力世紀有限公司
WE SOLUTIONS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019

The board (the "Board") of directors (the "Directors") of WE Solutions Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 September 2019 (the "Year"), together with the comparative figures for the year ended 30 September 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	3	**536,355**	717,023
Cost of sales		**(393,724)**	(502,055)
Gross profit		**142,631**	214,968
Other income and gains, net		**21,156**	86,906
Selling and distribution expenses		**(43,607)**	(36,334)
General and administrative expenses		**(166,732)**	(251,965)
Research and development costs		**(21,191)**	(87,800)
Other expenses, net		**(542,714)**	(25,994)
Finance costs		**(4,039)**	(5,585)
Share of losses of:			
Joint venture		**(5,108)**	–
Associates		**(5,999)**	(3,303)
LOSS BEFORE TAX	4	**(625,603)**	(109,107)
Income tax credit/(expense)	5	**6,274**	(1,230)
LOSS FOR THE YEAR		**(619,329)**	(110,337)
Attributable to:			
Owners of the Company		**(605,392)**	(94,096)
Non-controlling interests		**(13,937)**	(16,241)
		(619,329)	(110,337)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic		**HK(9.26) cents**	HK(1.61) cents
Diluted		**HK(9.66) cents**	HK(2.99) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2019

	2019	2018
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(619,329)**	(110,337)
OTHER COMPREHENSIVE INCOME/ (LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**58,852**	(12,586)
Reclassification adjustment for foreign operations disposed of during the year	**–**	(41)
	58,852	(12,627)
Share of other comprehensive loss of a joint venture and an associate	**(797)**	(830)
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**58,055**	(13,457)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(561,274)**	(123,794)
Attributable to:		
Owners of the Company	**(542,539)**	(105,926)
Non-controlling interests	**(18,735)**	(17,868)
	(561,274)	(123,794)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**138,773**	72,151
Investment properties		**358,026**	441,377
Goodwill		**1,363,308**	1,485,093
Other intangible assets		**48,940**	39,471
Interest in a joint venture		**387**	–
Interests in associates		**19,089**	25,884
Financial assets at fair value through profit or loss		**1,161,086**	780,488
Loans receivable		**225,392**	2,049
Deferred tax assets		**3,768**	–
Deposits		**44,093**	63,817
Total non-current assets		**3,362,862**	2,910,330
CURRENT ASSETS			
Inventories		**214,842**	220,973
Accounts receivable	*8*	**32,872**	55,616
Loans receivable		**473,778**	946,871
Prepayments, deposits and other receivables		**19,380**	33,813
Financial assets at fair value through profit or loss		**1,969**	3,547
Tax recoverable		**–**	445
Cash and cash equivalents		**447,606**	326,221
Total current assets		**1,190,447**	1,587,486

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 September 2019

	Notes	2019 HK$'000	2018 HK$'000
CURRENT LIABILITIES			
Accounts payable	*9*	**99,167**	112,413
Other payables and accruals		**198,987**	177,093
Interest-bearing bank borrowings		**104,678**	39,846
Tax payable		**4,536**	725
Total current liabilities		**407,368**	330,077
NET CURRENT ASSETS		**783,079**	1,257,409
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,145,941**	4,167,739
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**21,809**	34,438
Deferred tax liabilities		**80,467**	98,062
Total non-current liabilities		**102,276**	132,500
Net assets		**4,043,665**	4,035,239
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*10*	**717,019**	591,788
Reserves		**3,207,237**	3,311,035
		3,924,256	3,902,823
Non-controlling interests		**119,409**	132,416
Total equity		**4,043,665**	4,035,239

1. CORPORATE INFORMATION

WE Solutions Limited is a limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Units 301 and 302, Third Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

(b) Changes in accounting policies and disclosures

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK (IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements to HKFRSs 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and amendments to HKFRS 15, the adoption of the above new and revised HKFRSs has had no significant financial effect on the financial statements.

