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**MANFIELD**

**Manfield Chemical Holdings Limited**

**萬輝化工控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1561)**

**ANNOUNCEMENT OF AUDITED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The board of directors (the “**Board**”) of Manfield Chemical Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2016 together with the comparative figures for the year ended 31 December 2015 are as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

|                                   | <i>Notes</i> | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|-----------------------------------|--------------|--------------------------------|-------------------------|
| Revenue                           | 4            | <b>396,172</b>                 | 331,572                 |
| Cost of sales and services        |              | <b>(308,036)</b>               | (235,945)               |
| Gross profit                      |              | <b>88,136</b>                  | 95,627                  |
| Other income                      | 5            | <b>18,382</b>                  | 18,136                  |
| Other gains and losses            | 5            | <b>3,756</b>                   | 4,077                   |
| Distribution and selling expenses |              | <b>(31,201)</b>                | (32,771)                |
| Administrative expenses           |              | <b>(53,321)</b>                | (48,759)                |
| Other expenses                    |              | <b>(1,728)</b>                 | (8,792)                 |
| Finance costs                     |              | <b>(4)</b>                     | (50)                    |
| Share of profits of associates    |              | <b>23,817</b>                  | 24,332                  |
| Profit before taxation            | 6            | <b>47,837</b>                  | 51,800                  |
| Taxation                          | 7            | <b>(5,830)</b>                 | (7,855)                 |
| Profit for the year               |              | <b>42,007</b>                  | 43,945                  |

|   | <i>Note</i> | <b>2016</b><br><b>HK\$'000</b> | 2015<br><i>HK\$'000</i> |
|---|-------------|--------------------------------|-------------------------|
| Profit (loss) for the year attributable to: |             |                                |                         |
| Owners of the Company                       |             | <b>41,603</b>                  | 44,305                  |
| Non-controlling interests                   |             | <b>404</b>                     | (360)                   |
|   |             | <u><b>42,007</b></u>           | <u>43,945</u>           |
| Earnings per share                          |             |                                |                         |
| — Basic                                     | 9           | <u><b>HK6.9 cents</b></u>      | <u>HK9.6 cents</u>      |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2016*

|  | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit for the year  | <u><b>42,007</b></u>           | <u>43,945</u>           |
| Other comprehensive expense which may<br>be subsequently reclassified to profit or loss: |                                |                         |
| Share of exchange differences of associates  | <b>(10,741)</b>                | (10,012)                |
| Exchange differences arising on<br>translation of foreign operations                     | <u><b>(20,824)</b></u>         | <u>(19,940)</u>         |
| Other comprehensive expense for the year   | <u><b>(31,565)</b></u>         | <u>(29,952)</u>         |
| Total comprehensive income for the year  | <u><b>10,442</b></u>           | <u>13,993</u>           |
| Total comprehensive income (expense)<br>attributable to:                                 |                                |                         |
| Owners of the Company  | <b>11,121</b>                  | 15,386                  |
| Non-controlling interests  | <u><b>(679)</b></u>            | <u>(1,393)</u>          |
|  | <u><b>10,442</b></u>           | <u>13,993</u>           |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2016**

|  | <i>Notes</i> | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Non-current assets   |              |                                |                         |
| Property, plant and equipment  |              | <b>103,890</b>                 | 119,902                 |
| Prepaid lease payments   |              | <b>26,961</b>                  | 29,603                  |
| Interests in associates  | <i>10</i>    | <b>180,298</b>                 | 180,387                 |
| Deferred tax assets  |              | <b>162</b>                     | 162                     |
| Derivative financial instruments   |              | <b>1,702</b>                   | 1,638                   |
| Deposits to purchase of property, plant and equipment and prepaid lease payments |              | <b>2,946</b>                   | 3,156                   |
|  |              | <b>315,959</b>                 | 334,848                 |
| Current assets   |              |                                |                         |
| Prepaid lease payments   |              | <b>766</b>                     | 818                     |
| Inventories  |              | <b>54,132</b>                  | 30,371                  |
| Trade and other receivables  | <i>11</i>    | <b>110,720</b>                 | 116,657                 |
| Tax recoverable  |              | <b>823</b>                     | 1,090                   |
| Bank balances and cash   |              | <b>204,625</b>                 | 200,425                 |
|  |              | <b>371,066</b>                 | 349,361                 |
| Current liabilities  |              |                                |                         |
| Trade and other payables   | <i>12</i>    | <b>48,728</b>                  | 40,054                  |
| Tax payable  |              | <b>1,027</b>                   | 2,327                   |
|  |              | <b>49,755</b>                  | 42,381                  |
| Net current assets   |              | <b>321,311</b>                 | 306,980                 |
| Total assets less current liabilities  |              | <b>637,270</b>                 | 641,828                 |
| Capital and reserves   |              |                                |                         |
| Share capital  | <i>13</i>    | <b>6,000</b>                   | 6,000                   |
| Reserves   |              | <b>615,234</b>                 | 619,113                 |
| Equity attributable to owners of the Company                                     |              | <b>621,234</b>                 | 625,113                 |
| Non-controlling interests  |              | <b>16,036</b>                  | 16,715                  |
| Total equity   |              | <b>637,270</b>                 | 641,828                 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2016

### 1. GENERAL

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company's immediate holding company is Guang Ming Holdings Limited and ultimate holding company is Mezzo International Limited. Both companies were incorporated in the British Virgin Islands ("**BVI**").

