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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)

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The board (the “**Board**”) of directors (the “**Directors**”) of PacRay International Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively referred hereinafter as the “**Group**”) for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>REVENUE</b>	3	<b>36,580</b>	17,337
Cost of sales		<u>(23,721)</u>	<u>(7,697)</u>
<b>Gross profit</b>		<b>12,859</b>	9,640
Other income	4	<b>2,873</b>	4,135
Other gains/(losses), net	5	<b>5,108</b>	(1,831)
Distribution costs		<b>(259)</b>	(68)
General and administrative expenses		<u>(23,218)</u>	<u>(16,771)</u>
<b>LOSS BEFORE TAX</b>	6	<b>(2,637)</b>	(4,895)
Income tax expense	7	<u>(49)</u>	<u>(99)</u>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>(2,686)</b></u>	<u>(4,994)</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
– Basic and diluted	9	<u><b>(0.80)</b></u>	<u>(1.48)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>LOSS FOR THE YEAR</b>	<b>(2,686)</b>	(4,994)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Changes in fair value on available-for-sale investments	<b>14,005</b>	(8,471)
Release of investment reserve upon disposal of available-for-sale investments	<b>(4,420)</b>	–
Exchange differences on translation	<b>975</b>	(748)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>	<b>10,560</b>	(9,219)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>7,874</b>	(14,213)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,508	2,288
Intangible assets		–	–
Deferred tax assets		479	412
Available-for-sale investments	11	40,947	47,055
Long-term deposits		366	177
		<hr/>	<hr/>
Total non-current assets		44,300	49,932
<b>CURRENT ASSETS</b>			
Inventories		4,807	4,282
Trade and bills receivables	12	12,507	3,991
Deposits, prepayments and other receivables		43,214	15,127
Loans receivables		15,700	–
Investments at fair value through profit or loss	13	–	718
Current income tax recoverable		327	51
Cash and cash equivalents		43,296	81,726
		<hr/>	<hr/>
Total current assets		119,851	105,895
<b>CURRENT LIABILITIES</b>			
Trade payables	14	150	105
Other payables and accruals		2,898	2,493
		<hr/>	<hr/>
Total current liabilities		3,048	2,598
<b>NET CURRENT ASSETS</b>			
		<hr/>	<hr/>
		116,803	103,297
<b>NET ASSETS</b>			
		<hr/>	<hr/>
		161,103	153,229
<b>CAPITAL AND RESERVES</b>			
Share capital	15	134,922	134,922
Other reserves		1,886	(8,674)
Retained earnings		24,295	26,981
		<hr/>	<hr/>
Total equity		161,103	153,229
		<hr/>	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1 GENERAL INFORMATION

PacRay International Holdings Limited (the “**Company**”) was incorporated in Bermuda as an investment holding company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda. The address of its principal place of business is Unit 902, Unicorn Trade Centre, 127-131 Des Voeux Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

During the year, the Company and its subsidiaries (collectively referred hereinafter as the “**Group**”) are principally engaged in the design and distribution of integrated circuits and semi-conductor parts in the People’s Republic of China (the “**PRC**”), Hong Kong and Taiwan; and investments holding.

### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention, except for available-for-sale investments and investments at fair value through profit or loss which have been measured at fair value. These consolidated financial statements presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except which otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s consolidated financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Disclosure of Interests in Other Entities:
included in Annual Improvements to HKFRSs 2014-2016 Cycle	Clarification of the Scope of HKFRS 12

The Group has assessed the impact of the adoption of these amended HKFRSs and considered that there was no significant impact on the Group’s results and financial position for the current and prior years and/or disclosures set out in the consolidated financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

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>
HKFRS 9	Financial Instruments <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate of Joint Venture <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts With Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Annual Improvement 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28 <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</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 beginning on or after 1 January 2021

<sup>4</sup> No mandatory effective date yet determined but available for adoption

### 3 SEGMENT INFORMATION

The Group is principally engaged in the design and distribution of integrated circuits and semi-conductor parts in the PRC, Hong Kong and Taiwan, and investments holding.

For management purpose, the Group is organised into three main operations:

- (i) design and sales of integrated circuits used in industrial and household measuring tools conducted through the Group's subsidiary in the PRC, namely Shanghai SyncMOS Semiconductor Company Limited ("Shanghai SyncMOS"), Hong Kong and Taiwan;
- (ii) corporate administration and investment functions performed by the Hong Kong headquarters; and
- (iii) others. The Company has identified new business, such as sales and distribution of construction materials and added as an additional reportable segment commencing in November 2017.

These operating segments are the basis on which the Group reports its primary segment information to the chief operating decision-maker who is the Chief Executive Officer.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of revenue, operating profit and net profit.

