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## 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 2015

The board of directors (the “**Directors**”) of Manfield Chemical Holdings Limited (the “**Company**”) announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2015 together with comparative figures for the year ended 31 December 2014 are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*FOR THE YEAR ENDED 31 DECEMBER 2015*

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	4	<b>331,572</b>	328,047
Cost of sales and services		<b>(235,945)</b>	(235,678)
Gross profit		<b>95,627</b>	92,369
Other income	5	<b>18,136</b>	19,388
Other gains and losses	5	<b>4,077</b>	1,344
Distribution and selling expenses		<b>(32,771)</b>	(31,661)
Administrative expenses		<b>(48,759)</b>	(47,736)
Other expenses		<b>(8,792)</b>	(13,802)
Finance costs — bank borrowings wholly repayable within five years		<b>(50)</b>	(131)
Share of profits of an associate		<b>24,332</b>	29,051
Profit before taxation	6	<b>51,800</b>	48,822
Taxation	7	<b>(7,855)</b>	(6,807)
Profit for the year		<b>43,945</b>	42,015

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		<b>44,305</b>	41,431
Non-controlling interests		<b>(360)</b>	584
		<u><b>43,945</b></u>	<u>42,015</u>
 Earnings per share			
— Basic	9	<u><b>HK9.6 cents</b></u>	<u>HK9.2 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2015*

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	<u><b>43,945</b></u>	<u>42,015</u>
Other comprehensive expense which may be subsequently reclassified to profit or loss:		
Share of exchange differences of an associate	<b>(10,012)</b>	(480)
Exchange differences arising on translation of foreign operations	<u><b>(19,940)</b></u>	<u>(942)</u>
Other comprehensive expense for the year	<u><b>(29,952)</b></u>	<u>(1,422)</u>
Total comprehensive income for the year	<u><b>13,993</b></u>	<u>40,593</u>
Total comprehensive income (expense) attributable to:		
Owners of the Company	<b>15,386</b>	40,041
Non-controlling interests	<u><b>(1,393)</b></u>	<u>552</u>
	<u><b>13,993</b></u>	<u>40,593</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2015**

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<b>119,902</b>	135,054
Prepaid lease payments		<b>29,603</b>	32,306
Interest in an associate	<i>10</i>	<b>180,387</b>	179,567
Deferred tax assets		<b>162</b>	162
Derivative financial instruments		<b>1,638</b>	965
Deposits to purchase of property, plant and equipment and prepaid lease payments		<b>3,156</b>	854
		<b>334,848</b>	348,908
Current assets			
Prepaid lease payments		<b>818</b>	868
Inventories		<b>30,371</b>	31,908
Trade and other receivables	<i>11</i>	<b>116,657</b>	110,724
Tax recoverable		<b>1,090</b>	944
Bank balances and cash		<b>200,425</b>	80,170
		<b>349,361</b>	224,614
Current liabilities			
Trade and other payables	<i>12</i>	<b>40,054</b>	42,559
Tax payable		<b>2,327</b>	398
Amount due to ultimate holding company		–	31,399
Bank borrowing		–	2,535
		<b>42,381</b>	76,891
Net current assets		<b>306,980</b>	147,723
Total assets less current liabilities		<b>641,828</b>	496,631
Capital and reserves			
Share capital	<i>13</i>	<b>6,000</b>	78
Reserves		<b>619,113</b>	478,445
Equity attributable to owners of the Company		<b>625,113</b>	478,523
Non-controlling interests		<b>16,715</b>	18,108
Total equity		<b>641,828</b>	496,631

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2015

### 1. GENERAL INFORMATION AND REORGANISATION AND BASIS OF PREPARATION

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 on 14 April 2014. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 1 December 2015 (“**Listing**”).

The Company’s immediate holding company is Guang Ming Holdings Limited (“**Guang Ming**”) 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.

In the preparation for the listing of the Company’s shares on the Stock Exchange, the Company now comprising the Group underwent a group reorganisation (the “**Reorganisation**”). Details of the Reorganisation are set out in the prospectus dated 17 November 2015 issued by the Company (“**Prospectus**”).