The Company is an investment holding company. The Group is principally engaged in manufacturing and trading of liquid coatings, powder coatings and subcontracting services.

The functional currency of the Company is Hong Kong dollars, which is the same as the presentation currency of the consolidated financial statements.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("**HKFRSs**")

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

|  |   |
|--|---|
| Amendments to HKFRS 11                       | <i>Accounting for Acquisitions of Interests in Joint Operations</i>         |
| Amendments to HKAS 1                         | <i>Disclosure Initiative</i>  |
| Amendments to HKAS 16 and HKAS 38            | <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> |
| Amendments to HKAS 16 and HKAS 41            | <i>Agriculture: Bearer Plants</i>   |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | <i>Investment Entities: Applying the Consolidation Exception</i>            |
| Amendments to HKFRSs                         | <i>Annual Improvements to HKFRSs 2012–2014 Cycle</i>                        |

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

#### **Amendments to HKAS 1 Disclosure initiative**

The Group has applied the amendments to HKAS 1 Disclosure Initiative for the first time in the current year. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. Upon application of these amendments, the grouping and ordering of certain notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Specifically, information to financial instruments was reordered to note 36 while information in relation to segment was reordered to note 6. Other than the changes in presentation and disclosure set out above, the application of the amendments to HKAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

#### **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

|                                    |  |
|------------------------------------|--|
| HKFRS 9                            | Financial instruments <sup>1</sup>   |
| HKFRS 15                           | Revenue from Contracts with Customers <sup>1</sup>   |
| HKFRS 16                           | Leases <sup>2</sup>  |
| Amendments to HKFRS 2              | Classification and Measurement of Share-based Payment Transactions <sup>1</sup>                    |
| Amendments to HKFRS 4              | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>               |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |
| Amendments to HKAS 7               | Disclosure Initiative <sup>4</sup>   |
| Amendments to HKAS 12              | Recognition of Deferred Tax Assets for Unrealised Losses <sup>4</sup>                              |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>3</sup> Effective for annual periods on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

#### 4. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the amounts received and receivable for services provided and goods sold, net of discounts and sales related taxes, during both years.

The Group is principally engaged in manufacturing and trading of liquid coatings, powder coating and subcontracting services. The management of the Group, being the Group's chief operating decision maker, make the decision on allocation of resources and assessment of performance based on geographical segments determined on the basis of location of customers. Information of the operating and reportable segments of the Group is as follow:

##### Year ended 31 December 2016

|  | Hong Kong<br>and Others#<br><i>HK\$'000</i> | The People's<br>Republic of<br>China<br>(the "PRC")<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|--|---|--|---------------------------------|
| <b>REVENUE</b>                                     |   |  |                                 |
| External revenue                                   | <u>60,356</u>                               | <u>335,816</u>   | <u>396,172</u>                  |
| <b>RESULTS</b>                                     |   |  |                                 |
| Segment profits                                    | <u>5,182</u>                                | <u>47,562</u>  | 52,744                          |
| Interest income                                    |   |  | 968                             |
| Unallocated corporate income                       |   |  | 10,694                          |
| Unallocated corporate expenses                     |   |  | (40,357)                        |
| Unallocated corporate other gains and losses       |   |  | (25)                            |
| Finance costs                                      |   |  | (4)                             |
| Share of profits of associates                     |   |  | <u>23,817</u>                   |
| Profit before taxation                             |   |  | <u>47,837</u>                   |
| <b>TOTAL ASSETS</b>                                |   |  |                                 |
| Segment assets — trade and bills receivables       | 14,130                                      | 90,035   | 104,165                         |
| Unallocated assets                                 |   |  | <u>582,860</u>                  |
|  |   |  | <u>687,025</u>                  |
| <b>OTHER SEGMENT INFORMATION</b>                   |   |  |                                 |
| Amounts included in the measure of segment profit: |   |  |                                 |
| Impairment losses recognised on trade receivables  | <u>—</u>                                    | <u>571</u>   | <u>571</u>                      |

**Year ended 31 December 2015**

|   | Hong Kong<br>and Others <sup>#</sup><br><i>HK\$'000</i> | The PRC<br><i>HK\$'000</i> | Consolidated<br><i>HK\$'000</i> |
|---|---|----------------------------|---------------------------------|
| <b>REVENUE</b>  |   |                            |                                 |
| External revenue                                      | <u>73,172</u>   | <u>258,400</u>             | <u>331,572</u>                  |
| <b>RESULTS</b>  |   |                            |                                 |
| Segment profits                                       | <u>14,718</u>   | <u>39,489</u>              | 54,207                          |
| Interest income                                       |   |                            | 402                             |
| Unallocated corporate income                          |   |                            | 9,231                           |
| Unallocated corporate expenses                        |   |                            | (37,007)                        |
| Unallocated corporate other gains and losses          |   |                            | 685                             |
| Finance costs   |   |                            | (50)                            |
| Share of profits of an associate                      |   |                            | <u>24,332</u>                   |
| Profit before taxation                                |   |                            | <u>51,800</u>                   |
| <b>TOTAL ASSETS</b>                                   |   |                            |                                 |
| Segment assets — trade and bills receivables          | 14,293  | 94,563                     | 108,856                         |
| Unallocated assets                                    |   |                            | <u>575,353</u>                  |
|   |   |                            | <u>684,209</u>                  |
| <b>OTHER SEGMENT INFORMATION</b>                      |   |                            |                                 |
| Amounts included in the measure of segment profit:    |   |                            |                                 |
| Net impairment losses recognised on trade receivables | <u>—</u>  | <u>675</u>                 | <u>675</u>                      |

