

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TK Group (Holdings) Limited

東江集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2283)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board of directors (the “**Board**”) of TK Group (Holdings) Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2020	2019
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	2,033,419	2,310,842
Cost of sales	5	<u>(1,500,786)</u>	<u>(1,643,367)</u>
Gross profit		532,633	667,475
Other income		58,835	50,147
Other losses – net		(30,761)	(5,842)
Selling expenses	5	(71,130)	(80,690)
Administrative expenses	5	<u>(254,719)</u>	<u>(269,567)</u>
Operating profit		234,858	361,523
Interest income		15,025	20,220
Interest expenses		<u>(9,991)</u>	<u>(21,615)</u>
Finance income/(cost) – net		<u>5,034</u>	<u>(1,395)</u>
Share of net profit of an associate accounted for using the equity method		<u>650</u>	<u>371</u>
Profit before income tax		240,542	360,499
Income tax expense	6	<u>(30,855)</u>	<u>(58,696)</u>
Profit for the year attributable to owners of the Company		209,687	301,803
Other comprehensive income			
<i>Item that may be reclassified to profit and loss:</i>			
Currency translation differences		<u>87,949</u>	<u>(23,199)</u>
Total comprehensive income for the year		<u>297,636</u>	<u>278,604</u>
Earnings per share for the year			
– basic and diluted (HK\$ per share)	7	<u>0.25</u>	<u>0.36</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		556,903	592,278
Right-of-use assets	14	83,438	142,530
Intangible assets		24,141	13,831
Financial assets at fair value through profit or loss		33,621	33,621
Investment in an associate		16,176	15,526
Prepayments for property, plant and equipment		10,083	22,812
		<u>724,362</u>	<u>820,598</u>
Current assets			
Inventories		447,095	397,041
Amount due from a related company		10,898	–
Trade and other receivables	9	320,836	371,794
Deposits for bank borrowings	11	148,231	134,594
Restricted cash		443	17,638
Cash and cash equivalents		920,446	582,878
		<u>1,847,949</u>	<u>1,503,945</u>
Total assets		<u>2,572,311</u>	<u>2,324,543</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	83,326	83,326
Share premium	12	251,293	251,293
Shares held for employee share scheme	13	(10,416)	(5,517)
Other reserves		126,026	21,188
Retained earnings		944,326	841,175
		<u>1,394,555</u>	<u>1,191,465</u>
Total equity		<u>1,394,555</u>	<u>1,191,465</u>

		As at 31 December	
		2020	2019
	<i>Note</i>	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	<i>11</i>	58,435	75,911
Lease liabilities	<i>14</i>	19,536	92,671
Deferred income on government grants		46,421	36,442
Deferred income tax liabilities		40,674	43,737
		<u>165,066</u>	<u>248,761</u>
Current liabilities			
Trade and other payables	<i>10</i>	456,370	411,751
Contract liabilities		245,955	226,663
Income tax liabilities		7,471	21,299
Bank borrowings	<i>11</i>	223,800	166,049
Lease liabilities	<i>14</i>	79,094	58,555
		<u>1,012,690</u>	<u>884,317</u>
Total liabilities		<u>1,177,756</u>	<u>1,133,078</u>
Total equity and liabilities		<u>2,572,311</u>	<u>2,324,543</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2020	2019
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash generated from operations	563,437	488,797
Interest received	2,419	14,951
Income taxes paid	(47,746)	(59,948)
	518,110	443,800
Cash flows from investing activities		
Purchase of property, plant and equipment and construction in progress	(62,068)	(206,197)
Purchase of intangible assets	(16,449)	(6,689)
Proceeds from disposal of property, plant and equipment and intangible assets	1,655	8,540
Additions of investment in an associate	–	(15,155)
Purchase of financial assets at fair value through profit or loss	(1,241,008)	(596,808)
Proceeds from financial assets at fair value through profit or loss	1,253,161	592,063
	(64,709)	(224,246)
Cash flows from financing activities		
Proceeds from bank borrowings	219,440	369,489
Repayments of bank borrowings	(179,165)	(469,761)
Increase in deposits for bank borrowings	(13,637)	(49,619)
Interest paid	(4,036)	(12,745)
Principal elements of lease payments	(47,269)	(60,966)
Acquisition of shares for employee share scheme	(4,899)	(5,517)
Dividends paid	(91,658)	(158,319)
	(121,224)	(387,438)
Net increase/(decrease) in cash and cash equivalents	332,177	(167,884)
Cash and cash equivalents at beginning of the year	582,878	753,811
Effects of exchange rate changes on cash and cash equivalents	5,391	(3,049)
	920,446	582,878
Cash and cash equivalents at end of the year	920,446	582,878
Analysis of balances of cash and cash equivalents:		
Cash and cash on hand	920,889	600,516
Restricted cash	(443)	(17,638)
	920,446	582,878

NOTES:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 28 March 2013 as an exempted company with limited liability. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company, an investment holding company, and its subsidiaries (collectively the "**Group**") are principally engaged in the manufacturing, sales, subcontracting, fabrication and modification of molds and plastic components in the People's Republic of China (the "**PRC**"). As at 31 December 2020, the ultimate shareholders of the Group are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael and Mr. Lee Leung Yiu (collectively the "**Ultimate Shareholders**"), each holding an effective equity interest of 29.68%, 18.47% and 17.81% in the Company, respectively.

