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太 睿 國 際 控 股 有 限 公 司

PacRay International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1010)

**PROFIT WARNING
AND
BUSINESS UPDATES**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of PacRay International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PROFIT WARNING

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the information currently available to the management of the Company (the “**Management**”), including the unaudited consolidated management accounts of the Group for the year ended 31 December 2019, it is expected that the Group will record (i) an increase in revenue by approximately 21.3% to approximately HK\$74 million for the year ended 31 December 2019, as compared with approximately HK\$61 million for the year ended 31 December 2018; (ii) an increase in gross profit by approximately 81.8% to approximately HK\$20 million for the year ended 31 December 2019, as compared with approximately HK\$11 million for the year ended 31 December 2018; and (iii) a decrease in loss for the year by approximately 37.5% to HK\$25 million for the year ended 31 December 2019, as compared to with approximately HK\$40 million for the year ended 31 December 2018. The improvement in the financial performances was due to (i) a stable performance of the design and sales of integrated circuit and semi-conductor parts; and (ii) income brought into the Group from its new business segments.

The Management is still in the process of finalising the annual results of the Group for the year ended 31 December 2019. The information contained in this announcement is only based on a preliminary review of the unaudited consolidated management accounts of the Group and other information currently available to the Board, which has not been confirmed or audited by the Company’s auditors and is subject to possible adjustments arising from further review. Such adjustments are subject to changes due to the recent uncertainty in business environment in early 2020, details of which are discussed below. The annual results of the Group for the year ended 31 December 2019 may be different to the information referred in this announcement.

BUSINESS UPDATES

Although the unaudited financial results of the Group may show a sign of improvement, the Management has noticed that certain business segments of the Group were experiencing a challenging environment for the year ended 31 December 2019, with increment in cost pressure and decline in business opportunities, and such hardship may continue in the coming future. Especially, the U.S.-China trade war and the global economic downslide has led to an unsatisfactory performance of the Group's trading segments, and the recent COVID-19 outbreak has interrupted operation of the Group in Shenzhen, Beijing and Shanghai. The Management is still in the course of assessing the operational and financial impacts of the recent developments, and considering the Group's responsive methods, including but not limited to scaling-down business and halting operation to save costs.

(a) Trading of construction materials

The segment of trading of construction materials had a sharp decrease in 2019, given that (i) the U.S.-China trade war and the global economic recession significantly damaged potential customers' confidence in stability of the Group's supply chain; and (ii) existing customers had experienced operation down-scale or stagnancy, which in turn lowered their demands in our supplies. The Management noticed that certain customer is experiencing a financial difficulty due to the recent COVID-19 outbreak, and therefore recoverability of receivables of approximately HK\$23 million from the customer had deteriorated. The customer recorded a strong financial performance, a solid financial position and maintained a cordial relationship with the Group in the past, and the Group in return allowed relatively flexible periods for its payments. However, given the recent unpredictability of the global economy, the COVID-19 outbreak and the customer's own situation, the Management is of the view that additional measures should be taken. Save for taking up normal procedures for recovering the receivables, the Management is in the course of assessing other options, including but not limited to (i) filing bankruptcy petition against the customer; (ii) requesting collaterals as guarantee for the receivables; (iii) seeking factoring services from professional financial institutions; and/or (iv) settling the receivables with other assets.

(b) Real time 2D-3D conversion display products

The Group operates its hardware and software integration services for real time 2D-3D conversion display products through its indirect subsidiary in Shenzhen. The Management has noticed this segment was experiencing operational stagnancy due to the COVID-19 outbreak. The Management is assessing responsive methods for such hardship, including but not limited to scaling-down the operation or exiting from this industry sector. Nevertheless, the total investment by the Group in this segment amounted to approximately HK\$2.3 million according to the management accounts of the Group for the year ended 31 December 2019. Given the relatively small size of the investment, the Management is of the view that none of the mentioned responsive methods would have a material impact on the operations and financials of the Group as a whole.

(c) Financial leasing in the PRC

Since mid-2019, the PRC market witnessed a higher default rate due to increasing economic uncertainty and harshening business environment. The Management expects that the COVID-19 will further deteriorate creditability of the customers of the financial leasing in the PRC. To respond, the Management is considering halting expansion of this segment, such as turning down new customers. The Management is also assessing whether additional steps are required to recover the receivables from customers. According to the management accounts of the Group for the year ended 31 December 2019, the segment of financial leasing in the PRC recorded a revenue of approximately HK\$0.9 million. Given the relatively small size of the operation, the Management is of the view that a cautious and conservative strategy would not have a material impact on the operations and financials of the Group as a whole.

The Board would like to emphasize that none of the above-mentioned strategies has materialized. Should any of the above-mentioned updates have further developments which constitute a notifiable transaction of the Company under the Listing Rules, the Company will make further announcement(s) as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
PacRay International Holdings Limited
Lau Mei Ying
Executive director

Hong Kong, 24 March 2020

As at the date of this announcement, the Board of the Company comprises nine Directors. The executive Directors are Mr. Yang Lin, Mr. Xu Yinsheng, Mr. Liu Shixia, Mr. Leung Pok Man and Ms. Lau Mei Ying; the non-executive Director is Mr. Zhou Danqing; and the independent non-executive Directors are Mr. Lee Man To, Ms. Choi Yee Man and Dr. Zhang Shengdong.