	<b>Design and sales of integrated circuits HK\$'000</b>	<b>Headquarter HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<i><b>For the year ended 31 December 2017</b></i>				
Revenues from external customers	<u>36,448</u>	<u>–</u>	<u>132</u>	<u>36,580</u>
Operating profit/(loss)	3,279	(6,695)	52	(3,364)
Interest income	<u>14</u>	<u>713</u>	<u>–</u>	<u>727</u>
Profit/(loss) before income tax	3,293	(5,982)	52	(2,637)
Income tax expense	<u>(49)</u>	<u>–</u>	<u>–</u>	<u>(49)</u>
Profit/(loss) for the year	<u>3,244</u>	<u>(5,982)</u>	<u>52</u>	<u>(2,686)</u>
<i><b>Other segment information:</b></i>				
Other (losses)/gains – net, included in results for the year	(66)	5,111	63	5,108
Depreciation and amortisation, included in results for the year	535	26	–	561
Capital expenditures	<u>618</u>	<u>22</u>	<u>–</u>	<u>640</u>
<i><b>As at 31 December 2017</b></i>				
Segment assets	<u>25,900</u>	<u>128,114</u>	<u>10,137</u>	<u>164,151</u>
Segment liabilities	<u>2,008</u>	<u>1,040</u>	<u>–</u>	<u>3,048</u>

	Design and sales of integrated circuits HK\$'000	Headquarter HK\$'000	Others HK\$'000	Total HK\$'000
<b><i>For the year ended 31 December 2016</i></b>				
Revenues from external customers	<u>17,337</u>	<u>–</u>	<u>–</u>	<u>17,337</u>
Operating profit/(loss)	1,149	(6,399)	–	(5,250)
Interest income	<u>9</u>	<u>346</u>	<u>–</u>	<u>355</u>
Profit/(loss) before income tax	1,158	(6,053)	–	(4,895)
Income tax expense	<u>(99)</u>	<u>–</u>	<u>–</u>	<u>(99)</u>
Profit/(loss) for the year	<u>1,059</u>	<u>(6,053)</u>	<u>–</u>	<u>(4,994)</u>
<b><i>Other segment information:</i></b>				
Other losses – net, included in results for the year	(71)	(1,760)	–	(1,831)
Depreciation and amortisation, included in results for the year	508	41	–	549
Capital expenditures	<u>482</u>	<u>9</u>	<u>–</u>	<u>491</u>
<b><i>As at 31 December 2016</i></b>				
Segment assets	<u>12,457</u>	<u>143,370</u>	<u>–</u>	<u>155,827</u>
Segment liabilities	<u>1,327</u>	<u>1,271</u>	<u>–</u>	<u>2,598</u>

## Geographical information

### (a) Revenue from external customers

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Hong Kong	8,114	–
PRC	24,606	17,337
Taiwan	3,860	–
	<u>36,580</u>	<u>17,337</u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Hong Kong	23,240	54
PRC	2,634	2,411
The United States of America	17,947	47,055
	<u>43,821</u>	<u>49,520</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

## Information about major customers

During the year ended 31 December 2017, revenue of HK\$29,718,000 (2016: HK\$14,408,000) was derived from design and sales of integrated circuits to five (2016: four) customers, which individually accounted for over 10% of the Group's total revenue.

	<b>2017</b> <i>HK\$'000</i>	<b>2016</b> <i>HK\$'000</i>
Customer A	7,982	–
Customer B	6,322	3,501
Customer C	5,941	4,584
Customer D	5,613	3,651
Customer E	3,860	–
Customer F	N/A*	2,672

\* The corresponding revenue of Customer F for the year ended 31 December 2017 is not disclosed as it individually did not contribute over 10% of the Group's total revenue for the year.



**4 OTHER INCOME**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest income	727	355
Dividend income	2,034	3,471
Sundry income	112	309
	<u>2,873</u>	<u>4,135</u>

**5 OTHER GAINS/(LOSSES), NET**

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Gains on disposal of available-for-sale investments	4,420	–
Investments at fair value through profit or loss:		
– fair value gains, net	–	4
– gains/(losses) on derecognition/disposal	166	(1,790)
Exchange gains, net	552	13
Loss on disposal of property, plant and equipment	(30)	(58)
	<u>5,108</u>	<u>(1,831)</u>

**6 LOSS BEFORE TAX**

The Group's loss before tax is arrived at after charging/(crediting):

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of inventories sold*	23,028	7,361
Depreciation	561	549
Auditors' remuneration	650	768
Minimum lease payments under operating leases	1,520	1,681
Employee benefits expenses (including Directors' remuneration)		
Salaries, allowances and benefits in kind	9,778	7,049
Pension scheme contributions	1,259	1,163
	<u>11,037</u>	<u>8,212</u>
Provision for inventories*	693	336
Research and development costs	201	56
Dividend income	(2,034)	(3,471)
Exchange gains, net	(552)	(13)
Interest income	(727)	(355)
Loss on disposal of property, plant and equipment	30	58
(Gains)/losses on derecognition/disposal of investments through profit or loss	(166)	1,790
Gains on disposals of available-for-sale investments	(4,420)	–
Fair value gains investments at fair value through profit or loss	–	(4)
	<u>–</u>	<u>(4)</u>

\* Included in "cost of sales" on the face of consolidated statement of profit or loss.