On 20 December 2013, shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. BASIS OF PREPARATION

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") and requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- *Definition of Material – amendments to HKAS 1 and HKAS 8*
- *Definition of a Business – amendments to HKFRS 3*
- *Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7*
- *Revised Conceptual Framework for Financial Reporting*

The Group also elected to adopt the following amendments early:

- *COVID-19-Related Rent Concessions – amendments to HKFRS 16*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

The segment information for the reportable segments is set out as below:

	Mold fabrication		Plastic components manufacturing		Total	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Revenue						
Segment revenue	797,315	743,804	1,333,221	1,720,056	2,130,536	2,463,860
Inter-segment revenue elimination	(97,117)	(153,018)	–	–	(97,117)	(153,018)
Revenue from external customers	700,198	590,786	1,333,221	1,720,056	2,033,419	2,310,842
Timing of revenue recognition						
At a point in time	700,198	590,786	1,333,221	1,720,056	2,033,419	2,310,842
Segment results	191,562	207,667	341,071	459,808	532,633	667,475
Other income and other losses – net					28,074	44,305
Selling expenses					(71,130)	(80,690)
Administrative expenses					(254,719)	(269,567)
Finance income/(cost) – net					5,034	(1,395)
Share of net profit of an associate accounted for using the equity method					650	371
Profit before income tax					240,542	360,499

Information regarding the Group's revenue by nature:

	2020 HK\$'000	2019 HK\$'000
Sales of goods	1,951,086	2,251,875
Modification service income	82,333	58,967
	2,033,419	2,310,842

5. EXPENSES BY NATURE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Changes in inventories of finished goods and work in progress	(62,990)	(49,916)
Raw materials and consumables used	781,781	835,686
Employee benefit expenses	534,232	622,739
Subcontracting expenses	172,015	182,474
Depreciation of property, plant and equipment and amortization of intangible assets	145,380	134,597
Depreciation of right-of-use assets	64,714	66,874
Transportation and travelling expenses	47,453	48,303
Water and electricity expenditures	45,183	52,856
Other taxes and levies	13,681	13,280
Advisory and legal service expenses	12,862	11,369
Maintenance expenses	10,506	10,010
Commission expenses	8,385	16,060
Security and estate management expenses	7,261	6,993
Allowance/(reversal of allowance) for receivables	6,992	(1,759)
Allowance for impairment of inventories	5,203	5,848
Operating lease payments	3,846	1,587
Utilities and postage fees	3,293	4,084
Auditors' remuneration		
– Audit services	3,013	3,747
– Non-audit services	435	501
Advertising and promotion fees	2,993	6,329
Donations	2,194	3,849
Custom declaration charges	1,854	2,503
Bank charges and handling fees	1,822	1,476
Recruitment expenses	1,066	2,417
Other expenses	13,461	11,717
Total cost of sales, selling expenses and administrative expenses	<u>1,826,635</u>	<u>1,993,624</u>

Research and development expenses represented:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Raw materials and consumables used	32,131	31,813
Employee benefit expenses	33,666	33,798
	<u>65,797</u>	<u>65,611</u>

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current income tax		
– Hong Kong profits tax	12,808	13,930
– PRC corporate income tax	21,449	21,730
– Income tax under-provided in previous years	1,261	921
Total current tax expense	35,518	36,581
Deferred income tax		
– Increase in deferred tax assets	(3,978)	(12,515)
– (Decrease)/increase in deferred tax liabilities	(685)	34,630
Total deferred tax expense	(4,663)	22,115
Income tax expense	30,855	58,696

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Under the current Hong Kong Inland Revenue Ordinance, from the year of assessment 2018/2019 onwards, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK\$2,000,000, and 16.5% on any part of assessable profits over HK\$2,000,000. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

(c) PRC corporate income tax (“CIT”)

CIT is provided on the assessable income of entities within the Group incorporated in the PRC, calculated in accordance with the relevant regulations of the PRC after considering the available tax benefits. The applicable CIT rate is 25% (2019: 25%). TK Mold (Shenzhen) Limited, TK Precision Plastics (Shenzhen) Limited and TK Plastic Products (Suzhou) Limited, subsidiaries of the Group, were recognised as “New and High Technology Enterprise” and thus enjoy a preferential CIT rate of 15% from 1 January 2020 to 31 December 2022, 1 January 2018 to 31 December 2020 and 1 January 2019 to 31 December 2021 respectively.

(d) PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding income tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding income tax rate is applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil certain requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year, the immediate holding companies of the PRC subsidiaries, namely TK Mold (Hong Kong) Limited, TK Plastics (Hong Kong) Limited, TK Plastics (Hui Zhou) Limited, TK Plastics (Su Zhou) Limited, YD Trading (Hong Kong) Limited and TK Group International (Hong Kong) Limited, have obtained Hong Kong tax resident status certificate, and therefore a lower 5% withholding income tax rate is applied.

(e) The British Virgin Islands (the “BVI”) income tax

No provision for income tax in BVI has been made as the Group has no income assessable for income tax in BVI during the year (2019: nil).

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares in issue for the year excluding shares held for employee share scheme.

	2020	2019
Profit attributable to owners of the Company (HK\$'000)	<u>209,687</u>	<u>301,803</u>
Weighted average number of ordinary shares issued (thousands)	<u>830,817</u>	<u>832,972</u>
Basic earnings per share (HK\$)	<u>0.25</u>	<u>0.36</u>

(b) Diluted

Diluted earnings per share approximates basic earnings per share at the year ended 31 December 2020 (31 December 2019: same).

8. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interim dividend paid of HK\$0.02 (2019 Interim: HK\$0.05) per ordinary share	16,665	41,663
Proposed final dividend of HK\$0.08 (2019: HK\$0.09) per ordinary share	<u>66,661</u>	<u>74,993</u>
	<u>83,326</u>	<u>116,656</u>

The dividends paid in 2020 and 2019 were HK\$91,658,000 (HK\$0.11 per share) and HK\$158,319,000 (HK\$0.19 per share) respectively. A final dividend in respect of the year ended 31 December 2020 of HK\$0.08 per share, amounting to a total of approximately HK\$66,661,000, is to be proposed at the forthcoming annual general meeting (“AGM”).

9. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables (<i>Note</i>)	283,834	315,867
Less: allowance for impairment	<u>(11,258)</u>	<u>(4,361)</u>
Trade receivables, net	272,576	311,506
Export tax refund receivables	13,629	21,051
Prepayments and deposits	27,054	31,270
Value-added tax recoverable	2,393	1,921
Advances to employees	3,550	4,037
Others	<u>1,634</u>	<u>2,009</u>
	<u>320,836</u>	<u>371,794</u>

Note:

The carrying amounts of the trade receivables are denominated in the following currencies:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
USD	232,963	221,181
RMB	39,742	78,782
EUR	11,024	12,006
HKD	<u>105</u>	<u>3,898</u>
	<u>283,834</u>	<u>315,867</u>

The credit period granted to customers is generally between 30 and 90 days. The ageing analysis of the trade receivables from the date of sales is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Less than 3 months	255,196	294,175
More than 3 months but not exceeding 1 year	27,804	21,692
More than 1 year	834	–
	<u>283,834</u>	<u>315,867</u>

The Group's sales are made to various customers. While there is concentration of credit risk within a few major customers, these customers are reputable and with good track record.

10. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	335,321	273,906
Wages and staff welfare benefits payable	97,849	108,981
Accrual for expenses and other payables	17,699	22,449
Other taxes payable	5,501	6,415
	<u>456,370</u>	<u>411,751</u>

The ageing analysis of trade payables based on the goods/services receipt date is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–90 days	261,677	206,165
91–120 days	49,783	42,799
121–365 days	19,951	20,801
Over 365 days	3,910	4,141
	<u>335,321</u>	<u>273,906</u>

11. BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current		
Bank borrowings – unsecured	158,475	134,950
Less: current portion of non-current borrowings	<u>(100,040)</u>	<u>(59,039)</u>
	<u>58,435</u>	<u>75,911</u>
Current		
Bank borrowings – secured (<i>Note</i>)	123,760	107,010
Current portion of non-current borrowings	<u>100,040</u>	<u>59,039</u>
	<u>223,800</u>	<u>166,049</u>
Total borrowings	<u>282,235</u>	<u>241,960</u>

Note:

As at 31 December 2020, bank borrowings amounting to HK\$123,760,000 were secured by the bank deposits of HK\$148,231,000 (As at 31 December 2019, bank borrowings amounting to HK\$107,010,000 were secured by the bank deposits of HK\$134,594,000).

12. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares <i>thousands</i>	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2019, 31 December 2019 and 31 December 2020	<u>833,260</u>	<u>83,326</u>	<u>251,293</u>	<u>334,619</u>

13. SHARES HELD FOR EMPLOYEE SHARE SCHEME

	2020 Shares <i>thousands</i>	2020 Total consideration <i>HK\$'000</i>
Shares held for employee share scheme	<u>2,932</u>	<u>10,416</u>

The Group through its trustee, Bank of Communications Trustee Limited (the "Trustee"), acquired a total of 1,778,000 of the Company's shares during 2020 (2019: 1,154,000). The total consideration paid to acquisition of these shares was HK\$4,899,000 (2019: HK\$5,517,000), which has been presented as a deduction from equity attributable to owners of the Company. These shares are held by the trustee for the purpose of granting share award under the Company's employee share award scheme.

Details	Number of shares thousands	Total consideration HK\$'000
Opening balance 1 January 2020	1,154	5,517
Acquisition of shares by the Trustee	1,778	4,899
	<u>2,932</u>	<u>10,416</u>
Balance 31 December 2020	<u>2,932</u>	<u>10,416</u>

14. LEASES

(a) Amounts recognised in the balance sheet

	2020 HK\$'000	2019 HK\$'000
Right-of-use assets		
Properties	<u>83,438</u>	<u>142,530</u>
Lease liabilities		
Current	79,094	58,555
Non-current	<u>19,536</u>	<u>92,671</u>
	<u>98,630</u>	<u>151,226</u>

Additions to the right-of-use assets during the 2020 financial year were HK\$1,635,000 (2019: HK\$45,000).