<sup>#</sup> Including Indonesia, Malaysia, Taiwan and other jurisdictions.

*Notes:*

- (i) Segment profits represent the results of each segment without allocation of corporate items, including interest income, management fee income and rental income from subsidiaries of an associate, net (loss) gain on disposal of property, plant and equipment, central administration cost, depreciation of property, plant and equipment, release of prepaid lease payments, change in fair value of derivative financial instruments, finance costs and share of profits of associates. This is the measure reported to the management of the Group for the purpose of resources allocation and performance assessments.
- (ii) Other than trade and bills receivables, assets are not allocated to operating segments. Inventories could be sold to common customers of the operating segments, which cannot be allocated to respective segments on a reasonable basis. Liabilities are not allocated to operating segments, as the Group's trade payables represented payables to common suppliers of the operating segments, which cannot be allocated to respective segments on a reasonable basis.



## Revenue from major products and services

The Group's revenue from its major products and services were as follows:

|   | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Sales   |                                |                         |
| Liquid coatings   |                                |                         |
| Sales to outsiders  | <b>237,575</b>                 | 261,837                 |
| Sales to subsidiaries of an associate                       | <b>127,156</b>                 | 10,090                  |
| Powder coatings — sales to outsiders                        | <b>24,439</b>                  | 28,916                  |
| Subcontracting fee income from subsidiaries of an associate | <b>7,002</b>                   | 30,729                  |
|   | <b>396,172</b>                 | 331,572                 |

## Information about major customers

During the year, the revenue from the subsidiaries of an associate contributed over 10% of total revenue of the Group are as follows:

|           | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|-----------|--------------------------------|-------------------------|
| Hong Kong | <b>4,529</b>                   | 9,365                   |
| The PRC   | <b>129,629</b>                 | 31,454                  |
|           | <b>134,158</b>                 | 40,819                  |

## Geographical information

The Group's operations are located in Hong Kong, the PRC and others. The Group's information about its non-current assets (excluding deferred tax assets and derivative financial instruments) by geographical location of the assets, including property, plant and equipment, prepaid lease payments, deposits to purchase of property, plant and equipment and prepaid lease payments; and by location of incorporation for interest in an associate, are detailed below:

|                                    | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|------------------------------------|--------------------------------|-------------------------|
| Hong Kong and others <i>(Note)</i> | <b>185,370</b>                 | 186,124                 |
| The PRC                            | <b>128,725</b>                 | 146,924                 |
|                                    | <b>314,095</b>                 | 333,048                 |

*Note:* Non-current assets of others are less than 10% of the Group's total non-current assets at the end of the reporting period.

## 5. OTHER INCOME AND OTHER GAINS AND LOSSES

|  | 2016<br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>Other income</b>  |                         |                         |
| Royalty fee income from subsidiaries of an associate                                     | 4,166                   | 5,491                   |
| Management fee income from subsidiaries of an associate                                  | 9,027                   | 7,618                   |
| Rental income from subsidiaries of an associate  | 1,668                   | 1,613                   |
| Transportation fee income from a subsidiary of an associate                              | 1,727                   | 2,242                   |
| Rental income  | 826                     | 770                     |
| Interest income  | 968                     | 402                     |
|  | <u>18,382</u>           | <u>18,136</u>           |
| <b>Other gains and losses</b>  |                         |                         |
| (Impairment losses recognised) net reversal of impairment losses<br>on trade receivables | (571)                   | 675                     |
| Impairment loss recognised on other receivable   | (621)                   | (663)                   |
| Net (loss) gain on disposal of property, plant and equipment                             | (89)                    | 12                      |
| Net exchange gain  | 1,404                   | 2,857                   |
| Change in fair value of derivative financial instruments                                 | 64                      | 673                     |
| Government grants ( <i>Note</i> )  | 2,164                   | –                       |
| Others   | 1,405                   | 523                     |
|  | <u>3,756</u>            | <u>4,077</u>            |

*Note:* Mainly subsidies received from government authority for the support of the development of the Group's subsidiary as new and high technology enterprise. There is no specified condition attached to these subsidies.