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group on 6 November 2015. The Reorganisation involved incorporation of and interspersing Guang Ming and the Company between Rookwood Investments Limited (“**Rookwood Investments**”, the holding company of the Group before completion of the Reorganisation) and its then shareholders. The Group resulting from the Reorganisation is regarded as a continuing entity.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has consistently applied all the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) that are effective for the Group’s financial year beginning on 1 January 2014 for both current and prior years.

#### **New and revised HKFRSs issued but not yet effective**

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

Amendments to HKFRSs HKFRS 9	Annual improvements to HKFRSs 2012–2014 cycle <sup>3</sup> Financial instruments <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>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>3</sup>
Amendments to HKFRS 11 HKFRS 15	Accounting for acquisitions of interests in joint operations <sup>3</sup> Revenue from contracts with customers <sup>1</sup>
Amendments to HKAS 1 Amendments to HKAS 16 and HKAS 38	Disclosure initiative <sup>3</sup> Clarification of acceptable methods of depreciation and amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41 Amendments to HKAS 27	Agriculture: Bearer plants <sup>3</sup> Equity method: separate financial statements <sup>3</sup>

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

<sup>2</sup> Effective for annual periods to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements of the Group.

### 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 (“**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 discount 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 2015

	Hong Kong and Others <sup>#</sup> <i>HK\$'000</i>	The People’s Republic of China (the “PRC”) <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE			
External revenue	<u>73,172</u>	<u>258,400</u>	<u>331,572</u>
RESULTS			
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>
TOTAL ASSETS			
Segment assets — trade and bills receivables	14,293	94,563	108,856
Unallocated assets			<u>575,353</u>
			<u>684,209</u>
OTHER SEGMENT INFORMATION			
Amounts included in the measure of segment profit:			
Net reversal of impairment losses on trade receivables	<u>—</u>	<u>675</u>	<u>675</u>

**Year ended 31 December 2014**

	Hong Kong and Others <sup>#</sup> <i>HK\$'000</i>	The PRC <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>			
External revenue	<u>81,027</u>	<u>247,020</u>	<u>328,047</u>
<b>RESULTS</b>			
Segment profits	<u>21,917</u>	<u>35,987</u>	57,904
Interest income			502
Unallocated corporate income			9,425
Unallocated corporate expenses			(48,658)
Unallocated corporate other gains and losses			729
Finance costs			(131)
Share of profits of an associate			<u>29,051</u>
Profit before taxation			<u>48,822</u>
<b>TOTAL ASSETS</b>			
Segment assets — trade and bills receivables	15,228	86,750	101,978
Unallocated assets			<u>471,544</u>
			<u>573,522</u>
<b>OTHER SEGMENT INFORMATION</b>			
Amounts included in the measure of segment profit:			
Net impairment losses recognised on trade receivables	<u>—</u>	<u>202</u>	<u>202</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 gain (loss) 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 an associate. 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sales		
Liquid coatings		
Sales to outsiders	261,837	251,336
Sales to subsidiaries of an associate	10,090	9,279
Powder coatings — sales to outsiders	28,916	35,606
Subcontracting fee income from subsidiaries of an associate	30,729	31,826
	<u>331,572</u>	<u>328,047</u>

## 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong	9,365	9,988
The PRC	31,454	31,117
	<u>40,819</u>	<u>41,105</u>

## 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong and others <i>(Note)</i>	186,124	185,809
The PRC	146,924	161,972
	<u>333,048</u>	<u>347,781</u>

*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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Other income</b>		
Royalty fee income from subsidiaries of an associate	5,491	6,264
Management fee income from subsidiaries of an associate	7,618	7,659
Rental income from subsidiaries of an associate	1,613	1,766
Transportation fee income from a subsidiary of an associate	2,242	2,420
Rental income	770	777
Interest income	402	502
	<u>18,136</u>	<u>19,388</u>
<b>Other gains and losses</b>		
Net reversal of impairment losses (impairment losses recognised) on trade receivables	675	(202)
Impairment loss recognised on other receivable	(663)	–
Net gain (loss) on disposal of property, plant and equipment	12	(338)
Net exchange gain	2,857	182
Change in fair value of derivative financial instruments	673	1,067
Others	523	635
	<u>4,077</u>	<u>1,344</u>