(a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 October 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 October 2018 is as follows:

	HKAS 39 measurement			HKFRS 9 measurement	
	Category	Amount	ECL	Amount	Category
		HK$'000	*HK$'000*	*HK$'000*	
Financial assets					
Loans receivable	L&R [1]	948,920	(129,965)	818,955	AC [2]
Accounts receivable	L&R	55,616	(2,924)	52,692	AC
Financial assets included in prepayments, deposits and other receivables	L&R	21,309	–	21,309	AC
Financial assets at fair value through profit or loss	FVPL [3]	784,035	–	784,035	FVPL (mandatory)
Cash and cash equivalents	L&R	326,221	–	326,221	AC
		2,136,101	(132,889)	2,003,212	
Other assets					
Deferred tax assets		–	3,417	3,417	
Financial liabilities					
Accounts payable	AC	112,413	–	112,413	AC
Financial liabilities included in other payables and accruals	AC	60,990	–	60,990	AC
Interest-bearing bank borrowings	AC	74,284	–	74,284	AC
		247,687	–	247,687	

1 L&R: Loans and receivables
2 AC: Financial assets or financial liabilities at amortised cost
3 FVPL: Financial assets at fair value through profit or loss

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9.

	Impairment allowances under HKAS 39 at 30 September 2018	**Re-measurement**	**ECL allowance under HKFRS 9 at 1 October 2018**
	HK$'000	*HK$'000*	*HK$'000*
Loans receivable	–	129,965	129,965
Accounts receivable	1,140	2,924	4,064
	1,140	132,889	134,029

Impact on accumulated losses

The impact of transition to HKFRS 9 on accumulated losses is as follows:

	Accumulated losses
	HK$'000
Balance as at 30 September 2018 under HKAS 39	(2,144,667)
Recognition of expected credit losses for loans receivable and accounts receivable under HKFRS 9	(132,889)
Deferred tax in relation to the above	3,417
Balance as at 1 October 2018 under HKFRS 9	(2,274,139)

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 October 2018.

Except for the reclassification of certain financial statement line items as set out below, the initial application of HKFRS 15 has had no impact on the financial performance of the Group. Hence, no cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of accumulated losses as at 1 October 2018. The comparative information was not restated and continues to be reported under HKAS 18 and related interpretations.

Consideration received from customers in advance

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as receipts in advance included in other payables and accruals. Under HKFRS 15, the amount is classified as contract liabilities which is included in other payables and accruals. Therefore, upon adoption of HKFRS 15, the Group reclassified HK$81,496,000 from receipts in advance to contract liabilities as at 1 October 2018 in relation to the consideration received from customers in advance as at 1 October 2018.

3. REVENUE

The Group's revenue is disaggregated as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of jewellery products and watches	**421,065**	603,525
Sales of electric vehicles and provision of engineering services	**4,214**	7,609
	425,279	611,134
Revenue from other sources		
Interest income from loan financing	**79,625**	71,609
Rental income from investment properties	**31,451**	34,280
	111,076	105,889
	536,355	717,023

4. LOSS BEFORE TAX

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories sold	**344,319**	477,899
Write-down of inventories to net realisable value	**40,835**	16,905
Impairment of goodwill	**199,257**	–
Reversal of impairment of accounts receivable	**(2,328)**	–
Impairment of loans receivable	**257,331**	–
Impairment/(reversal of impairment) of other intangible assets	**(14,350)**	3,718
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	**21,851**	(73,861)
Fair value losses/(gains) on investment properties, net	**71,690**	(2,063)

5. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current:		
Hong Kong		
Charge for the year	**4,132**	2,423
Overprovision in prior years	**–**	(10)
Elsewhere		
Charge for the year	**4,874**	2,619
Deferred	**(15,280)**	(3,802)
Total tax charge/(credit) for the year	**(6,274)**	1,230

6. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2018: Nil).

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 6,537,558,374 (2018: 5,859,064,849) in issue during the year.