## 6. PROFIT BEFORE TAXATION

|   | 2016<br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Profit before taxation has been arrived at after charging:    |                         |                         |
| Auditor's remuneration  | 1,020                   | 850                     |
| Directors' emoluments   |                         |                         |
| Fee   | 960                     | 80                      |
| Other emoluments  | 3,982                   | 3,759                   |
| Retirement benefit scheme contributions                       | 357                     | 309                     |
|   | <u>5,299</u>            | <u>4,148</u>            |
| Other staff costs:  |                         |                         |
| Salaries and other allowances                                 | 93,967                  | 96,719                  |
| Retirement benefit scheme contributions                       | 7,467                   | 8,000                   |
|   | <u>106,733</u>          | <u>108,867</u>          |
| Total staff costs   |                         |                         |
| Release of prepaid lease payments                             | 803                     | 855                     |
| Depreciation of property, plant and equipment                 | 14,162                  | 15,018                  |
| Donation  | 1,728                   | 1,528                   |
| Listing expenses  | –                       | 7,264                   |
| Minimum operating lease rentals in respect of rented premises | 592                     | 752                     |
|   | <u>127,077</u>          | <u>138,266</u>          |

## 7. TAXATION

|   | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Hong Kong Profits Tax:                        |                                |                         |
| Current year                                  | <b>3,256</b>                   | 2,368                   |
| (Overprovision) underprovision in prior years | <b>(9)</b>                     | 10                      |
|   | <u><b>3,247</b></u>            | <u>2,378</u>            |
| PRC Enterprise Income Tax:                    |                                |                         |
| Current year                                  | <b>4,154</b>                   | 5,209                   |
| (Overprovision) underprovision in prior years | <b>(1,571)</b>                 | 268                     |
|   | <u><b>2,583</b></u>            | <u>5,477</u>            |
|   | <u><b>5,830</b></u>            | <u>7,855</u>            |

## 8. DIVIDEND

During the year ended 31 December 2016, a dividend of HK\$15,000,000 or HK\$0.025 per share (2015 prior to the listing: HK\$20,000,000) was distributed to its shareholders.

The rate of dividend and the number of share ranking for dividend for the year ended 31 December 2015 were not presented as such information was not meaningful having regard the reorganisation for the Company's shares listed on the Stock Exchange had completed at 6 November 2015.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of HK\$0.025 per share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

|   | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| <b>Earnings:</b>  |                                |                         |
| Earnings for the purpose of calculating basic earnings per share<br>(profit for the year attributable to owners of the Company) | <u><b>41,603</b></u>           | <u>44,305</u>           |
|   | <i>'000</i>                    | <i>'000</i>             |
| <b>Number of shares:</b>  |                                |                         |
| Weighted average number of ordinary shares for the purpose of<br>calculating basic earnings per share                           | <u><b>600,000</b></u>          | <u>462,739</u>          |

During the year ended 31 December 2015, the weighted average number of ordinary shares for the purposes of calculating basic earnings per share had been adjusted for the effect of the reorganisation for the Company's shares listed on the Stock Exchange on 1 December 2015.

No diluted earnings per share for both years were presented as there were no potential ordinary shares in issue for both years.

## 10. INTERESTS IN ASSOCIATES

|  | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Unlisted investment, at cost                                 | <b>513</b>                     | 178                     |
| Share of post-acquisition translation reserve                | <b>(55)</b>                    | 10,686                  |
| Share of post-acquisition profits, net of dividends received | <b>179,840</b>                 | 169,523                 |
|  | <b>180,298</b>                 | 180,387                 |

The following list contains only the particulars of associates, which are unlisted corporate, in the opinion of the management of the Group, which principally affected the results or assets of the Group:

| List of associates   | Form of business structure      | Place of incorporation/ operation | Issued and fully paid share capital/ registered capital | Attributable equity interest of the Group as at   |      | Principal activity        |
|--|---------------------------------|-----------------------------------|---|---|------|---------------------------|
|  |                                 |                                   |   | 2016  | 2015 |                           |
| CMW Holding Limited<br>("CMW Holding")   | Limited liability company       | Hong Kong                         | HK\$500,000<br>Ordinary share                           | 45%   | 45%  | Investment holding        |
| 福州艾薩卡爾汽車維修服務有限公司<br>Fuzhou Aisa Car Auto Service Company Limited<br>(Note)   | Limited liability company       | PRC                               | RMB1,000,000<br>Paid-up registered capital              | 30%   | -    | Not yet commence business |
| List of subsidiaries of CMW Holding  | Form of business structure      | Place of incorporation/ operation | Issued and fully paid share capital/ registered capital | Attributable equity interest of CMW Holding as at |      | Principal activity        |
|  |                                 |                                   |   | 2016  | 2015 |                           |
| 廣州卡秀堡輝塗料科技有限公司<br>CMW Coatings (Guangzhou) Technology Company Limited<br>(formerly known as 廣州卡秀堡輝塗料有限公司<br>CMW Coatings (Guangzhou) Limited) (Note) | Wholly owned Foreign enterprise | PRC                               | HK\$10,000,000<br>Paid-up registered capital            | 100%  | 100% | Manufacturing of coatings |
| 無錫卡秀堡輝塗料有限公司<br>CMW Coatings (Wuxi) Limited (Note)   | Wholly owned Foreign enterprise | PRC                               | HK\$25,000,000<br>Paid-up registered capital            | 100%  | 100% | Manufacturing of coatings |
| CMW Coatings (Hong Kong) Limited   | Limited liability company       | Hong Kong                         | HK\$1<br>Ordinary share                                 | 100%  | 100% | Trading of coatings       |
| 天津卡秀堡輝塗料有限公司<br>CMW Coatings (Tianjin) Limited (Note)  | Wholly owned Foreign enterprise | PRC                               | US\$4,000,000<br>Paid-up registered capital             | 100%  | 100% | Not yet commence business |