## 7 INCOME TAX EXPENSE

The Company is exempted from taxation in Bermuda. No provision for Hong Kong profits tax has been made as its subsidiaries in Hong Kong have no estimated assessable profits for the year. Shanghai SyncMOS was registered as a New and High Technology Enterprise during the year ended 31 December 2017 and is subjected to a preferential Corporate Income Tax (“CIT”) rate of 15% (2016: preferential CIT rate of 15%).

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current – PRC	83	–
Deferred	(34)	99
Total tax charge for the year	<u>49</u>	<u>99</u>

## 8 DIVIDEND

No dividend has been paid or proposed during the year ended 31 December 2017 nor has any dividend been proposed since the end of the reporting period (2016: Nil).

## 9 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

### (a) Basic

Basic loss per share is calculated by dividing the consolidated loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loss attributable to ordinary equity holders of the Company	<u>(2,686)</u>	<u>(4,994)</u>
	<b>Number of shares</b>	
	2017	2016
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue	<u>336,587</u>	<u>336,587</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share	<u>(0.80)</u>	<u>(1.48)</u>

### (b) Diluted

The Company has not issued any potentially dilutive ordinary shares during the years ended 31 December 2017 and 2016.

## 10 PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2017, the Group acquired property, plant and equipment of HK\$640,000 (2016: HK\$491,000).

## 11 AVAILABLE-FOR-SALE INVESTMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Listed investments		
– Equity securities listed in the United States of America ( <i>Note a</i> )	17,947	47,055
Unlisted investments		
– Equity securities ( <i>Note b</i> )	23,000	–
	<u>40,947</u>	<u>47,055</u>

### Notes:

- (a) As at 31 December 2017, the Group owned 130,362 (2016: 430,027) ChipMOS Technologies Inc. (“**ChipMOS Taiwan**”) American depository shares (“**ChipMOS Taiwan ADS**”). During the year, the Group disposed 299,665 ChipMos Taiwan ADS. The Group classified its investment in ChipMOS Taiwan ADS as an available-for-sale investments.
- (b) On 7 November 2017, Able Summit Investment Limited (“**Able Summit**”), a wholly-owned subsidiary, entered into a capital injection agreement, in which Able Summit agreed to subscribe for 23,000,000 shares (representing approximately 8.81%) in Cornerstone Securities Limited at HK\$23,000,000. Cornerstone Securities Limited was incorporated in Hong Kong with limited liabilities and is principally engaged in securities brokerage business in Hong Kong.

During the year, the gross gain in respect of the Group’s available-for-sale investments recognised in other comprehensive income amounted to HK\$14,005,000 (2016: gross loss of HK\$8,471,000) of which HK\$4,420,000 (2016: Nil) was reclassified from other comprehensive income to the statement of profit or loss for the year.

## 12 TRADE AND BILLS RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	10,346	2,285
Bills receivables	2,161	1,706
Less: allowance for impairment of receivables	–	–
	<u>12,507</u>	<u>3,991</u>

### Trade receivables

An aged analysis of trade receivables as at the end of the reporting period, based on invoice date, is as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	<b>8,766</b>	383
More than 1 month but less than 3 months	<b>1,391</b>	1,755
More than 3 months	<b>189</b>	147
	<hr/> <b>10,346</b> <hr/>	<hr/> 2,285 <hr/>

The Group's credit terms to trade debtors range from 30 to 90 days (2016: 60 to 90 days).

An aged analysis of trade receivables that are not individually nor collectively considered to be impaired is as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Neither past due nor impaired	<b>10,157</b>	1,710
Less than 1 month past due	<b>189</b>	428
1 to 3 months past due	<b>–</b>	147
	<hr/> <b>10,346</b> <hr/>	<hr/> 2,285 <hr/>

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers who have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

### Bills receivables

The maturity dates of the Group's bills receivables as at the end of the reporting period are as follows:

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	<b>516</b>	251
More than 1 month but less than 3 months	<b>985</b>	748
More than 3 months but less than 6 months	<b>660</b>	707
	<hr/> <b>2,161</b> <hr/>	<hr/> 1,706 <hr/>

### 13 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Listed securities – held-for-trading – Hong Kong	<u>–</u>	<u>718</u>

Changes in fair value of the investments at fair value through profit or loss are recorded in “Other gains/(losses), net” in the consolidated statement of profit or loss and in Note 5 of this announcement.