The calculation of the diluted loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, adjusted for the effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate. The weighted average number of ordinary shares used in the calculation of the diluted loss per share amounts is the number of ordinary shares in issue during the year, as used in the basic loss per share calculation, as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

Loss

	2019	2018
	HK$'000	*HK$'000*
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(605,392)**	(94,096)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(25,829)**	(81,073)
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(631,221)**	(175,169)

Shares

	Number of shares	
	2019	2018
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**6,537,558,374**	5,859,064,849

8. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable	**33,722**	56,756
Impairment	**(850)**	(1,140)
	32,872	55,616

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance may be required. The credit period is generally one month, extending up to three months or more for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

An ageing analysis of the accounts receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**27,279**	43,801
31 to 60 days	**2,155**	5,626
61 to 90 days	**557**	2,321
Over 90 days	**2,881**	3,868
	32,872	55,616

9. ACCOUNTS PAYABLE

An ageing analysis of the accounts payable as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**29,349**	54,404
31 to 60 days	**35,667**	24,031
61 to 90 days	**18,382**	26,748
Over 90 days	**15,769**	7,230
	99,167	112,413

10. ISSUED CAPITAL

	2019	2018
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.10 each	**1,000,000**	1,000,000
Issued and fully paid:		
7,170,198,562 (2018: 5,917,885,386) ordinary shares of HK$0.10 each	**717,019**	591,788

A summary of movements in the Company's issued capital during the year is as follows:

	Number of ordinary shares in issue *'000*	**Issued capital** *HK$'000*
At 1 October 2018	5,917,886	591,788
Issue of shares *(notes (a), (b), (c) and (d))*	1,252,313	125,231
At 30 September 2019	7,170,199	717,019

Notes:

(a) On 31 October 2018, 137,360,000 ordinary shares of the Company of HK$0.1 each ("Shares") were allotted and issued at a subscription price of HK$0.91 per share to TOM Group Limited ("TOM") (Stock Code: 2383) in exchange for the subscription of 65,240,000 ordinary shares of TOM at a subscription price of HK$1.916 per share of TOM, with the difference in subscription considerations of approximately HK$2,000 being paid by the Group to TOM.

(b) On 19 December 2018, 332,601,176 Shares were allotted and issued at a subscription price of HK$0.51 per share to certain subscribers for a total cash consideration, before expenses, of approximately HK$169,627,000.

(c) On 15 May 2019, 400,000,000 Shares were allotted and issued at a subscription price of HK$0.51 per share to Great Dawn Investments Limited for a total cash consideration, before expenses, of HK$204,000,000.

(d) On 16 July 2019, 382,352,000 Shares were allotted and issued at a subscription price of HK$0.51 per share to Sino-Alliance International, Ltd for a total cash consideration, before expenses, of approximately HK$195,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The global automotive industry is experiencing changes at a rapid pace. Outsourcing has become a prominent trend in response to the technological disruptions constantly brought to the conventional automobile manufacturers. Strategic partnerships between automakers and technology solutions providers have been on the rise to take advantage of diversification and specialization of skills.

By leveraging external technological expertise which are unavailable in-house, outsourcing helps corporates to focus on their core business and functions to enhance efficiency and reduce production costs. An increasing number of automotive companies are now outsourcing various functions, including the design, research and development, prototyping, and manufacturing and assembly of cars to full-service vehicle suppliers ("FSV(s)"). With the niche manufacturing processes provided by various FSVs, automotive companies become able to produce good quality vehicles with economy of scale.

Asia, in particular the People's Republic of China (the "PRC"), presents immense potential for automotive outsourcing solutions. Currently, foreign companies in the automotive industry must partner with a Chinese entity to enter the China market. However, with the PRC government's recent announcement on the elimination of limitations in relation to foreign ownership, foreign automobile companies will soon be able to compete with local brands in the PRC directly. Therefore, we expect there will be a strong demand of outsourced automotive solutions from Chinese automotive companies, especially the small and midsize brands, in order for them to maintain competitiveness in the market.