## 6. PROFIT BEFORE TAXATION

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	850	410
Directors' emoluments		
Fee	80	–
Other emoluments	3,759	4,230
Retirement benefit scheme contributions	309	329
	<u>4,148</u>	<u>4,559</u>
Other staff costs:		
Salaries and other allowances	96,719	82,249
Retirement benefit scheme contributions	8,000	6,901
Total staff costs	<u>108,867</u>	<u>93,709</u>
Release of prepaid lease payments	855	865
Depreciation of property, plant and equipment	15,018	12,240
Donation	1,528	1,402
Listing expenses	7,264	12,400
Minimum operating lease rentals in respect of rented premises	752	1,012
	<u>752</u>	<u>1,012</u>

## 7. TAXATION

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong Profits Tax:		
Current year	<b>2,368</b>	2,845
Underprovision in prior years	<b>10</b>	50
	<u><b>2,378</b></u>	<u>2,895</u>
PRC Enterprise Income Tax:		
Current year	<b>5,209</b>	3,104
Underprovision in prior years	<b>268</b>	808
	<u><b>5,477</b></u>	<u>3,912</u>
	<u><b>7,855</b></u>	<u>6,807</u>

## 8. DIVIDEND

During the year ended 31 December 2015 (prior to the Listing), a dividend of HK\$20,000,000 (2014: HK\$10,000,000) was distributed by Rookwood Investments to its then shareholders.

The rate of dividend and the number of share ranking for dividend are not presented as such information is not meaningful having regard the Reorganisation has completed at 6 November 2015 as detailed in note 1.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 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>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Earnings:</b>		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	<u><b>44,305</b></u>	<u>41,431</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u><b>462,739</b></u>	<u>450,000</u>

During the years ended 31 December 2015 and 2014, the weighted average number of ordinary shares for the purposes of calculating basic earnings per share has been adjusted for the effect of the Reorganisation for the Company's shares listed on the Stock Exchange on 1 December 2015.

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the Capitalisation (as defined in notes 1 and 13 respectively) had been effective on 1 January 2014.

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

## 10. INTEREST IN AN ASSOCIATE

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Unlisted investment, at cost	<b>178</b>	178
Share of post-acquisition translation reserve	<b>10,686</b>	20,698
Share of post-acquisition profits, net of dividends received	<b>169,523</b>	158,691
	<b>180,387</b>	179,567

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

List of associate	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
				2015	2014	
CMW Holding Limited ("CMW Holding")	Limited liability company	Hong Kong	HK\$500,000 Ordinary share	45%	45%	Investment holding
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
				2015	2014	
廣州卡秀堡輝塗料有限公司 CMW Coatings (Guangzhou) Limited ( <i>Note</i> )	Wholly owned Foreign enterprise	PRC	HK\$10,000,000 Paid-up registered capital	100%	100%	Manufacturing of coatings
無錫卡秀堡輝塗料有限公司 CMW Coatings (Wuxi) Limited ( <i>Note</i> )	Wholly owned Foreign enterprise	PRC	HK\$25,000,000 Paid-up registered capital	100%	100%	Manufacturing of coatings
CMW Coatings (Hong Kong) Limited	Limited liability company	Hong Kong	HK\$1 Ordinary share	100%	100%	Trading of coatings
天津卡秀堡輝塗料有限公司 CMW Coatings (Tianjin) Limited ( <i>Note</i> )	Wholly owned Foreign enterprise	PRC	US\$4,000,000 Paid-up registered capital	100%	100%	Not yet commence business

*Note:* English translated name is for identification only

## 11. TRADE AND OTHER RECEIVABLES

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	<b>106,993</b>	99,958
Bills receivables	<b>5,841</b>	6,989
Less: Impairment losses on trade receivables	<b>(3,978)</b>	(4,969)
	<hr/>	<hr/>
Total trade and bills receivables	<b>108,856</b>	101,978
Other receivables	<b>7,801</b>	8,746
	<hr/>	<hr/>
Total trade and other receivables	<b>116,657</b>	110,724
	<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>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0-30 days	<b>33,754</b>	35,278	<b>381</b>	1,826
31-60 days	<b>21,028</b>	24,241	<b>984</b>	1,643
61-90 days	<b>20,700</b>	17,445	<b>716</b>	–
Over 90 days	<b>27,533</b>	18,025	<b>3,760</b>	3,520
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>103,015</b>	94,989	<b>5,841</b>	6,989
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Balance at the beginning of the year	<b>4,969</b>	4,991
Net (reversal of impairment losses) impairment losses recognised	<b>(675)</b>	202
Amounts written off as uncollectible	<b>(316)</b>	(224)
	<hr/>	<hr/>
Balance at the end of the year	<b>3,978</b>	4,969
	<hr/> <hr/>	<hr/> <hr/>

