolidated Financial Statements and this report, and is of the view that such statements and report have been prepared in compliance with the applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosure has been made.

By order of the Board
Tak Lee Machinery Holdings Limited
Chow Luen Fat
Chairman and Chief Executive Officer

Hong Kong, 9 December 2019

As at the date of this report, the executive Directors are Mr. Chow Luen Fat (chairman and chief executive officer), Ms. Liu Shuk Yee and Ms. Ng Wai Ying; the non-executive Director is Ms. Cheng Ju Wen; and the independent non-executive Directors are Sir Kwok Siu Man KR, Mr. Law Tze Lun and Dr. Wong Man Hin Raymond.

This report will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication. This report will also be published on the Company's website at www.tlmc-hk.com.