Meanwhile, the development of electric vehicles ("EV(s)") continues to gain momentum, especially in the PRC as national policies promote reduction in fossil fuels consumption. Last year, global sales of EVs continued to experience strong growth in major markets including the PRC, Europe and North America. According to the International Energy Agency, the PRC remains the world's largest EV market in 2018 with approximately 56% of the global plug-in EV sales (including battery electric vehicles and plug-in hybrid electric vehicles) in the country. Sales volume of new energy vehicles ("NEV(s)") in the PRC reached 1.256 million units, representing an increase of approximately 61.7% year-on-year.

The above market developments meant tremendous opportunities and potential for the Group. Following our re-branding exercise, we aim to become the first-tier one-stop specialised solutions provider for future mobility worldwide.

BUSINESS REVIEW

Integrated Automotive Solutions

With the rapid development of the NEV industry both in the PRC and in global markets, the Group grasped the opportunity to realign its focus during the past years and has been in the process of shifting its business focus to NEV solutions and services, aiming to become a leading integrated automotive technology solutions provider.

During the Year and subsequent thereto, the Group went the extra mile to expand its business through a series of ground-breaking and innovative initiatives. A number of milestone investments and acquisitions as well as strategic business partnerships were made to further develop its comprehensive NEV value chain strategy. By integrating advanced mobility technologies across the globe, it strives to strengthen its position as a leading full-service automotive solution provider in the industry.

Strategic Partnership with Agile Group

On 8 May 2019, the Group and Agile Property Land Co., Ltd. ("Agile Property"), an indirect wholly-owned subsidiary of Agile Group Holdings Limited (a company listed on the main board of the Stock Exchange with stock code: 3383, "Agile Group"), entered into a non-legally binding cooperation framework agreement, pursuant to which the Company and Agile Property are expected to jointly promote the development of industrial zones for NEV-related technology in the PRC. Leveraging on the Group's expertise on the NEV-related supply chain as well as Agile Property's network and experience in the property market in the PRC, the parties expect to utilize their expertise and resources to support the full implementation of the underlying projects.

Further details in relation to, among other things, the above proposed cooperation are set out in the announcement of the Company dated 8 May 2019.

Proposed Acquisition of 86.06% of Apollo, an European Hypercar Brand and Manufacturer

On 16 May 2019 and 15 August 2019, the Group entered into a sale and purchase agreement and a supplemental agreement respectively with Ideal Team Ventures Limited ("Ideal Team"), pursuant to which the Group conditionally agreed to purchase and Ideal Team conditionally agreed to sell 86.06% of the total issued share capital of Sino Partner Global Limited ("Apollo"), which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide ("Project Apollo"). Project Apollo provides an opportunity for the Group to strengthen its strategy in becoming a world leading automotive technology and solutions provider in the NEV industry, and to create substantial synergies with the Group's other investments in the future mobility business.

The completion of Project Apollo is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving Project Apollo and the specific mandate for the issue of Shares in the share capital of the Company (as part of the consideration) at an extraordinary general meeting of the Company (the "EGM"). Further details in relation to, among other things, Project Apollo are set out in the announcements of the Company dated 16 May 2019 and 15 August 2019.

Proposed Acquisition of 100% of Ideenion, a Leading German Automotive Solutions Provider

On 31 October 2019, the Group entered into a sale and purchase agreement with three independent third parties (the "Vendors"), pursuant to which the Group conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Ideenion Automobil AG ("Ideenion"), which is principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs ("Project Ideenion"). With the advanced design and engineering expertise, Project Ideenion will further enhance the Group's ability to provide high-end technological solutions to the customers. Project Ideenion is in line with the Group's business strategy of expanding its NEV solutions and services and becoming a world leading full solutions provider.

The completion of Project Ideenion is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving Project Ideenion and the specific mandate for the issue of Shares (as part of the consideration) at the EGM. Further details in relation to, among other things, Project Ideenion are set out in the announcements of the Company dated 31 October 2019 and 12 December 2019.