(b) Amounts recognised in the statement of comprehensive income

	2020 HK\$'000	2019 HK\$'000
Depreciation charge of right-of-use assets — Properties	64,714	66,874
Interest expense (included in finance cost)	5,955	8,870
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	3,253	1,548
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	<u>593</u>	<u>39</u>

The total cash outflow for leases in 2020 was HK\$57,070,000 (2019: HK\$71,423,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2020 was a challenging year. In the first half of the year, most of the Group's major customers postponed their orders due to the impact of the COVID-19 epidemic, which dragged down the Group's interim results. In the second half of the year, with the Chinese government's effective anti-epidemic measures, economic activities' recovery accelerated and the market gradually coped with the new normal amid the epidemic despite the fluctuant epidemic situation overseas, which led to the resumption of new product development and launch of market plans by a number of downstream customers. Therefore, the Group's revenue in the second half of the year rebounded to a similar level of the corresponding period of last year. For the year ended 31 December 2020, the Group's total revenue amounted to HK\$2,033.4 million (2019: HK\$2,310.8 million), representing a year-on-year decrease of 12.0%. The segments of medical and personal health care, automobiles and mobile phones and wearable devices in the downstream industries still recorded growth during the year.

Revenue Analyzed by Downstream Industries

Industry	2020		2019		Change	
	HK\$ million	%	HK\$ million	%	HK\$ million	%
Mobile phones and wearable devices	719.5	35.4	694.0	30.0	25.5	3.7
Medical and personal health care	431.3	21.2	305.8	13.2	125.5	41.0
Automobiles	409.1	20.1	385.2	16.7	23.9	6.2
Smart home	203.1	10.0	358.7	15.5	-155.6	-43.4
Commercial telecommunications equipment	99.9	4.9	327.1	14.2	-227.2	-69.5
Digital devices	31.9	1.6	45.2	2.0	-13.3	-29.4
Household electrical appliances	22.0	1.1	73.4	3.2	-51.4	-70.0
Others	116.6	5.7	121.4	5.2	-4.8	-4.0
	<u>2,033.4</u>	<u>100.0</u>	<u>2,310.8</u>	<u>100.0</u>	<u>-277.4</u>	<u>-12.0</u>

Daily operation was impacted by the implementation of the quarantine and social restrictions by many countries in response to the epidemic. Particularly in the first half of 2020, the customers of the Group postponed delivery dates and new orders, resulting in the higher idle rate of the machines of the Group in this period. The overall gross profit margin was also impacted by the lower price of molds delivered during the year due to the intense competition in the industry and the severe China-United States trade war since 2019. During the year, the gross profit of the Group decreased by 20.2% to HK\$532.6 million (2019: HK\$667.5 million), while gross profit margin dropped by 2.7 percentage points to 26.2% (2019: 28.9%).

In the second half of the year, the Group tried its best endeavor to resume its operational performance to the previous level. However, due to the impact of the epidemic in the first half of the year, profit attributable to owners of the Company for the year recorded HK\$209.7 million (2019: HK\$301.8 million), representing a decrease of 30.5% as compared to the last year. Net profit margin decreased by 2.8 percentage points to 10.3% (2019: 13.1%). Basic earnings per share was HK\$0.25 (2019: HK\$0.36), representing a decrease of 30.6% as compared to the last year.

Under the influence of the epidemic, the Group's trade receivable turnover days increased slightly to 54 days as compared with the same period of last year, but decreased by 10 days as compared with 64 days in the interim period. In addition, under the epidemic, the Group adopted a prudent attitude towards wealth management to minimize the capital expense, which enabled the Group to maintain net cash of HK\$786.9 million (2019: HK\$493.2 million). The sound financial position enables the Group to flexibly respond to the uncertainties of the macro environment, while preparing for the recovery of the global epidemic, and adopting other measures to promote the growth of the Group in due course. The Group has a considerable amount of sales orders on hand, as at 31 December 2020, amounting to HK\$925.2 million, which represented an increase of 4.8% as compared with HK\$883.2 million as at 31 December 2019.

BUSINESS SEGMENT ANALYSIS

Mold Fabrication Business

During the year under review, the revenue of the mold fabrication segment from external customers amounted to approximately HK\$700.2 million, representing an increase of approximately 18.5% as compared with approximately HK\$590.8 million in last year, and accounting for approximately 34.4% of the Group's total revenue.

The Group has production lines for ultra-large standard molds and high-precision molds. The major products of the Group's ultra-large standard molds are automobiles components. The clients mainly include first-tier component suppliers who manufacture automobile components for renowned automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. High-precision molds production lines mainly produce high-precision molds with multi-cavity and efficiency, covering the markets of high-end consumer electronics product such as smart home, mobile phones and wearable devices, medical and personal health care. The Group continues to focus on expert-level molding technology research and is committed to providing customers with high quality and cost-effective design solutions. In addition to developing external customers, the Group also cooperates with the downstream plastic components manufacturing business to provide more premium one-stop services for the customers.

With increasing competition in the mold fabrication industry and uncertainties brought about by the trade war between the United States and China, the Group was inevitably subject to bargaining pressure from customers and fierce competition from overseas counterparts, resulting in lower prices. Therefore, the gross profit margin for the year decreased by 7.8 percentage points to 27.4% (2019: 35.2%) compared to the last year. However, as the Group made great efforts to explore new customers and new products over the past few years, medical and personal health care segment witnessed an increase in the number of molds delivered during the year, which led to an increase of approximately HK\$108.6 million in revenue of this segment, or a 165.5% year-on-year increase), thus driving the growth in the mold business. In the face of industry competition, the Group continues to improve its process technology and production efficiency, explore other high value-added mold categories, and deliver quality molding and design solutions to customers, so as to improve its gross profit margin and maintain its absolute advantages in quality and technology in the industry.