## 12. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables to third parties	21,053	26,356
Accrued staff cost	14,079	11,227
Other payables and accruals	4,922	4,976
	<u>40,054</u>	<u>42,559</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 to third parties</b>	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0–30 days	16,058	17,168
31–60 days	2,883	4,515
61–90 days	1,055	2,449
Over 90 days	1,057	2,224
	<u>21,053</u>	<u>26,356</u>

## 13. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
<b>Ordinary shares of HK\$0.01 each</b>		
Authorised:		
On date of incorporation on 14 April 2014 and on 31 December 2014 <i>(Note a)</i>	38,000,000	380
Increase on 6 November 2015 <i>(Note b)</i>	9,962,000,000	99,620
At 31 December 2015	<u>10,000,000,000</u>	<u>100,000</u>
Issued:		
1 share allotted and issued, fully paid at par on the date of incorporation and on 31 December 2014 <i>(Note a)</i>	1	–
Issue of shares on Reorganisation <i>(Note c)</i>	99	–
Capitalisation issue <i>(Note d)</i>	449,999,900	4,500
Issue of shares <i>(Note e)</i>	150,000,000	1,500
At 31 December 2015	<u>600,000,000</u>	<u>6,000</u>

Share capital as at 31 December 2014 comprised the combined share capital of Rookwood Investments and the Company.

*Notes:*

- a. On 14 April 2014, the Company was incorporated as an exempted company in the Cayman Islands with limited liability and registered with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon its incorporation, one subscriber share was allotted and issued to Mr. Yuen Shu Wah for cash at par.
- b. On 6 November 2015, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares to HK\$100,000,000 divided into 10,000,000,000 shares by the creation of an additional 9,962,000,000 shares of HK\$0.01 each.
- c. On 6 November 2015, through the Reorganisation, the Company acquired the entire issued share capital of Rookwood Investments in the consideration of the allotment and issue of 99 shares credited as fully paid.
- d. Pursuant to the written resolution passed by the sole shareholder of the Company on 6 November 2015 conditional upon the share premium account of the Company being credited as a result of the initial public offering and listing of the Company's shares on the Stock Exchange, the directors were authorised to capitalise the amount of HK\$4,499,999 from the amount standing to the credit of the share premium account of the Company to pay up in full at par of 449,999,900 shares for allotment and issue to the persons whose names appeared on the register of members of the Company at the close of business on 6 November 2015, pro-rata to their then existing shareholdings in the Company ("**Capitalisation**").
- e. On 1 December 2015, the Company being credited as a result of the initial public offering and listing of the Company's shares on the Stock Exchange, the directors were authorised to capitalise the amount of HK\$1,500,000 from the amount standing to the credit of the share premium account of the Company to pay up in full at par of 150,000,000 shares and shares for allotment and issue to public.

## **RESULTS AND FINANCIAL OVERVIEW**

The Group is a manufacturer of industrial coatings in the forms of customized liquids and powders. It principally supplies customized coatings to manufacturers of toys and consumer electronics.

For the year ended 31 December 2015, the Group's revenue edged up approximately 1.1% to HK\$331,572,000 (2014: HK\$328,047,000) compared with that for the previous year, primarily due to an increase in the sales of liquid coatings. Gross profit increased by approximately 3.5% to HK\$95,627,000 (2014: HK\$92,369,000). The gross profit margin remained stable at 28.8% compared with 28.2% for the previous year.

For the year ended 31 December 2015, profit attributable to the owners of the Company increased by approximately 6.9% to HK\$44,305,000 (2014: HK\$41,431,000). Without listing expenses of HK\$7,264,000 (2014: HK\$12,400,000), the Group would have generated a profit of HK\$51,569,000 (2014: HK\$53,831,000) representing an approximately 4.2% decrease compared with that for the previous year, primarily due to a decrease of share of profits of an associate.