Formation of a Joint Venture with Jinpeng

On 12 November, 2019, Jiangsu Jemmell New Energy Automobile Company Limited ("Jemmell", a related company of Jiangsu Jinpeng Group Company Limited ("Jinpeng")), GLM Co., Ltd. ("GLM"), a subsidiary of the Company, and the Company entered into an agreement pursuant to which the parties agreed to form a joint venture company (the "JV") in the PRC to engage primarily in the design, research and development, and production of NEVs and related automobile parts (the "JV Agreement"). The JV will be owned by Jemmell, GLM and the Company as to approximately 57%, approximately 29% and approximately 14%, respectively.

Jinpeng is one of the largest EV tricycle manufacturers in the PRC with well-established supply chains and distribution channels. Combining with GLM's brand and research capability, the JV will produce EVs targeting the young generation to meet the market demands in the PRC, Japan, and Southeast Asian countries. Further details in relation to, among other things, the formation of the JV are set out in the announcement of the Company dated 12 November 2019.

Other Business Segments

During the Year, the Group experienced lackluster performance in its other business segments including retailing of jewellery and watches, money lending and property investment, which was mainly attributable to the deteriorated retail market conditions. In view of the uncertain and pessimistic outlook, the Group will look to scale down these businesses going forward.

PROSPECTS AND OUTLOOK

Since the late 1990s, major European automobile companies have leapt ahead of manufacturers in the PRC and Southeast Asia, which are still embracing on the asset-heavy model, by outsourcing the design, development and manufacturing process of certain product models. As the PRC is expected to open up the automobile market to foreign automobile companies in the future while labour cost continues to rise in recent years, the Group expects that the small and medium automobile brands in the PRC and Asia will have strong demand in the advanced craftmanship and technology from overseas and outsourcing will become the key for the manufacturers in the PRC and Asia to maintain their competitiveness.

Recognizing the huge opportunities in the future mobility industry, the Group strives to create a one-stop platform for the automotive industry through a series of acquisitions and partnerships. With the successful strategic initiatives backed by our strong shareholder base, the Group will gradually transform into a leading full mobility solutions provider.

In 2020, the Group plans to rebrand itself as "Apollo Future Mobility Group" to align with its strategic position. Following the completion of the milestone investments, the factors affecting the Group's financial performance in the past are expected to subside. The Group is confident that the new acquisitions and strategic initiatives will bring positive contribution and it will continue to explore potential business partnerships and opportunities to fulfil its comprehensive mobility strategy in the future.

FINANCIAL REVIEW

During the Year, the revenue of the Group decreased by approximately 25.2% year-on-year to approximately HK$536.4 million as compared to approximately HK$717.0 million in last year. The revenue comprised of sales of jewellery products and watches of approximately HK$421.1 million (2018: HK$603.5 million), interest income from loan financing of approximately HK$79.6 million (2018: HK$71.6 million), rental income from investment properties of approximately HK$31.5 million (2018: HK$34.3 million) and sales of EVs and provision of engineering services of approximately HK$4.2 million (2018: HK$7.6 million). During the Year, the Group experienced a decrease in sales from the jewellery products and watches segment due to deterioration in the retail market conditions.

The Group's gross profit amounted to approximately HK$142.6 million for the Year as compared to approximately HK$215.0 million in last year. The gross profit margin decreased to approximately 26.6% (2018: 30.0%). The decrease was mainly attributable to the decrease in margin from sales of jewellery products and watches.

Other income and gains, net decreased to approximately HK$21.2 million for the Year (2018: HK$86.9 million). The decrease was mainly attributable to the fair value gains on financial assets at fair value through profit or loss, net amounting to approximately HK$73.9 million in the prior year.

General and administrative expenses decreased by approximately 33.8% to approximately HK$166.7 million for the Year (2018: HK$252.0 million), as less share-based payment expense was recorded.

Research and development costs decreased to approximately HK$21.2 million for the Year (2018: HK$87.8 million) as the Group strategically re-allocated resources to more promising projects during the Year.