All the investments at fair value through profit or loss were disposed during the year.

### 14 TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	<u>150</u>	<u>105</u>

### 15 SHARE CAPITAL

	Number of shares ( <i>'000</i> )	Ordinary shares <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2016, 31 December 2016 and 31 December 2017	<u>336,587</u>	<u>33,659</u>	<u>101,263</u>	<u>134,922</u>

The total authorised number of ordinary shares is 1,000 million shares (2016: 1,000 million shares) with a par value of HK\$0.1 per share (2016: HK\$0.1 per share). All issued shares are fully paid.

### 16 OPERATING LEASE COMMITMENTS

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between one to three years.

The future aggregate minimum lease payments for office premises under non-cancellable operating leases are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
– Not later than one year	1,347	1,107
– Later than one year and not later than five years	<u>377</u>	<u>717</u>
	<u>1,724</u>	<u>1,824</u>

## 17 EVENTS AFTER THE REPORTING PERIOD

- (i) On 24 January 2018, the Company proposed a possible disposal of an aggregate of 130,362 ChipMOS Taiwan ADS, representing all of its current holding of ChipMOS Taiwan ADS (the “**Possible Disposals**”). A special general meeting was held on 12 March 2018 and an ordinary resolution was passed by the shareholders for approving the Company’s Possible Disposals. Please refer to the circular dated 14 February 2018 and announcement on 12 March 2018 respectively for details.
- (ii) On 28 February 2018, all conditions to the sales and purchase agreement for the Company’s acquisition of the entire issued share capital in Wit Sky Limited have been fulfilled and completed. Please refer to the announcements dated 27 October 2017, 13 November 2017 and 28 February 2018 for details of the sales and purchase agreement and the completion respectively.

## 18 COMPARATIVE AMOUNTS

Certain comparative amounts have been represented to conform to the current year’s presentation and disclosures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group is principally engaged in the design and distribution of integrated circuits and semiconductor parts in the People’s Republic of China (the “**PRC**”), Hong Kong and Taiwan and investments holding.

In 2017, the global macro-economic environment was uncertain and volatile, but the PRC continues to be under the world’s spotlight and maintains a moderate growth. 2017 was overall a challenging year, but nevertheless the Group performed better than last year.

### *Design and distribution of integrated circuit and semi-conductor parts*

In 2017, our operations recorded a revenue of HK\$36.4 million, an increase of HK\$19.1 million as compared to last year. In 2017, the integrated circuit (“**IC**”) design revenues in the PRC grows in approximately 28%, which is mainly due to memory price hikes. Our operations outperformed than the PRC IC market due to the management’s continuous effort on (i) improving the competitiveness of the products; and (ii) developing new product lines and sales and distribution channels.

There are mainly two types of products in our operations: caliper and microcontroller unit (“**MCU**”). Our caliper sales remains stable while MCU sales grows significantly in 2017 and our MCU products are mainly use in electronic bicycles battery charger market.

In addition to our operations, during the year, we developed new sales and distribution channels and commenced to have sales and distribution of IC related products in Hong Kong and Taiwan respectively (2016: Nil).

### ***Investment holding***

As at 31 December 2016, the Group held 430,027 ChipMOS Technologies Inc. (“**ChipMOS Taiwan**”) American depositary shares (“**ChipMOS Taiwan ADS**”), which is listed on the NASDAQ Global Select Market (ticker symbol “**IMOS**”). ChipMOS Taiwan was incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange as “8150” and is a leading provider of semi-conductor testing and assembly services to customers in Taiwan, Japan and the United States of America.

On 13 July 2017, ChipMOS Taiwan announced a cash dividend of approximately United States Dollars (“**US\$**”) 0.596 per ChipMOS Taiwan ADS (net of the Taiwan withholding tax and depositary fees) payable on 19 July 2017 to all ChipMOS Taiwan ADS holders. The Company received approximately US\$0.3 million (equivalent to approximately HK\$2.0 million) cash dividend in total.

In the second half of the year, the Company disposed of 299,665 ChipMOS Taiwan ADS. Details of the disposal have been disclosed in the announcements of the Company dated 9 November 2017, 16 November 2017, 28 November 2017 and 7 December 2017 respectively.

As at 31 December 2017, the Company held 130,362 ChipMOS Taiwan ADS and the quoted market price of ChipMOS Taiwan ADS was US\$17.65 per ADS. Consequently, a fair value gain of HK\$9.6 million was credited to investment reserve due to mark-to-market valuation of such ChipMOS Taiwan ADS held for the year.

### **Business Outlook**

Facing economic uncertainties and cost inflation, the Group will continue with its prudent business approach.

### ***Design and distribution of integrated circuit and semi-conductor parts***

Whilst economic development in China continues to slowdown, business growth has become increasingly challenging for our operation. The two main issues of our operations are: scalability and diversification. We shall carry on our effort to improve the existing products over our competitors both in terms of performance as well as price. Meanwhile, we are diligently developing into other product lines and exploring new sales and distribution channels in order to diversify our revenue source.