Basic earnings per share for the year ended 31 December 2015 was HK9.6 cents (2014: HK9.2 cents).

The Group's net asset value per share as at 31 December 2015 was HK\$1.04.

## **FINAL DIVIDEND**

During the year ended 31 December 2015 (prior to the Listing), a dividend of HK\$20,000,000 (2014: HK\$10,000,000) was distributed by Rookwood Investments to its then shareholders.

The Directors recommend the payment of a final dividend of HK\$0.025 per share for the year ended 31 December 2015 amounting to approximately HK\$15,000,000 payable to the shareholders of the Company whose names appear on the register of members of the Company on 4 July 2016.

## **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 Thursday, 23 June 2016. For determining the eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 21 June 2016 to Thursday, 23 June 2016, 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 Monday, 20 June 2016.

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

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 29 June 2016 to Monday, 4 July 2016, 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 Tuesday, 28 June 2016. The record date for such purpose is Monday, 4 July 2016.

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 25 July 2016.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The year 2015 was full of challenges to the coating industry because of stiff competition and the economic slowdown in the world, and notably in the PRC. To cope with the competition and tight profit margins, the Group endeavoured to improve its product portfolio and control cost to sustain its business growth.

The Group manufactures a range of industrial coatings, including liquid coatings (encompassing a variety of products which are water-based and solvent-based, such as stoving enamels, plastic coatings and inks, etc.) and powder coatings. During the year, sales of liquid coatings rose by approximately 4.3% to HK\$271,927,000 (2014: HK\$260,615,000) and accounted for approximately 82.0% (2014: 79.4%) of the Group's total revenue. The growth was mainly attributable to an increase in revenue from sales to consumer electronics industries. On the other hand, sales of powder coatings amounting to HK\$28,916,000 (2014: HK\$35,606,000) decreased while subcontracting fee income amounting to HK\$30,729,000 (2014: HK\$31,826,000) remained stable compared with the previous year.

During the year, costs of raw materials and labour accounted for most of the cost of sales and services. Raw materials of our coatings can be broadly categorised into four major groups, namely solvent, resin, pigment and additives, whose costs are subject to crude oil price fluctuations. In 2015, cost of solvent dropped slightly while the costs of other raw materials remained stable. However, during the year the Group has been affected by higher labour cost which is subject to the minimum wage regulations of the PRC and the depreciation costs resulting since the commencement of operations the coating plant of Springfield Chemical (Guangzhou) Company Limited ("Springfield"), a wholly-owned subsidiary of the Company. Despite the above adverse conditions, the Group has continued with its stringent cost control and maintained the overall cost of sales and services at HK\$235,945,000 (2014: HK\$235,678,000) at a stable level compared to that for the previous year.



The Group now operates two coating plants separately through its two wholly-owned subsidiaries, namely Springfield 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.

In 2015, phase one of Springfield's coating plant was operating which has allowed the Group more flexibility to allocate its production capacity to match the expected growth in demand from the consumer electronics and automobile industries, especially the anticipated increase in the demand for auto-finishing coatings. The Group will be able to achieve economies of scales and provide its high-quality services for the customers promptly.

Moreover, Springfield was awarded the status of a "High and New Tech Enterprise" by Guangdong provincial government in recognition of the Group's innovation and efforts in research and development. As a result, Springfield is entitled to a lower corporate tax rate of 15% effective from the fiscal year 2015 (compared with the standard corporate tax rate of 25%). This may be conducive to its business growth in the coming years.

In addition to its subsidiaries, the Group also holds a 45% equity interest in CMW Holding Limited ("CMW"), an associate primarily engaged in the importing, distributing, manufacturing and marketing of non-stick and high temperature decorative coatings and coatings for mobile phones. For the year ended 31 December 2015, revenue of CMW and the Group's share of profit derived from the equity stake in CMW amounted to HK\$646,916,000 (2014: HK\$644,492,000) and HK\$24,332,000 (2014: HK\$29,051,000) respectively. During the year, revenue of CMW rose slightly but was offset by the significant increase in operating expenses such as labour costs.