Other expenses, net increased to approximately HK$542.7 million for the Year (2018: HK$26.0 million) mainly due to (i) impairment of loans receivable of approximately HK$257.3 million as the market conditions in the PRC remained extremely challenging; (ii) changes in fair value of investment properties, net as the property market in the PRC has been softening of approximately HK$71.7 million; (iii) changes in fair value of financial assets at fair value through profit or loss, net of approximately HK$21.9 million; and (iv) impairment of goodwill of approximately HK$199.3 million.

As a result of the foregoing, the Group's loss for the Year increased from approximately HK$110.3 million in last year to approximately HK$619.3 million for the Year.

Material Investments Held

Investment in EV Power

EV Power Holding Limited and its subsidiaries ("EV Power") are principally engaged in the provision of EV charging solutions and standards in Hong Kong and the PRC. The investment in EV Power represents an opportunity to contribute to sustainable growth for the Group and to continue its business strategy of becoming a leading investor in the EV industry in the PRC. As at 30 September 2019, the Group holds an aggregate of approximately 38.08% interest in EV Power amounting to approximately HK$499.9 million which comprised of interest in an associate of approximately HK$13.7 million and financial assets at fair value through profit or loss of approximately HK$486.2 million.

Investment in Divergent

Divergent Technologies, Inc. ("Divergent") is a company based in the United States of America which uses three-dimentional ("3D") metal printing technology through its patented hardware and software platform to conduct research, design, development and production of 3D printed vehicle structures. The Group believes that the investment in Divergent will create synergies with the Group's other automotive related businesses. As at 30 September 2019, the Group holds approximately 29.98% interest in Divergent, amounting to approximately HK$560.3 million.

Liquidity, Financial Resources and Gearing

As at 30 September 2019, the cash and cash equivalents of the Group amounted to approximately HK$447.6 million (2018: HK$326.2 million), which were mainly denominated in HK$, Renminbi ("RMB") and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,190.4 million and HK$407.4 million, respectively (2018: current assets of HK$1,587.5 million and current liabilities of HK$330.1 million). The net current assets comprised of inventories of approximately HK$214.8 million (2018: HK$221.0 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$52.3 million (2018: HK$89.4 million), loans receivable of approximately HK$473.8 million (2018: HK$946.9 million) and financial assets at fair value through profit or loss of approximately HK$2.0 million (2018: HK$3.5 million).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods for the year were 202 days, 30 days and 98 days, respectively. Overall, the turnover periods were consistent and in line with the respective policies of the Group on credit terms granted to customers and credit terms obtained from suppliers.

During the Year, the Group financed its operations and investment activities through a combination of (i) equity financing; (ii) operating cashflow; and (iii) interest-bearing borrowings. As at 30 September 2019, equity attributable to owners of the Company amounted to approximately HK$3,924.3 million (2018: HK$3,902.8 million).

The Group's total interest-bearing bank borrowings as at 30 September 2019 amounted to approximately HK$126.5 million (2018: HK$74.3 million) were mainly in RMB and Japanese Yen. The interest-bearing bank borrowings were mainly used for working capital purpose and all of which are at commercial lending variable interest rates. The maturity profile is spread over a period, with approximately HK$104.7 million repayable within one year and approximately HK$21.8 million repayable after one year.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2019, the gearing ratio was approximately 3.1% (2018: 1.8%). This ratio is calculated as total debts divided by total equity.

Contingent Liabilities

At the end of the reporting period, the Group had contingent liabilities not provided for in the financial statements in respect of certain corporate guarantees given by a subsidiary of the Company (the "Subsidiary") to certain property purchasers who purchased properties from a former investee of the Subsidiary to the extent of HK$53.3 million in connection with certain property transactions and other arrangements of the former investee in prior years.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 September 2019.

Pledge of Assets

As at 30 September 2019, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$50.6 million were pledged to secure long term bank loan with a principal amount of approximately HK$21.8 million.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2018: Nil).