Plastic Components Manufacturing Business

Revenue from the plastic components manufacturing segment amounted to approximately HK\$1,333.2 million (2019: HK\$1,720.0 million), representing a decrease of 22.5% over the last year, and accounting for approximately 65.6% of the Group's total revenue. Due to the impact of the COVID-19 epidemic, in the first half of the year, a number of downstream consumer electronics customers delayed their product sales and new product release plans until the second half of the year. Benefiting from the Group's diversified customer portfolio strategy and the Chinese government's effective anti-epidemic measures, the Group's production was quickly recovered and its revenue decline for the year was significantly narrowed to 22.5% (first half of 2020: 32.2%) compared to that in the first half of the year.

The mobile phones and wearable devices segment achieved a year-on-year growth of 3.7% in revenue, which was mainly attributable to a significant increase in orders due to the popularity of the new products launched by a brand customer who provided protective cases for smartphones in line with new smartphones. The products of a wireless headsets brand customer were also well received by the public and recorded growth in orders during the year, despite the impact of the epidemic. However, a smartphone brand customer reduced its orders for standard products during the year, which affected the overall growth of this segment.

Medical and personal health care segment recorded a year-on-year increase of 7.0% (approximately HK\$16.9 million) in revenue, mainly attributable to the growth in orders from existing customers. The Group obtained several new customers with large-scale businesses during the year, including an overseas brand customer engaging in the medical consumables industry and a domestic listed company. Besides, several sets of molds were successfully tailor-made during the year and were expected to be used in the mass production of plastic components in 2021. After active cultivation in recent years, medical and personal health care has become a major business segment of the Group. The Group will maintain diversified customer portfolio strategy to resist cyclical risks in different industries and maintain stable operating.

The smart home segment recorded a year-on-year decrease of 43.4% in revenue, which was mainly attributable to reduction in orders from major brand customers due to the closure of physical retail stores in North America resulting from city lockdown measures during the epidemic. However, leveraging on the Group's excellent product quality and reputation in the industry, we succeeded in obtaining another smart home brand customer in North America during the year. Currently, the Group serves three industrial giants and has great confidence in the long-term development of this segment.

The commercial telecommunications equipment segment recorded a significant year-on-year decrease of 69.5% in revenue, which was mainly attributable to strategic changes in customer's supply chain and decrease in demand for office equipment due to the epidemic during the year. However, given the close relationship with customers for years, the Group has received orders from customers for other product lines, and sales are anticipated to rebound.

During the year under review, the gross profit margin of plastic injection business slightly decreased to 25.6% (2019: 26.7%), which was mainly attributable to the increased idleness ratio of machines resulting from the delayed production of several projects severely affected by the epidemic in the first half of the year. Along with the gradually resumption of relevant projects and newly commencement of projects from new customers, the utilization rate of machines also returned to a steady level of mass production in the second half of the year, therefore the gross profit margin of the Group was improved to a healthy level as a whole in 2020.

OUR CLIENTS

As at 31 December 2020, sales of the Group are mainly export sales and our clients are mainly prestigious corporations and brands in Europe and America. Clients of the Group cover a wide range of industries, from automobile to household electrical appliances to mobile phones and wearable devices as well as medical and personal health care. As a key supplier of molds and plastics of high-end electronic products, the Group's orders are widely impacted by the launch time, popularity and life cycle of products of its downstream industry clients. However, being engaged in the molds and plastic injection industry for more than 30 years, the Group always sticks to the strategy of client diversity in order to manage and minimize risks efficiently. Currently, the Group has been widely recognized as a trustworthy business partner of various internationally known brands of consumer goods, including numbers of leading brands in many fast-growing industries such as smartphones, personal health care and wearable devices.

FINANCIAL REVIEW

Revenue

Revenue for the year ended 31 December 2020 was approximately HK\$2,033.4 million, representing a decrease of approximately HK\$277.4 million or 12.0% when compared with the revenue of approximately HK\$2,310.8 million in 2019.

In 2020, the revenue from external customers of the mold fabrication segment was approximately HK\$700.2 million, representing an increase of approximately HK\$109.4 million or 18.5% when compared with revenue of approximately HK\$590.8 million in 2019. The Group's major products of ultra-large standard molds are automobile components. The Group's clients mainly include first tier component suppliers who manufacture automobile components for renowned automobile brands in Europe, such as Mercedes-Benz, BMW and Volkswagen. In addition, as the Group has been making great efforts to explore new customers and new products over the past few years, medical and personal health care segment has achieved a significant increase in revenue during the year.

In 2020, the revenue from external customers of the plastic components manufacturing segment was approximately HK\$1,333.2 million, representing a decrease of approximately HK\$386.8 million or 22.5% when compared with the revenue of approximately HK\$1,720.0 million in 2019. In the first half of the year, many downstream consumer electronics customers postponed their product sales and new product launch plans to the second half of the year due to the impact of the epidemic. However, benefiting from the Group's strategy of customer diversification, along with the effective Chinese government's anti-epidemic measures, the Group's production activities were resumed rapidly, thus the decrease of the revenue for the year narrowed significantly when compared with that for the first half of the year.

Gross Profit

Gross profit for the year ended 31 December 2020 was approximately HK\$532.6 million, representing a decrease of approximately HK\$134.9 million or 20.2% as compared with the gross profit of approximately HK\$667.5 million in 2019. Gross profit margin dropped 2.7 percentage points to 26.2% (2019: 28.9%). Our daily operation was impacted by the implementation of the quarantine and social restrictions by many countries in response to the epidemic. Particularly in the first half of 2020, the customers of the Group postponed delivery dates and new orders, resulting in a higher idleness ratio of the machines of the Group in this period. Moreover, the overall gross profit margin was also impacted by the lower price of molds delivered during the year due to the intense competition in the industry resulting from the severe Sino-US trade war since 2019.