Note: English translated name is for identification only

## 11. TRADE AND OTHER RECEIVABLES

|  | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Trade receivables                            | <b>100,302</b>                 | 106,993                 |
| Bills receivables                            | <b>8,412</b>                   | 5,841                   |
| Less: Impairment losses on trade receivables | <b>(4,549)</b>                 | (3,978)                 |
|  | <hr/>                          | <hr/>                   |
| Total trade and bills receivables            | <b>104,165</b>                 | 108,856                 |
| Other receivables                            | <b>6,555</b>                   | 7,801                   |
|  | <hr/>                          | <hr/>                   |
| Total trade and other receivables            | <b>110,720</b>                 | 116,657                 |
|  | <hr/> <hr/>                    | <hr/> <hr/>             |

The Group allows credit period of 30 days to 90 days to its trade customers. The following is an aging analysis of trade receivables net of impairment losses presented based on the invoice date at the end of the reporting period. For customers who used bank bills to settle their trade receivables upon the expiry of the initial credit period, the aging analysis of bills receivables at the end of the reporting period was presented based on the date of issuance of the bills. All bills receivables will be matured within a period of 30 days to 180 days.

|              | <b>Trade receivables</b>       |                         | <b>Bills receivables</b>       |                         |
|--------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
|              | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
| 0-30 days    | <b>37,673</b>                  | 33,754                  | <b>1,885</b>                   | 381                     |
| 31-60 days   | <b>20,141</b>                  | 21,028                  | <b>1,093</b>                   | 984                     |
| 61-90 days   | <b>12,636</b>                  | 20,700                  | <b>3,260</b>                   | 716                     |
| Over 90 days | <b>25,303</b>                  | 27,533                  | <b>2,174</b>                   | 3,760                   |
|              | <hr/>                          | <hr/>                   | <hr/>                          | <hr/>                   |
|              | <b>95,753</b>                  | 103,015                 | <b>8,412</b>                   | 5,841                   |
|              | <hr/> <hr/>                    | <hr/> <hr/>             | <hr/> <hr/>                    | <hr/> <hr/>             |

Movement in the impairment losses on trade receivables is as follows:

|   | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Balance at the beginning of the year              | <b>3,978</b>                   | 4,969                   |
| Impairment loss (net reversal of impairment loss) | <b>571</b>                     | (675)                   |
| Amounts written off as uncollectible              | <b>-</b>                       | (316)                   |
|   | <hr/>                          | <hr/>                   |
| Balance at the end of the year                    | <b>4,549</b>                   | 3,978                   |
|   | <hr/> <hr/>                    | <hr/> <hr/>             |

## 12. TRADE AND OTHER PAYABLES

|                             | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
|-----------------------------|--------------------------------|-------------------------|
| Trade payables              | <b>32,468</b>                  | 21,053                  |
| Accrued staff cost          | <b>12,160</b>                  | 14,079                  |
| Other payables and accruals | <b>4,100</b>                   | 4,922                   |
|                             | <u><b>48,728</b></u>           | <u>40,054</u>           |

The average credit period on purchases of goods is 90 days. The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period:

|              | <b>Trade payables</b>          |                         |
|--------------|--------------------------------|-------------------------|
|              | <b>2016</b><br><i>HK\$'000</i> | 2015<br><i>HK\$'000</i> |
| 0–30 days    | <b>25,288</b>                  | 16,058                  |
| 31–60 days   | <b>5,107</b>                   | 2,883                   |
| 61–90 days   | <b>344</b>                     | 1,055                   |
| Over 90 days | <b>1,729</b>                   | 1,057                   |
|              | <u><b>32,468</b></u>           | <u>21,053</u>           |

## 13. SHARE CAPITAL

|   | <b>Number of<br/>shares</b> | <b>Share<br/>capital</b><br><i>HK\$'000</i> |
|---|-----------------------------|---|
| <b>Ordinary shares of HK\$0.01 each</b> |                             |   |
| Authorised:                             |                             |   |
| At 31 December 2015 and 2016            | <u>10,000,000,000</u>       | <u>100,000</u>                              |
| Issued:                                 |                             |   |
| At 31 December 2015 and 2016            | <u>600,000,000</u>          | <u>6,000</u>                                |

## **RESULTS AND FINANCIAL OVERVIEW**

The Group is an industrial coatings manufacturer engaged in the manufacture of liquid and power coatings. We principally provide customers from the toy industry, the consumer electronics industry and the auto-finishing industry with customized coatings for their products.