Capital Management

The Group's objectives when managing capital are to ensure that members of the Group will be able to continue as a going concern while maximizing the return to shareholders of the Company through the optimization of its debt and equity balance. The Group manages the amount of capital in proportion to risk, and makes adjustments to its overall capital structure through the payment of dividend, new share issues as well as the issue of new debts or the repayment of existing debts.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK$, RMB and Japanese Yen. The Group was exposed to certain foreign currency exchange risks but it does not anticipate future currency fluctuations to cause material operational difficulties or liquidity problems. However, the Group continuously monitors its foreign exchange position and, when necessary, will hedge foreign exchange exposure arising from contractual commitments in sourcing products from overseas suppliers.

Events After the Reporting Period

(a) On 31 October 2019, the Group entered into a sale and purchase agreement with the Vendors, pursuant to which the Group conditionally agreed to purchase and the Vendors conditionally agreed to sell the entire issued share capital of Ideenion, which is principally engaged in the design, development and prototyping of internal combustion engine vehicles and NEVs.

The aggregate consideration for Project Ideenion of up to approximately EUR36,000,000 comprises (i) an initial cash consideration of EUR15,000,000 (which will be funded by the Group's internal resources); and (ii) depending on the financial performance of Ideenion and its subsidiaries for the three years ending 30 June 2022, up to a further cash consideration of EUR4,200,000 (which will be funded by the Group's internal resources) and 281,080,000 Shares to be issued and allotted to the Vendors.

The completion of Project Ideenion is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving Project Ideenion and the specific mandate for the issue of Shares (as part of the consideration) at the EGM. Further details in relation to, among other things, Project Ideenion are set out in the announcements of the Company dated 31 October 2019 and 12 December 2019.

(b) On 12 November 2019, Jemmell, GLM and the Company entered into JV Agreement pursuant to which the parties agreed to form the JV in the PRC to engage primarily in the design, research and development, and production of NEVs and related automobile parts. The JV will be owned by Jemmell, GLM and the Company as to approximately 57%, approximately 29% and approximately 14%, respectively.

Under the JV Agreement, each of Jemmell, GLM and the Company will contribute (in cash or in kind) RMB400,000,000, RMB200,000,000 and RMB100,000,000 respectively. Further details in relation to, among other things, the formation of the JV are set out in the announcement of the Company dated 12 November 2019.

Material Acquisitions or Disposals

(a) On 29 May 2019, 深圳市琪晶達貿易有限公司 (Shenzhen Qijingda Trading Co., Ltd.) (the "Seller"), an indirect wholly-owned subsidiary of the Company, and Mount Noble Limited (the "Buyer") entered into an agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire the entire issued share capital of Shenzhen Qijingda Trading (HK) Company Limited ("Qijingda HK"), at a cash consideration of HK$11,000,000 (the "Disposal").

The completion of the Disposal took place on 29 May 2019. Upon completion, the Company ceased to hold any interest in Qijingda HK and Qijingda HK ceased to be a subsidiary of the Company. Further details of the Disposal are set out in the announcement of the Company dated 29 May 2019.

(b) On 16 May 2019 and 15 August 2019, the Group entered into a sale and purchase agreement and a supplemental agreement respectively with Ideal Team, pursuant to which the Group conditionally agreed to purchase and Ideal Team conditionally agreed to sell 86.06% of the total issued share capital of Apollo, which is principally engaged in the design, development, manufacturing and sales of high performance hypercars under the brand "Apollo" worldwide.

The aggregate consideration for Project Apollo of up to approximately HK$1,032,720,000 comprises a cash consideration of HK$172,000,000 (which will be funded by the Group's internal resources) and, depending on the financial performance of Apollo and its subsidiaries for the three years ending 31 December 2021, up to 1,655,232,000 Shares to be issued and allotted to Ideal Team.

The completion of Project Apollo is conditional upon fulfilment of several conditions, including, among other things, the shareholders of the Company approving Project Apollo and the specific mandate for the issue of Shares in the share capital of the Company (as part of the consideration) at the EGM. Further details in relation to, among other things, the Project Apollo are set out in the announcements of the Company dated 16 May 2019 and 15 August 2019.