The gross profit margin for the mold fabrication segment decreased from 35.2% in 2019 to 27.4% for the year. Amid the growing competition in the mold fabrication industry and the uncertainties brought about by the Sino-US trade war, the Group was inevitably under the pressure of bargaining from its customers and the keen competition from the overseas peers, therefore the gross profit margin decreased as a result of relatively low price.

The gross profit margin for the plastic components manufacturing segment slightly decreased from 26.7% in 2019 to 25.6% for the year, which was mainly attributable to the increased idleness ratio of machines resulting from the delayed production of several projects due to the serious impact of the epidemic in the first half of the year. However, along with the commencement of relevant projects and the projects of new customers, the utilization rate of machines was improved to a relatively high level in the second half of the year, leading to only a slight decrease of the overall gross profit margin of the Group for the year.

Other Income

Other income for the year ended 31 December 2020 was approximately HK\$58.8 million, representing an increase of approximately HK\$8.7 million or 17.3% when compared with that of approximately HK\$50.1 million in 2019, which was mainly attributable to the increase in government grants income of the Group for the year.

Other Losses – Net

Other losses, net for the year ended 31 December 2020 was approximately HK\$30.8 million, representing an increase of approximately HK\$25.0 million when compared to the other losses, net of approximately HK\$5.8 million in 2019. The increase in other losses was mainly attributable to the exchange loss arising from the rate revaluation of the Group's assets denominated in US dollar at the end of each month due to the devaluation of US dollar against RMB during the year. Besides, in order to minimise the effect of fluctuation of the Euro exchange rate on the Group, the Group borrowed a Euro-denominated bank loan equivalent to the amount of the Group's existing orders from Europe to hedge the effects of fluctuations of the exchange rates of Euro on the Group.

Selling Expenses

For the year ended 31 December 2020, the selling expenses were approximately HK\$71.1 million (2019: HK\$80.7 million) and the percentage to sales was approximately 3.5% (2019: 3.5%), representing a decrease of approximately HK\$9.6 million or 11.8% when compared to 2019. The decrease in selling expenses was mainly attributable to the reduction in sales commission brought by the decrease in sales due to the impact of the epidemic.

Administrative Expenses

For the year ended 31 December 2020, the administrative expenses were approximately HK\$254.7 million (2019: HK\$269.6 million) and the percentage to sales was 12.5% (2019: 11.7%), representing a decrease of approximately HK\$14.9 million or 5.5% when compared to 2019, and the percentage to sales increased by 0.8 percentage point. The increase in the percentage to sales was mainly attributable to 1) an increase in one-off anti-epidemic cost of approximately HK\$6.6 million; 2) an increase in provision for receivables of approximately HK\$8.8 million due to the epidemic. Excluding the impact of the epidemic mentioned above, the percentage of the administrative expenses to sales for the year was 11.8%, which was comparable to that of 2019.

Finance Income/(Cost) – Net

Net finance income for the year ended 31 December 2020 was approximately HK\$5.0 million, as compared to the net finance cost of approximately HK\$1.4 million in 2019, which was primarily due to decrease of 1) approximately HK\$8.7 million in interest expenses on bank borrowing; 2) approximately HK\$5.2 million in interest income; 3) approximately HK\$2.9 million in interest expenses on lease liabilities, during the year.

Share of Net Profit of an Associate Accounted for Using the Equity Method

For the year ended 31 December 2020, share of net profit of an associate accounted for using the equity method was approximately HK\$0.7 million, representing an increase of approximately HK\$0.3 million or 75.2% when compared with approximately HK\$0.4 million in 2019.

Income Tax Expense

Income tax expense for the year ended 31 December 2020 was approximately HK\$30.9 million (2019: HK\$58.7 million) and the effective tax rate was 12.8% (2019: 16.3%). Effective tax rate decreased by 3.5 percentage points as compared to 2019, which was mainly attributable to the immediate holding companies of the PRC subsidiaries, namely TK Mold (Hong Kong) Limited, TK Plastics (Hong Kong) Limited, TK Plastics (Hui Zhou) Limited, TK Plastics (Su Zhou) Limited, YD Trading (Hong Kong) Limited and TK Group International (Hong Kong) Limited, have obtained Hong Kong tax resident status certificate during the year, and therefore a lower 5% withholding income tax rate is applied.

Profit for the Year Attributable to Owners of the Company

Profit for the year attributable to owners of the Company for the year ended 31 December 2020 was approximately HK\$209.7 million, representing a decrease of approximately HK\$92.1 million or 30.5% from approximately HK\$301.8 million in 2019.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a sound financial position during the year. As at 31 December 2020, the Group had net current assets of approximately HK\$835.3 million (31 December 2019: HK\$619.6 million). The Group had total cash and bank balances of approximately HK\$1,069.1 million (31 December 2019: HK\$735.1 million), including cash and cash equivalents of approximately HK\$920.4 million (31 December 2019: HK\$582.9 million) and restricted cash and deposits of approximately HK\$148.7 million (31 December 2019: HK\$152.2 million). The current ratio of the Group as at 31 December 2020 was approximately 182.5% (31 December 2019: 170.1%).

