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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 2018

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 2018 (the "Year"), together with the comparative figures for the year ended 30 September 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated) (Note 3)
REVENUE	4	**717,023**	545,533
Cost of sales		**(502,055)**	(321,869)
Gross profit		**214,968**	223,664
Other income and gains, net	4	**86,906**	64,791
Selling and distribution expenses		**(36,334)**	(46,136)
General and administrative expenses		**(251,965)**	(120,327)
Research and development costs		**(87,800)**	–
Other expenses, net		**(25,994)**	(819,929)
Finance costs		**(5,585)**	(4,118)
Share of losses of associates		**(3,303)**	(225)
LOSS BEFORE TAX	5	**(109,107)**	(702,280)
Income tax expense	6	**(1,230)**	(3,065)
LOSS FOR THE YEAR		**(110,337)**	(705,345)
Attributable to:			
Owners of the Company		**(94,096)**	(700,128)
Non-controlling interests		**(16,241)**	(5,217)
		(110,337)	(705,345)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic		**HK1.61 cents**	HK21.69 cents
Diluted		**HK2.99 cents**	HK21.69 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 September 2018

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
		(Note 3)
LOSS FOR THE YEAR	**(110,337)**	(705,345)
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(12,586)**	5,206
Reclassification adjustment for foreign operations disposed of during the year	**(41)**	(17,782)
	(12,627)	(12,576)
Share of other comprehensive loss of an associate	**(830)**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(13,457)**	(12,576)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(123,794)**	(717,921)
Attributable to:		
Owners of the Company	**(105,926)**	(715,417)
Non-controlling interests	**(17,868)**	(2,504)
	(123,794)	(717,921)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated) (Note 3)
NON-CURRENT ASSETS			
Property, plant and equipment		**72,151**	63,243
Investment properties		**441,377**	452,822
Goodwill		**1,485,093**	1,481,225
Other intangible assets		**39,471**	64,844
Interests in associates		**25,884**	5,863
Financial assets at fair value through profit or loss		**780,488**	–
Loans receivable		**2,049**	387,097
Deposits		**63,817**	62,613
Total non-current assets		**2,910,330**	2,517,707
CURRENT ASSETS			
Inventories		**220,973**	334,941
Accounts receivable	9	**55,616**	97,612
Loans receivable		**946,871**	270,267
Prepayments, deposits and other receivables		**33,813**	35,578
Contingent consideration receivable		**–**	1
Financial assets at fair value through profit or loss		**3,547**	25,362
Tax recoverable		**445**	–
Cash and cash equivalents		**326,221**	302,094
		1,587,486	1,065,855
Assets associated with a disposal group classified as held for sale		**–**	1,300,351
Total current assets		**1,587,486**	2,366,206

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At 30 September 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated) (Note 3)
CURRENT LIABILITIES			
Accounts payable	*10*	**112,413**	66,250
Other payables and accruals		**177,093**	168,783
Interest-bearing bank borrowings		**39,846**	105,800
Tax payable		**725**	7,956
		330,077	348,789
Liabilities associated with a disposal group classified as held for sale		**–**	66
Total current liabilities		**330,077**	348,855
NET CURRENT ASSETS		**1,257,409**	2,017,351
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,167,739**	4,535,058
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**34,438**	34,336
Deferred tax liabilities		**98,062**	104,958
Total non-current liabilities		**132,500**	139,294
Net assets		**4,035,239**	4,395,764
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*11*	**591,788**	566,194
Reserves		**3,311,035**	2,983,324
		3,902,823	3,549,518
Non-controlling interests		**132,416**	846,246
Total equity		**4,035,239**	4,395,764

1. CORPORATE INFORMATION

WE Solutions Limited (the "Company") 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 located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business 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, financial assets at fair value through profit or loss and contingent consideration receivable, which have been measured at fair value. Assets of a disposal group held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. 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 revised HKFRSs for the first time for the current year's financial statements.