### ***Investment holding***

On 24 January 2018, the Company proposed a possible disposal of an aggregate of 130,362 ChipMOS Taiwan ADS, representing all of its current holding of ChipMOS Taiwan ADS (the “**Possible Disposals**”). As disclosed in the circular of the Company dated 14 February 2018, the management of the Company considered that the Possible Disposals represent a good opportunity for the Company to realise a gain in its investment in ChipMOS Taiwan.

On 12 March 2018, a special general meeting was held and an ordinary resolution was passed by the shareholders for approving the Possible Disposals. It is expected that the net proceeds of the Possible Disposals will be used as additional working capital for the expenditure of and funding for any future acquisition or investment in the business operation of Wit Sky Limited and when suitable opportunities arise.

The quoted market price of ChipMOS Taiwan ADS as at 20 March 2018 was US\$16.93 per ADS.

### ***Financial leasing in the PRC***

On 13 November 2017, the Company entered into a sale and purchase agreement for the acquisition (the “**Acquisition**”) of the entire equity interest in Wit Sky Limited (the “**Target Company**”) together with its subsidiaries. The Target Company is the holding company of Solomon International Leasing (Tianjin) Company Limited\* which is principally engaged in industrial equipment, medical equipment, transportation equipment (aircraft, ships, vehicles, etc.), household products, product upstream and downstream supply chain and various types of financial leasing such as direct leasing, sublease, hire purchase, leveraged leasing, entrusted leasing and joint leasing the sale and dealing of the residual value of lease items and leasing consultation business.

On 28 February 2018, all conditions to the sale and purchase agreement for the Acquisition have been fulfilled and the Acquisition was completed. Upon the completion of the Acquisition, the Group expands into the finance leasing business in the PRC and will diversify the Group’s business and broaden its revenue base.

### ***Others business and investment opportunities***

The Group will continue to exercise prudence and to look for new business and investment opportunities, with the aim of improving the Group’s value in order to benefit our shareholders.

## **Financial Review**

For the year ended 31 December 2017, the Group achieved revenue of HK\$36.6 million, representing an increase of HK\$19.3 million which was principally contributed by (i) increase of sales orders from customers and (ii) development of new product lines and sales and distribution channels from the Group’s design and distribution of integrated circuit and semi-conductor parts business operations. Loss attributable to owners of the Company for the year ended 31 December 2017 is HK\$2.7 million, as compared to HK\$5.0 million last year. The reduction of loss, similar to increase in revenue, was mainly attributable to increase in sales orders from customers during the year. Basic loss per share attributable to owners of the Company is HK0.80 cents, as compared to loss per share of HK1.48 cents last year.

### ***Revenue***

Revenue of the Group increased by HK\$19.3 million to HK\$36.6 million in 2017 (2016: HK\$17.3 million) and such is principally contributed by the (i) the management’s continuous efforts on improving the competitiveness of the products which resulted in increases in sales orders from customers; and (ii) the development of new sales and distribution channels of IC related products in Hong Kong and Taiwan respectively during the year.

\* *For identification purposes only*



### ***Cost of sales***

Cost of sales for the year increased by HK\$16.0 million when compared with that of last year. Increase for the year was mainly attributed by the abovementioned increase in sales orders from customers given management's extended efforts to boost sales during the year. In addition, the development of new sales and distribution channels in Hong Kong and Taiwan respectively also contributed to increase in cost of sales in 2017.

### ***Other income***

Other income mainly comprised of interest income and dividend income received by the Company during the year. Decrease was mainly due to decrease in dividend income received by the Company's available-for-sale investments during the year.

### ***Other gains/(losses), net***

Other gains in 2017 mainly represented realised gains of approximately US\$0.6 million (equivalent to approximately HK\$4.4 million) (2016: Nil) received from the Company's disposals of available-for-sale investments during the year.

Other losses in 2016 represented unrealised losses of approximately US\$0.2 million (equivalent to approximately HK\$1.8 million) (2017: gains of HK\$0.2 million) on investments at fair value through profit or loss.

### ***Operating expenses***

Operating expenses increased to HK\$23.5 million in 2017 (2016: HK\$16.8 million) which were mainly comprised of increase to employee benefit expenses (including Directors' emoluments) and legal and professional fees amounted to HK\$11.0 million (2016: HK\$8.2 million) and HK\$4.4 million (2016: HK\$2.3 million) respectively as a result of increase in the Company's business operations and the Company's completion of the Offer (as defined herein) on 31 August 2017 during the year.

## **Liquidity And Financial Resources**

During the year under review, the Company had no fund raising activities.