For the year ended 31 December 2016, the Group's revenue increased by approximately 19.5% to HK\$396,172,000 (2015: HK\$331,572,000) compared with that for the previous year, primarily due to an increase in the sales to subsidiaries of an associate. However, gross profit decreased by approximately 7.8% to HK\$88,136,000 (2015: HK\$95,627,000) with overall gross profit margin of 22.2% compared with 28.8% for the previous year.

For the year ended 31 December 2016, profit attributable to shareholders of the Company decreased by approximately 6.1% to HK\$41,603,000 (2015: HK\$44,305,000) mainly attributable to the adverse impact on gross profit as a result of the intense competition in the market segment of coatings for toys and consumer electronics and the slowdown of economic growth in the People's Republic of China ("PRC"), the depreciation in the exchange rate of Renminbi against Hong Kong dollars, and additional corporate expenses following the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited on 1 December 2015 ("Listing"). Excluding the listing expenses of nil (2015: HK\$7,264,000), the Group recorded a profit of HK\$41,603,000 (2015: HK\$51,569,000) representing a decrease of approximately 19.3% as compared to last year.

Earnings per share for the year ended 31 December 2016 amounted to HK6.9 cents (2015: HK9.6 cents).

The Group's net asset value per share as at 31 December 2016 maintained at HK\$1.04 (2015: HK\$1.04).

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK\$0.025 per share for the year ended 31 December 2016 (2015: HK\$0.025 per share) amounting to HK\$15,000,000 payable to the shareholders of the Company whose names appear on the Register of Members of the Company on Thursday, 29 June 2017.

## CLOSURE OF REGISTER OF MEMBERS

- (i) For determining the eligibility of the shareholders of the Company to attend and vote at the annual general meeting or any adjournment of such meeting:

The annual general meeting of the Company (the “**Annual General Meeting**”) is scheduled to be held on Wednesday, 21 June 2017. For determining the eligibility to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed from Friday, 16 June 2017 to Wednesday, 21 June 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration, no later than 4:30 p.m. on Thursday, 15 June 2017.

- (ii) For determining the entitlement of shareholders of the Company to the proposed final dividend:

The Register of Members of the Company will be closed from Tuesday, 27 June 2017 to Thursday, 29 June 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration, no later than 4:30 p.m. on Monday, 26 June 2017. The record date for such purpose is Thursday, 29 June 2017.

Upon approval by the shareholders of the Company at the Annual General Meeting, the relevant dividend warrants of the proposed final dividend are expected to be despatched on or about 19 July 2017.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The global economy remained sluggish in 2016 and so as the economic momentum in the PRC and Hong Kong, and as a result the coating industry was inevitably been affected. Under such challenging operating environment, the Group recorded an increase in revenue to HK\$396,172,000 (2015: HK\$331,572,000). The increase in revenue was mainly due to the increase in sales of liquid coatings to subsidiaries of an associate, CMW Holdings Limited (“**CMW**”) to HK\$127,156,000 (2015: HK\$10,090,000) commencing from second quarter of 2016 while on the other hand, the sales of liquid coatings to outsiders decreased to HK\$237,575,000 (2015: HK\$261,837,000), the sales of powder coatings to outsiders decreased to HK\$24,439,000 (2015: HK\$28,916,000) and the subcontracting fee income from subsidiaries of an associate decreased to HK\$7,002,000 (2015: HK\$30,729,000).



Amid the weak economic environment in the PRC and the intense competition due to predatory pricing practiced by competitors, demand in electrical appliances, computers, communication and consumer electronics products of the Group dropped and hence sales from customers decreased. As to the toy coating sector, although there were sales from new customers, the Group's business as a whole remained steady with business from one of the major customers decreased while the contribution from the newly developed India market failed short of the business target. As to the automobile coating sector, new technologies are applied to the products in order to tap into this market; however the pace of business growth was slow, nonetheless the sales increased.

During the year under review, the depreciation in Renminbi (“**RMB**”) against US dollars and also Hong Kong dollars worsened significantly and as a result Hong Kong dollar equivalent of sales denominated in RMB fell, following which the turnover of the Group fell as well.

For the year ended 31 December 2016, the Group's cost of sales and services recorded a substantial increase of approximately 30.6% to HK\$308,036,000 (2015: HK\$235,945,000) with the costs of raw materials and labour accounted for the main part of cost of sales and services. In 2016, the costs of all raw materials increased along with the underlining price movement of crude oil while wages cost followed the trend of continued increase of minimum wage in the PRC coupled with the general inflation in the PRC.

Above all, the Group's gross profit for the year ended 31 December 2016 decreased to HK\$88,136,000 (2015: HK\$95,627,000) with an overall gross margin of 22.2% (2015: 28.8%).

In addition, additional corporate expenses following the Company's Listing in December 2015 of HK\$3,723,000 (2015: HK\$130,000) was incurred during the year.

The Group now operates two coating plants separately through its two wholly-owned subsidiaries, namely Springfield Chemical (Guangzhou) Company Limited (“**Springfield GZ**”) in Guangzhou and Shenzhen Pinefield Chemical Enterprises Company Ltd in Shenzhen. It also runs another coating plant through a non-wholly owned subsidiary in Changzhou, Manfield Teknos (Changzhou) Chemical Company Limited.