Total equity of the Group as at 31 December 2020 was approximately HK\$1,394.6 million (31 December 2019: HK\$1,191.5 million). The gearing ratio as at 31 December 2020 was approximately 20.2% (31 December 2019: 20.3%), which was approximate to that of 2019.

DEBT MATURITY PROFILE

The maturity profile of the Group's borrowings is set out below:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	223,800	166,049
Between 1 and 2 years	48,360	75,911
Between 2 and 5 years	10,075	–
	<u>282,235</u>	<u>241,960</u>

An analysis of the Group's key liquidity ratios as at 31 December 2020 is as follows:

	2020	2019
Inventory turnover days (<i>Note 1</i>)	105	83
Trade receivable turnover days (<i>Note 2</i>)	54	49
Trade payable turnover days (<i>Note 3</i>)	74	65
Current ratio (<i>Note 4</i>)	182.5%	170.1%

Notes:

1. Inventory turnover days are calculated based on the average balance of inventories divided by the cost of sales for the relevant year multiplied by 365 days.
2. Trade receivable turnover days are calculated based on the average trade receivables divided by the revenue for the relevant year multiplied by 365 days.
3. Trade payable turnover days are calculated based on the average trade payables divided by cost of sales for the relevant year multiplied by 365 days.
4. Current ratio is calculated by dividing current assets by current liabilities and multiplying the resulting value by 100%.

INVENTORY TURNOVER DAYS

During the year, the Group's inventory turnover days were 105 days, representing an increase of 22 days when compared with that of 2019, which was primarily attributable to the delay in orders delivery requested by some customers due to the impact of epidemic.

TRADE RECEIVABLE TURNOVER DAYS

During the year, the Group's trade receivable turnover days were 54 days, representing an increase of 5 days when compared with that of 2019, which was primarily due to the impact of epidemic.

TRADE PAYABLE TURNOVER DAYS

During the year, the Group's trade payable turnover days were 74 days, representing an increase of 9 days when compared with that of 2019, which was primarily due to the impact of epidemic.

CURRENT RATIO

As at 31 December 2020, the Group's current ratio was 182.5%, representing an increase of 12.4 percentage points when compared with that of 2019, which was primarily attributable to a decrease in capital expenditures as a result of prudent cash flow management approach adopted by the Group under the epidemic, resulting in an increase in its cash and cash equivalents.

FOREIGN EXCHANGE RISK MANAGEMENT

The Group mainly operated in the PRC and is exposed to foreign currency risks arising from various currency exposures, mainly with respect to US dollar, Euro and RMB. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. Exchange rate fluctuations and market trends have always been a main concern of the Group. Foreign currency hedging of the Group has been managed by the Group's chief financial officer, and overseen by the Group's chief executive officer. In accordance with the Group's hedging needs and the then foreign exchange situation, the Group's chief financial officer would collect and analyze information regarding various hedging instruments and determine stop-loss thresholds. The Group's chief financial officer would then collect quotations from various banks as to the financial instrument and present such quotations to the Group's chief executive officer, who would then evaluate and make a decision as to whether to enter into the relevant hedging agreement.

The Group's cash and bank balances were primarily denominated in US dollar, RMB and HK dollar. Its operating cash inflows and outflows were primarily denominated in RMB, US dollar, Euro and HK dollar. The Group is closely monitoring the exchange rate movements and regularly review its gearing structure so as to mitigate the expected exchange rate risk.

RMB EXCHANGE RATE RISK

The Group's major revenue is principally denominated in US dollar, Euro, HK dollar and RMB, and the Group's major expenses are principally denominated in RMB. The Group has not entered into any agreement for RMB hedging purpose.

CAPITAL STRUCTURE

There was no change in the capital structure of the Company during the year, and the Company's capital included ordinary shares and other reserves.

PLANS FOR MATERIAL CAPITAL INVESTMENTS

The Group will invest in capacity expansion and investment projects to capitalize the potential growth of the Group's business in the coming years in the manner set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Future funding source is mainly from internal resources.

STAFF POLICY

As at 31 December 2020, the Group had 3,443 full-time employees (31 December 2019: 4,072) and 636 workers dispatched to us by third party staffing companies (31 December 2019: 632).

The Group's remuneration policy aims to offer competitive remuneration packages to recruit, retain and motivate competent directors and employees. The Group believes the remuneration packages are reasonable and competitive and in line with market trends. The Group has put in place a share option scheme and a share award scheme for its directors and employees in a bid to provide a competitive package for the Group's long-term growth and development. The Group also provides appropriate training and development programmes for its employees to enhance the staff's work ability and personal performance.

The Group has implemented training programmes for the employees to meet different job requirements. The Group believes that these initiatives have contributed to increasing employees' productivity.

As required by PRC regulations, the Group has made contributions to mandatory social security funds for the benefits of its PRC employees which provide pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing funds.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2020, the Group has made no material acquisitions or disposals of subsidiaries.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities.

PROSPECTS

It is expected that worldwide consumer confidence and spending appetite will gradually stabilise as a number of new coronavirus vaccines become available in various countries around the world. Growing consumer demand will lead to a recovery in demand for the Group's products from customers, which will in turn drive the Group's order growth. In fact, the Group's order and production plans for the first quarter of 2021 sustains the momentum of the second half of 2020 and the management believes that production line utilization will be improved significantly in the first half of 2021. In addition, the Group is committed to continuing to expand its customer base in the Chinese consumer goods market in order to increase its domestic market share, such as continuing to actively seek partnerships with more key brands of high-tech consumer electronics and medical products, adhering to the strategic direction of developing diversified customers to balance the risks arising from different segments and market fluctuations. Over the past two years, the Group has successfully developed the electronic atomisation component segment and with the excellent quality of its products, the Group has secured orders from several well-known international and Chinese customers. As the global demand for electronic atomisers rises, the Group believes that its growth prospects in this segment are promising.