As at 31 December 2017, the cash and cash equivalents of the Group amounted to HK\$43.3 million as compared to HK\$81.7 million as at 31 December 2016, which included short-term bank deposits of HK\$1.3 million (2016: HK\$76.0 million).

As at 31 December 2017, the Group had no outstanding bank loan and no financing cost was incurred for the year (2016: Nil).

## **Gearing Ratio**

The gearing ratio of the Group, defined as total liabilities expressed as a percentage of the total of equity and liabilities, was approximately 1.9% as at 31 December 2017 (2016: approximately 1.7%). The Group did not have any debt financing during the year, and no finance cost was incurred.

## Foreign Currency Exposure

The Group's results were exposed to exchange fluctuations of Renminbi as the Group had operations in the PRC. The Board considers that the Group was not exposed to significant foreign exchange risk, and had not employed any financial instrument for hedging. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

## Capital Structure

During the year, there was no change to the authorised share capital of the Company.

As at 31 December 2017, the Group had no bank borrowings (2016: Nil). As at 31 December 2017, the shareholders' fund amounted to HK\$161.1 million (2016: HK\$153.2 million).

## Investments and Capital Assets

The Group acquired property, plant and equipment of HK\$0.6 million for the year ended 31 December 2017 (2016: HK\$0.5 million).

As at 31 December 2017, the Group held 130,362 ChipMOS Taiwan ADS and its quoted market price was US\$17.65 per ADS. On 20 March 2018, the quoted market price of ChipMOS Taiwan ADS was US\$16.93 per ADS.

As at 31 December 2016, the Group also held shares of a Hong Kong listed company amounted to HK\$0.7 million. All the shares were disposed during the year.

## Pledge of Assets

As at 31 December 2017, the Group did not have any pledge of assets (2016: Nil).

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

### *Disposal of ChipMOS Taiwan ADS*

On 9 November 2017, the Company disposed of an aggregate of 63,000 ChipMOS Taiwan ADS for a total consideration of US\$1.2 million (equivalent to approximately HK\$9.7 million) during the period from 8 November 2017 to 9 November 2017 (both dates inclusive) ("**First Batch Disposals**"). The First Batch Disposals are collectively a discloseable transaction of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

On 16 November 2017, the Company disposed of an aggregate of 77,381 ChipMOS Taiwan ADS for a total consideration of US\$1.4 million (equivalent to approximately HK\$10.7 million) during the period from 10 November 2017 to 16 November 2017 (both dates inclusive) ("**Second Batch Disposals**"). The Second Batch Disposals are collectively a discloseable transaction of the Company under the Listing Rules.

On 28 November 2017, the Company disposed of an aggregate of 80,349 ChipMOS Taiwan ADS for a total consideration of US\$1.5 million (equivalent to approximately HK\$11.4 million) during the period from 17 November 2017 to 28 November 2017 (both dates inclusive) (“**Third Batch Disposals**”). The Third Batch Disposals are collectively a discloseable transaction of the Company under the Listing Rules.

On 7 December 2017, the Company disposed of an aggregate of 63,950 ChipMOS Taiwan ADS for a total consideration of US\$1.2 million (equivalent to approximately HK\$9.1 million) during the period from 29 November 2017 to 7 December 2017 (both dates inclusive) (“**Fourth Batch Disposals**”). The Fourth Batch Disposals are collectively a discloseable transaction of the Company under the Listing Rules.

On 12 December 2017, the Company disposed of an aggregate of 14,985 ChipMOS Taiwan ADS for a total consideration of US\$0.3 million (equivalent to approximately HK\$2.1 million) during the period from 9 December 2017 to 12 December 2017 (both dates inclusive).

Having regard to the share market conditions and the trading price of ChipMOS Taiwan ADS, the management of the Company considered the possible disposals represent good opportunities for the Company to realize a gain in its investment in ChipMOS Taiwan. The Company intended to dispose of an aggregate of 130,362 ChipMOS Taiwan ADS (“**Possible Disposals Shares**”).

The Possible Disposals would constitute a major transaction of the Company under the Listing Rules, for which shareholders’ approval was required. No shareholder was required to abstain from voting on the approval of the Possible Disposals.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Possible Disposals aggregated with the previous disposals was more than 25% but less than 75%, the aggregate disposals constituted a major transaction for the Company, which was subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

On 12 March 2018, a special general meeting was held and an ordinary resolution was passed by the shareholders of the Company for approving the Possible Disposals.

### ***Acquisition of the Entire Issued Share Capital in Wit Sky Limited***

On 13 November 2017, Sunny Fast International Investment Limited, a wholly-owned subsidiary of the Company, (the “**Purchaser**”) and Fortune Favour International Limited (the “**Vendor**”) entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire issued share capital of the Wit Sky Limited (“**Wit Sky**”), at the consideration of HK\$40.0 million, subject to adjustments (the “**Acquisition**”). Details of the Acquisition have been disclosed in the announcements of the Company dated 27 October 2017 and 13 November 2017, respectively.