## **USE OF NET PROCEEDS FROM LISTING**

The Company was listed on the Main Board of the Stock Exchange on 1 December 2015 and received net proceeds of approximately HK\$119.9 million from the placing and public offer of its shares in December 2015 after the underwriting commissions and all related expenses were deducted.

Out of the net proceeds, the Group had used HK\$20.0 million as repayment to a bank overdraft and approximately HK\$2.9 million for general working capital purpose. The Directors consider that the unused proceeds of approximately HK\$97.0 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 2015, the Group's non-current assets of HK\$334,848,000 (2014: HK\$348,908,000) consisted of property, plant and equipment of HK\$119,902,000 (2014: HK\$135,054,000), prepaid lease payments of HK\$29,603,000 (2014: HK\$32,306,000), interest in an associate of HK\$180,387,000 (2014: HK\$179,567,000), deferred tax assets of HK\$162,000 (2014: HK\$162,000), derivative financial instruments of HK\$1,638,000 (2014: HK\$965,000) and deposits to purchase of property, plant and equipment and prepaid lease payments of HK\$3,156,000 (2014: HK\$854,000). These non-current assets are principally financed by the Group's shareholders' funds. As at 31 December 2015, the Group's net current assets increased to HK\$306,980,000 (2014: HK\$147,723,000). The increase in bank balances and cash as at 31 December 2015 was mainly attributable to the proceeds received from the Listing.

As at 31 December 2015, the Group has no bank borrowing (2014: HK\$2,535,000).

As at 31 December 2015, the Group's leasehold land and buildings situated in Hong Kong amounting to HK\$4,638,000 (2014: HK\$4,802,000), 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 2015, the Group had capital commitment contracted for but not provided — acquisition of property, plant and equipment of HK\$1,263,000 (2014: HK\$1,319,000) and other commitment contracted for but not provided — proposed purchase of land of HK\$8,728,000 (2014: HK\$3,415,000).

As at 31 December 2015, the Group did not have any material contingent liabilities.

## **EMPLOYEES**

The Group had 722 employees (2014: 720) as at 31 December 2015. 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**

In 2016, the economy of China and the rest of the world is expected to maintain moderate growth. In the coating industry, competition is likely to stay intense. The Group anticipates challenges ahead but it believes that wherever there is a challenge, there is an opportunity. It is preparing for them so as to grasp opportunities for tremendous growth in the long term.

To stay competitive and distinguish itself from other competitors, the Group will keep abreast of the changes in the market and industry and will acquire more advanced coating technology. Internally, we will further strengthen our research and development of products and adopt different strategies to cater for different market segments. For instance, the Group will maintain close working relationships with the current customers in the toy industry and coordinate with them to explore new markets. It will also cooperate with branded consumer electronics manufacturers in developing new products. In the automobile industry, the Group has spotted an opportunity presented by the low market penetration of auto-finishing coatings. As there is potential for huge growth in demand for this kind of coatings, the Group will endeavor to enlarge its market share.

To meet the needs of business expansion, the Group plans to further increase production capacity of its existing coating plants, as mentioned in our Prospectus. Specifically, it started the design work on the construction of the phase two of Springfield's coating plant in the fourth quarter of 2015. It is expected that the construction work of a warehouse and a coating plant will be carried out in the second half of 2016. The Group will take advantage of the new advanced technology and the greater production capacity there.

Furthermore, the Group, together with CMW joint venture partners will endeavor to improve the efficiency and profitability of CMW, which is a major contributor to the Group's profit. In view of the declining demand for mobile phones, which leads to a shrinking demand for related non-stick and high temperature decorative coatings and more intense market competition, CMW intends to diversify CMW's product portfolio and explore new markets in order to improve profitability.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing to 31 December 2015.

## **CORPORATE GOVERNANCE**

Throughout the period from Listing to 31 December 2015, the Company has applied the principles and complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as listed out 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 period from Listing to 31 December 2015.

## **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 financial statements for the year ended 31 December 2015.

## **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 2015 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, 23 March 2016

*As at the date of this announcement, the Board comprises Mr. Yuen Shu Wah (Chairman), Mr. Ko Jack Lum, 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 and Mr. Yue Kwai Wa as Independent Non-Executive Directors.*