In terms of the layout of overseas production, the Group has restarted its plan to set up an injection moulding production base in Vietnam by the end of 2020. The installation of the production line is expected to be completed in the third quarter of 2021 and production will commence in the fourth quarter of 2021. This will extend the Group's regional coverage in line with the relocation of the supply chain and reducing geopolitical risks in the long run. In addition, the Group will also expand the capacity of its three production bases in the headquarter in Guangming District in Shenzhen, Huizhou and Suzhou, which are expected to be put into operation gradually from 2021 to support the increase in order volume and prepare for the long-term order growth demand.

In order to further broaden the product mix and the market size of plastic injection, the Group signed an asset acquisition agreement with Techco Silicone & Technology Co., Ltd. in February 2021 for a consideration of RMB12,000,000 (equivalent to approximately HK\$14,370,000) to acquire all of its assets, including its design and production technology, intellectual property, technology team, production facilities and customer resources, so as to expand the technology and production capacity of the Group in silicone mold and product solutions and thus strengthen its leading position in the plastic injection market. Silicone products are widely used in optics, medical, infant products, automobile, electrical & electronics, household essentials etc., and possess great potential in the enormous global market.

The Group believes that the epidemic will stabilize with the introduction of vaccines. However, given a number of uncontrollable macro factors such as the possible evolution of epidemic and geopolitical situation, the Group will remain cautious and maintain a strict credit and trade receivables turnover policy to stabilize cash flow and financial position, and prepare for long-term business development. In 2021, the Group will adhere to the diversity policy, continue to improve the intelligent automation level and technological research and development of the existing production lines in order to maintain its competitiveness and profitability. The Group will continue to gain a foothold in the ever-changing market to seek for opportunities and realize a sustainable growth.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

The Company believes that good corporate governance is very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets and implements appropriate corporate governance policies for the business operation and growth of the Group. The Board is committed to strengthening the Group's corporate governance measures to ensure transparency and accountability of the Company's operations.

The Company has applied the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

In the opinion of the directors, the Company had complied with all the code provisions as set out in the CG Code during the year ended 31 December 2020.

AUDIT COMMITTEE

The Audit Committee comprises 3 members, namely, Mr. Tsang Wah Kwong (Chairman), Dr. Chung Chi Ping Roy and Ms. Christine Wan Chong Leung. All are independent non-executive directors of the Company. The primary duties of the Committee are to review and supervise the Group's financial reporting process and risk management and internal control systems.

As part of the process of the annual review, the Committee and the Board have performed evaluation of the Group's accounting, internal audit and financial reporting functions, to ensure the adequacy of resources, qualifications and experience of staff for the functions, and the training programmes and budget.

The Committee has reviewed with the management the annual results, the accounting principles and practices adopted by the Group for the year ended 31 December 2020 and discussed the Group's auditing, risk management and internal control and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the results announcement.

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 to the Listing Rules as its code of conduct regarding directors' dealings in the Company's securities.

Having made specific enquiry to the directors, all directors confirmed that they had complied with the required standard set out in the Model Code throughout the year ended 31 December 2020.

DIVIDEND

It is the policy of the Board, in considering the payment of dividends, to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Group's future growth. The Board shall consider the following factors before declaring or recommending dividends:

- the Group's actual and expected financial performance;
- retained earnings and distributable reserves of the Company and each of the members of the Group;
- the Group's working capital requirements, capital expenditure requirements and future expansion plans;
- the Group's liquidity position;
- general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- other factors that the Board deems relevant.

The payment of dividend is also subject to compliance with applicable laws and regulations including the laws of the Cayman Islands and the Company's Articles of Association. The Board will continually review the said dividend policy from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

After considering the above-mentioned factors, the Board has recommended the payment of a final dividend of HK\$0.08 per share for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 8 June 2021, amounting to a total of approximately HK\$66,661,000. The proposed final dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend, if approved, is expected to be paid on Monday, 21 June 2021.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Monday, 31 May 2021, the register of members of the Company will be closed from Wednesday, 26 May 2021 to Monday, 31 May 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered shareholders of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 25 May 2021.

For determining the entitlement to the aforesaid proposed final dividend, the register of members of the Company will be closed from Friday, 4 June 2021 to Tuesday, 8 June 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to be qualified for the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents, accompanied by the relevant share certificates, are lodged with the Company's branch share registrar in Hong Kong at the above address for registration not later than 4:30 p.m. on Thursday, 3 June 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement of the Company for the year ended 31 December 2020 is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.tkmold.com.

An annual report for the year ended 31 December 2020, containing all the information required by the Listing Rules, will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
TK Group (Holdings) Limited
Li Pui Leung
Chairman

Hong Kong, 26 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Li Pui Leung, Mr. Yung Kin Cheung Michael, Mr. Lee Leung Yiu and Mr. Cheung Fong Wa; and the independent non-executive directors of the Company are Dr. Chung Chi Ping Roy, Ms. Christine Wan Chong Leung and Mr. Tsang Wah Kwong.