Wit Sky owns the entire equity interests in a company incorporated in Hong Kong with limited liability, which in turn owns the entire equity interests in a company established in the PRC with limited liability, which is principally engaged in industrial equipment, medical equipment, transportation equipment (aircraft, ships, vehicles, etc.), household products, product upstream and downstream supply chain and various types of financial leasing such as direct leasing, sublease, hire purchase, leveraged leasing, entrusted leasing and joint leasing the sale and dealing of the residual value of lease items, and leasing consultation business.

All conditions to the Sale and Purchase Agreement have been fulfilled and completion of the Acquisition (the “**Completion**”) with the consideration adjusted to HK\$30.0 million took place on 28 February 2018. Following the Completion, the Wit Sky’s group became wholly owned subsidiaries of the Company. Details of the Completion have been disclosed in the announcement of the Company dated 28 February 2018.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures of the Company in the course of 2017.

### **Contingent Liabilities**

No material contingent liabilities of the Group were noted as at 31 December 2017.

### **Employees and Remuneration Policies**

As at 31 December 2017, the Group had 33 employees (2016: 28 employees). Total employee benefits expenses, including Directors’ emoluments, amounted to HK\$11.0 million (2016: HK\$8.2 million) for the year.

The remuneration packages of employees are reviewed annually with reference to market level and individual staff performance. The Group’s remuneration packages include basic salaries, bonus, contributions to provident fund and medical benefits.

### **Public float**

On 19 May 2015, the Company published an announcement disclosing, inter alia, receipt by the Company an application (the “**Application**”) from Texan Management Limited (“**Texan**”) for the issue of 4 replacement share certificates for the share certificates numbered 91064, 91065, 90986 and 90987 in respect of the 36,024,000 shares (representing 10.7% of the entire issued share capital of the Company) in the Company (the “**Subject Shares**”). Since then, the Company published the announcements in respect of the development of the Application dated 19 May 2015, 20 May 2015, 9 July 2015, 24 July 2015, 27 August 2015, 7 October 2015, 3 November 2015, 3 December 2015, 11 January 2016, 2 February 2016, 17 March 2016, 19 April 2016, 30 June 2016, 29 July 2016 and 16 November 2016.

As the date of this announcement, references were made to the further announcements, the statutory and/or necessary Application requirements and procedures for the issue of 4 replacement share certificates for the shares certificate numbered 91064, 91065, 90986 and 90987 to Texan were completed.

On 10 July 2017, the Company and Glory Genius International Holdings Limited (“**Glory Genius**”) jointly announced that Kingston Securities Limited (“**Kingston Securities**”), for and on behalf of Glory Genius, would make a voluntary conditional cash offer (the “**Offer**”) to acquire all of the issued shares in the Company.

Upon the recovery of the Subject Shares by Texan, the Subject Shares would not qualify as part of the public float and thus less than 25% of the issued share capital of the Company would be held in public hands. The Offer was a mechanism according to the Listing Rules to restore the public float of the Company, so that the trading suspension of the share capital could be uplifted.

On 31 August 2017 (the “**Closing Date**”), the Company and Glory Genius jointly announced that the formalities of the Offer was completed. With effect from the Closing Date, Glory Genius held an aggregate of 219,632,770 shares, representing approximately 65.25% of the entire issued share capital of the Company (the “**Entire Issued Shares**”).

On 7 September 2017, Glory Genius and Kingston Securities entered into a placing agreement (the “**Placing Agreement**”) for the placing of 73,240,000 shares (the “**Placing Shares**”) (representing approximately 21.76% of the issued share capital HK\$1.80 per Placing Share on a best effort basis held by Glory Genius at a placing price of the Company), in order to assist the Company to restore the public float (the “**Placing**”).

On 4 October 2017, the Company was informed by Glory Genius that a total 73,240,000 Placing Shares had been placed to the placees and the completion of the Placing took place on the same day. Immediately upon the completion of the Placing, the public float of the Company has been restored to 25% of the issued share capital of the Company, which fulfilled the minimum public float requirement according to the Rule 8.08(1)(a) of the Listing Rules.

## **CHANGE OF CONTROLLING SHAREHOLDER**

As at 4:00 p.m. on 31 August 2017, taking into account the 219,632,770 Offer shares received under the Offer, Glory Genius and its concert parties would hold an aggregate of 219,632,770 shares, representing approximately 65.25% of the Entire Issued Shares.

Immediately prior to the commencement of the Offer period, Full Global International Limited and Texan held 145,609,999 shares and 36,024,000 shares respectively (representing approximately 43.26% and approximately 10.70% of the Entire Issued Shares). Vision2000 Venture Ltd. and public shareholders held 106,043,142 shares and 48,910,001 shares (representing approximately 31.51% and approximately 14.53% of the Entire Issued Shares).