Further to Springfield GZ's award as a “High and New Tech Enterprise” by Guangdong provincial government, the Group received government grants of HK\$2,164,000 (2015: nil) during the year from government authority for the support of the development of the Group's subsidiary as new and high technology enterprise.

Following the design stage of the Phase 2 of construction of Springfield GZ's production facilities, the construction of warehouses and coating plant already been commenced in the second half of 2016. As at the year-end date, two warehouses and a sewage pool had commenced construction. During the year, the Group had invested approximately HK\$4.9 million for the purchase of fixed assets which will increase the production capacity and enhance the Group's technologies to provide quality services to its customers.

In view of the fact that additional time is required for compliance with various registration and approval procedures required for the acquisition of the land use rights of a property (the “**Land Acquisition**”) by Springfield GZ from Zengcheng Ltd. (a connected person of the Company) (as disclosed in the section headed “Connected Transactions” in the prospectus dated 17 November 2015 issued by the Company, the “**Prospectus**”), the parties have agreed to extend the completion date of the Land Acquisition to a date before 29 December 2017. The Group considers that the delay in completion of the Land Acquisition will not have any material adverse impact on the operations or financial position of the Company. The Company will make further announcement as to the development of the Land Acquisition as and when appropriate.

#### **PRINCIPAL ASSOCIATED COMPANY**

Of the Group 45% equity interest in CMW which primarily engaged in the importing, distributing, manufacturing and marketing of non-stick and high temperature decorative coatings and coatings for mobile phones, during the year under review, revenue of CMW achieved an increase of 6.5% to HK\$688,703,000 (2015: HK\$646,916,000). Sales of coatings for mobile phones was far from satisfactory in the interim period ended 30 June 2016, but following the launch of new product in the second half of the year, sales rebounded significantly. Of the non-stick and high temperature decorative coatings, sales remained stable for the year and recorded a mild increase. Although the overall sales of CMW had been increased, such increase was offset by the rising cost (including labour cost, etc.), the profit for the year of CMW fell slightly. During the year under review, the Group’s share of profit derived from CMW decreased approximately by 1.8% to HK\$23,898,000 (2015: HK\$24,332,000) while royalty fee income and transportation fee income from the subsidiaries of CMW decreased to HK\$4,166,000 (2015: HK\$5,491,000) and HK\$1,727,000 (2015: HK\$2,242,000) respectively.

## USE OF NET PROCEEDS FROM LISTING

Following the Listing of its share, the Company received net proceeds of approximately HK\$119.9 million from the placing and public offer of its shares in December 2015 after the deduction of underwriting commissions and all related expenses. The actual use of proceeds were as follows:

| <b>Intended use of proceeds</b>   | <b>Actual use of proceeds</b>  |
|---|--|
| i. Approximately HK\$81.7 million to partially fund phase two of construction of Springfield GZ production facilities   | i. Approximately HK\$0.6 million was used as funds for phase two of construction of Springfield GZ's production facilities |
| ii. Approximately HK\$12.0 million for the purchase of additional machinery and equipment   | ii. Approximately HK\$2.0 million for the purchase of additional machinery and equipment                                   |
| iii. Approximately HK\$3.3 million for partial settlement of the purchase price of the land for phase two of construction of Springfield GZ's production facilities | iii. Not yet used  |
| iv. Approximately HK\$20.0 million for repayment of a bank overdraft facility   | iv. HK\$20.0 million was used as repayment of a bank overdraft facility  |
| v. Approximately HK\$2.9 million for general working capital of the Group   | v. Approximately HK\$2.9 million was used as general working capital for the Group   |

The Directors consider that the unused proceeds of approximately HK\$94.4 million are to be applied in accordance with the proposed applications as set out in the section headed "Use of proceeds" in the Prospectus. The Directors are not aware of any material change to the planned use of the proceeds as at the date of this announcement.

## **FINANCIAL RESOURCES, BORROWINGS, CAPITAL STRUCTURE AND EXPOSURES TO FLUCTUATIONS IN EXCHANGE RATES**

As at 31 December 2016, the Group's non-current assets of HK\$315,959,000 (2015: HK\$334,848,000) consisted of property, plant and equipment of HK\$103,890,000 (2015: HK\$119,902,000), prepaid lease payments of HK\$26,961,000 (2015: HK\$29,603,000), interest in an associate of HK\$180,298,000 (2015: HK\$180,387,000), deferred tax assets of HK\$162,000 (2015: HK\$162,000), derivative financial instruments of HK\$1,702,000 (2015: HK\$1,638,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK\$2,946,000 (2015: HK\$3,156,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 31 December 2016, the Group's net current assets increased to HK\$321,311,000 (2015: HK\$306,980,000).

As at 31 December 2016, the Group has no bank borrowing (2015: nil).

As at 31 December 2016, the Group's leasehold land and buildings situated in Hong Kong amounting to HK\$4,473,000 (2015: HK\$4,638,000), were pledged to a bank for general banking facilities granted to the Group.

The Group's operations are mainly located in the PRC and its transactions, related working capital and borrowing are primarily denominated in Renminbi and Hong Kong Dollars. The Group will closely monitor its foreign exchange exposure and will consider hedging significant currency exposure should the need arises.