Save as disclosed above and in this announcement, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the Year.

Issue of Listed Securities of the Company and Use of Proceeds

A summary of the issue of listed securities by the Company during the Year and the relevant use of proceeds is set out below:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Date of completion	Actual use of proceeds
12 October 2018	Issue of 137,360,000 Shares under a general mandate	Approximately HK$125 million	The Company intended to use the net proceeds to set off against the consideration for the subscription by the Company of 65,240,000 ordinary shares of HK$0.10 each in the share capital of TOM	31 October 2018	Fully utilized as intended
7 December 2018	Issue of 332,601,176 Shares under a general mandate	Approximately HK$169 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK$152 million, would be used for future potential acquisition or investment in EV-related businesses or technologies; and (2) approximately 10%, representing approximately HK$17 million, would be used for general working capital	19 December 2018	Fully utilized as intended

Date of announcement	Event	Net proceeds	Intended use of proceeds	Date of completion	Actual use of proceeds
8 May 2019	Issue of 400,000,000 Shares under a general mandate	Approximately HK$203 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK$183 million, would be used for the proposed cooperation between the Company and Agile Property for the production, research and development of NEV-related technology and products in the PRC; and (2) approximately 10%, representing approximately HK$20 million, would be used for general working capital	15 May 2019	(1) None has been utilized for the proposed cooperation between the Company and Agile Property for the production, research and development of NEV-related technology and products in the PRC; and (2) approximately 10% had been utilized for general working capital
8 July 2019	Issue of 382,352,000 Shares under a general mandate	Approximately HK$194 million	The Company intended to use the net proceeds for the following purposes: (1) approximately 90%, representing approximately HK$175 million, would be used for future potential acquisition or investment in NEV-related businesses or technologies; and (2) approximately 10%, representing approximately HK$19 million, would be used for general working capital	16 July 2019	(1) Approximately 58% had been utilized for investment in NEV-related businesses or technologies; and (2) approximately 10% had been utilized for general working capital

Save as disclosed above, there was no other issue of listed securities of the Company during the Year.

Employees and Remuneration Policies

As at 30 September 2019, the Group had 221 (2018: 240) employees. In addition to basic salary, employees are entitled to other benefits including those under social insurance contribution, employee provident fund schemes and share option scheme of the Company. The remuneration of employees was in line with market trend and commensurate to the levels of pay in the industry and to the performance of individual employees that are regularly reviewed each year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no other specific plan for material investments or capital assets as at 30 September 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

During the Year, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules regarding securities transactions by the Directors. Following specific enquiry by the Company, all Directors confirmed that they have fully complied with the Model Code during the Year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Code.

As at the date of this announcement, the Audit Committee consists of the following members, all being independent non-executive Directors:

Mr. Teoh Chun Ming *(Chairman)*

Mr. Tam Ping Kuen, Daniel

Mr. Peter Edward Jackson

Mr. Charles Matthew Pecot III

The primary responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Company's financial controls, internal control and risk management systems, to review and monitor the effectiveness of the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee has reviewed and discussed the annual results and the financial statements for the Year.

SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's auditors, Ernst & Young, certified public accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Ernst & Young 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 Ernst & Young on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2019 annual report of the Company will be published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.wesolutions.com.hk) and despatched to shareholders of the Company in due course.

APPRECIATION

On behalf of all members of the Board, I would like to express my sincere appreciation to all shareholders and staff members for their dedication and commitment over the Year as well as my heartfelt gratitude to our customers and business partners for their enduring support.

On behalf of the Board
WE Solutions Limited
Ho King Fung, Eric
Chairman

Hong Kong, 23 December 2019

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho King Fung, Eric (Chairman) and Mr. Sung Kin Man; one non-executive Director, namely Mr. Zhang Jinbing (Co-Chairman); and four independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming, Mr. Peter Edward Jackson and Mr. Charles Matthew Pecot III.