Immediately upon the close of the Offer, Glory Genius and its concert parties held 219,632,770 shares (representing approximately 65.25% of the Entire Issued Shares). Vision2000 Venture Ltd. and public shareholders held 106,043,142 shares and 10,911,230 shares (representing approximately 31.51% and approximately 3.24% of the Entire Issued Shares).

On 4 October 2017, the Company was informed by Glory Genius that a total 73,240,000 Placing Shares had been placed to the placees and the completion of the Placing took place on the same day. Immediately upon the completion of the Placing, Glory Genius held 146,392,770 shares (representing approximately 65.25% of the Entire Issued Shares). Vision2000 Venture Ltd. and public shareholders held 106,043,142 shares and 84,151,230 shares (representing approximately 31.51% and approximately 25.00% of the Entire Issued Shares).

## **CHANGE OF DIRECTORS**

With effect from 31 August 2017,

- (i) Mr. Cheng Chow-Chun has resigned as an executive Director and the chairman of the Company;
- (ii) Mr. Lee Chao-Chun has resigned as an executive Director and the chief executive officer of the Company;
- (iii) Mr. Sun Tao-Heng and Mr. Yuan Chun-Tang have resigned as executive Directors of the Company;
- (iv) Mr. Suen Sai Wah Simon, Mr. Li Kwan In and Mr. Wang Chiang-Ming have resigned as independent non-executive Directors;
- (v) Mr. Liew Fui Kiang has been appointed as an executive Director and the chairman of the Company;
- (vi) Mr. Leung Pok Man and Ms. Lau Mei Ying have been appointed as executive Directors of the Company; and
- (vii) Ms. Chow Chui Ying, Mr. Zhou Danqing and Dr. Yang Yung-Ming have been appointed as independent non-executive Directors.

## **CHANGE OF AUDITOR**

The Board announces that PricewaterhouseCoopers Certified Public Accountants (“**PwC**”) resigned as auditor of the Company with effect from 21 November 2017, as the Company could not reach a consensus with PwC on the audit fee for the year ended 31 December 2017.

The Board further announces that, with the recommendation of the audit committee of the Company, Zenith CPA Limited (“**Zenith**”) has been appointed as the auditor of the Company with effect from 21 November 2017 to fill the casual vacancy following the resignation of PwC as the auditor of the Company, and to hold office until the conclusion of the next annual general meeting of the Company.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the year ended 31 December 2017.

## **CORPORATE GOVERNANCE PRACTICES**

The Board confirms that the Company has adopted and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2017 except for the following deviation:



#### **Code provision A.4**

This code provision stipulates that non-executive Directors should be appointed for a specific term, subject to re-election.

The independent non-executive Directors of the Company were not appointed for specific terms but are subject to retirement by rotation at least once every three years and re-election at the Company's annual general meeting in accordance with the bye-laws of the Company. At every annual general meeting of the Company, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the nearest but no less than one-third shall retire from office by rotation. Every Director should be subject to retirement by rotation at least once every three years.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting the required standard set out in the model code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”). The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code for the year ended 31 December 2017, all Directors confirmed their respective full compliance with the required standard as set out in the Model Code during the year ended 31 December 2017.

#### **REVIEW OF ANNUAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2017 as set out in this annual results announcement have been agreed by the Group's auditor, Zenith, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Zenith in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Zenith on this annual results announcement.

#### **DIVIDEND**

No dividend for the year ended 31 December 2017 (2016: Nil) is recommended by the Board.

#### **AUDIT COMMITTEE**

The audit committee of the Company comprises solely independent non-executive directors, namely Ms. Chow Chui Ying (Chairman), Mr. Zhou Danqing and Dr. Yang Yung-Ming. The Group's annual results for the year ended 31 December 2017 have been reviewed by the audit committee of the Company.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://pacray.com.hk>. The annual report of the Company for the year ended 31 December 2017 containing all the information as required by Disclosure of Financial Information as set out in Appendix 16 to the Listing Rules will be dispatched by the Company to its shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board  
**PacRay International Holdings Limited**  
**Liew Fui Kiang**  
*Chairman*

Hong Kong, 21 March 2018

*As at the date of this announcement, the Board comprises six Directors. The executive Directors are Mr. Liew Fui Kiang, Mr. Leung Pok Man and Ms. Lau Mei Ying, and the independent non-executive Directors are Ms. Chow Chui Ying, Mr. Zhou Danqing and Dr. Yang Yung-Ming.*

*In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

*In this announcement, save as otherwise stated, figures in US\$ are translated to HK\$ at the exchange rate of US\$1.00 = HK\$7.755 for illustration purpose only. No representation is made that any amount in US\$ or HK\$ would have been or can be converted at the same rate.*