As at 31 December 2016, the Group had capital commitment contracted for but not provided — acquisition of property, plant and equipment of HK\$1,263,000 (2015: HK\$1,263,000) and other commitment contracted for but not provided — proposed purchase of land of HK\$8,174,000 (2015: HK\$8,728,000).

As at 31 December 2016, the Group did not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group had 714 employees as at 31 December 2016 (2015: 722). The Group ensures that its employees are remunerated in line with market conditions and individual performance and the remuneration policies are reviewed on a regular basis.

## PROSPECTS AND STRATEGIES

It is expected that the growth of economy in China will continue to slowdown in 2017. Proactive fiscal policy will continue to implement in order to support the target growth set out by the central government. At the same time, monetary policy will be more prudent to maintain financial stability. As to the global economy, it is expected that growth will improve slightly with gradual recovery. The Group expects that the competition in the coatings industry will continue to be severe. Together with the surge in prices of raw materials and other production costs, public awareness of environmental protection issues, and customers continuing to dispose of their production base and exit from the Greater China market, the Group will face more challenges and the profit margin will be under pressure. However, benefitting from the national development plan implemented by the central government of Mainland China, the Group will strive to contribute to the scientific and technological innovation capabilities of the coatings industry; to adjust the product structure and improve the quality and grading of its products. Efforts will be devoted by the Group to practically protect the ecological environment and promote the sustainable development of the coatings industry. All in all, the operating environment of the Group in 2017 will continue to be challenging though the intermediate outlook of the coating industry will still be promising.

By leveraging on its stable and experienced management team, providing diversified products mix for cross-selling opportunities, benefitting from the competitive edges of Guangdong Province and integrating with quality control and international certification, the Group aims to become one of the forerunners in the industry and a trustworthy coating manufacturer.

Through implementing measures on product improvement, such as reducing costs of raw materials, enhancing competitiveness and finalizing certain business development plans, the Group shall enhance the efficiencies in businesses. Although the markets for electrical appliances, computers, communication and consumer electronics tend to saturate, with demand continue to fall, the Group will improve its performances through targeting appropriate customers, developing new products, training of technology and sales staff. As to the direction of development for automobile coating business, the Group will capitalize on the advantages of its products, coordinate the integration of internal technological resources, and devote more efforts to the development of water solvable coating products. As to powder coating, the government had imposed relatively strict measures on the emission of organic compounds vaporized from paints. The Group believes that powder coating without the emission of organic compounds becomes the industrial trend.

In 2017, the Group will continue to further the production capacity of existing coating plants, including the establishment of new facilities, increase production equipment and hazardous room equipment to enhance production capacity and to meet the new environmental protection policy.

As for its associate, CMW, due to the saturation in the market demand for mobile phone products, it is expected the CMW's business for mobile phone coatings will not be optimistic. On the other hand, in view of the increase in sales of railway coatings last year, CMW intends to put more effort in developing this market segment.

CMW has invested in the construction of a new production facility in Tianjin in the past years which is expected to commence operation in the second quarter of this year. With this new operation capacity, it will enhance CMW's coatings business in the Northern China.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities throughout the year ended 31 December 2016.

## **NON-COMPETITION UNDERTAKING**

Mr. Yuen Shu Wah and Mr. Ko Jack Lum (each being a member of the senior management of the Company) and Guang Ming Holdings Limited, Mezzo International Limited and Mr. Lee Seng Hui (each being a controlling shareholder of the Company), as covenanters (collectively, the "**Covenanters**"), have entered into a deed of non-competition in favour of the Company on 6 November 2015 (the "**Non-competition Deed**"), pursuant to which each of the Covenanters has irrevocably and unconditionally undertaken to and covenant with the Company (for itself and for the benefit of the members of the Group) that during the continuation of the Non-competition Deed that each of the Covenanters shall not carry on, engage in, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business carried on by any member of the Group from time to time or in which any member of the Group is engaged or has invested or is otherwise involved in any territory that the Group carries on its business from time to time.

The controlling shareholders of the Company have provided a confirmation to the Company confirming of their compliance with the Non-competition Deed for the year ended 31 December 2016.

The Independent Non-executive Directors of the Company have also reviewed and were satisfied that each of the controlling shareholders of the Company had complied with the Non-Competition Deed.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Throughout the year ended 31 December 2016, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules.

## **COMPLIANCE WITH 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 of the Listing Rules as the Company's code of conduct regarding director's securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 31 December 2016.

## **AUDIT COMMITTEE REVIEW**

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2016.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

By Order of the Board  
**Manfield Chemical Holdings Limited**  
**Yuen Shu Wah**  
*Chairman*

Hong Kong, 22 March 2017

*As at the date of this announcement, the Board comprises Mr. Yuen Shu Wah (Chairman), Mr. Ko Jack Lum and Mr. Ng Kai On as Executive Directors; Dato' Wong Peng Chong and Mr. Kong Muk Yin as Non-Executive Directors; and Dr. Chui Hong Sheung, JP, Mr. Cheung Chi Wai Vidy and Mr. Yue Kwai Wa Ken as Independent Non-Executive Directors.*