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

3. PRIOR YEAR ADJUSTMENTS

During the finalisation of the consolidated financial statements of the Group for the year ended 30 September 2018, management has reassessed the relevant facts and circumstances and the appropriate accounting treatments of certain transactions entered into by the Group in the prior period and considered that certain prior period adjustments should be made to correct the prior period errors as described below.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated as further detailed below and elsewhere in the financial statements.

As these prior year adjustments did not have any impact on the financial position of the Group as at 1 October 2016, an opening statement of financial position of the Group as at 1 October 2016 is not presented.

(i) Fair value measurement of consideration shares issued for the acquisition of certain equity interests in GLM Co. Ltd. ("GLM")

On 7 July 2017, the Company entered into certain sale and purchase agreements (the "GLM SPAs") with several independent third parties (the "vendors") to acquire 85.5% of the issued share capital and all the outstanding stock options of GLM (the "GLM Acquisition"). The GLM Acquisition was completed on 29 September 2017.

The consideration for the GLM Acquisition was settled through the allotment and issue of an aggregate of 670,918,575 ordinary shares of the Company credited as fully paid (the "GLM Consideration Shares") and the payment in cash totalling approximately JPY4,952,208,000 (equivalent to approximately HK$346,825,000) to the respective vendors.

As disclosed in the consolidated financial statements of the Group for the year ended 30 September 2017, the fair value of the GLM Consideration Shares of approximately HK$964,202,000 was previously determined by reference to the published closing price of the Company's ordinary shares of HK$1.67 per share at the acquisition date and the Lock-up Restriction (as defined below) of the GLM Consideration Shares issued to the vendors.

Pursuant to the GLM SPAs, during their respective lock-up period, each of the vendors undertook in favour of the Company that it shall be subject to certain restrictions in respect of the GLM Consideration Shares including, inter alia, the sale, transfer or disposal of any GLM Consideration Shares, unless with the prior written consent of the Company (the "Lock-up Restriction").

Based on a reassessment by management in the current year, when measuring the fair value of the GLM Consideration Shares, in accordance with HKFRS 13 *Fair Value Measurement*, the quoted market price in an active market held by another party as an asset should be used, if that price is available. When any factors specific to the asset that are not applicable to the fair value measurement of the equity instruments are present, an entity may adjust the quoted price but such adjustment shall not reflect the effect of a restriction preventing the sale of that asset. Furthermore, the Lock-up Restriction was included as part of the terms and conditions of the GLM SPAs and imposed through the GLM SPAs on the respective vendors, and applied only to those parties that entered into the GLM SPAs. Management considers that, instead of being an attribute of the GLM Consideration Shares, the Lock-up Restriction represents an entity-specific restriction attributable to the respective vendors and, therefore, should not be considered and included as a separate input or an adjustment to other inputs in the fair value measurement of the GLM Consideration Shares.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated to reflect the exclusion of any input or any adjustment thereof in the fair value measurement of the GLM Consideration Shares in respect of the Lock-up Restriction.

The effects of these prior year adjustments are summarised below.

Consolidated statement of financial position of the Group at 30 September 2017

	HK$'000
Increase in goodwill	156,232
Increase in non-current assets, total assets less current liabilities and net assets	156,232
Increase in share premium	156,232
Increase in reserves and total equity	156,232

(ii) Unidentifiable goods and services received in connection with certain share-based payments

On 16 May 2016, the Group entered into a conditional sale and purchase agreement, as subsequently revised by several supplementary agreements, with a connected party, which was related to a then key management personnel of the Group, (the "Seller") to acquire 60% equity interest in Power Boom International Limited (the "Power Boom Acquisition"). In connection with the Power Boom Acquisition, the Company issued and allotted 1,960,000,000 ordinary shares of the Company credited as fully paid to the Seller (the "Power Boom Consideration Shares" or the "Share-based Payment"). The directors of the Company were of the opinion that the Power Boom Acquisition was in substance a purchase of assets and assumption of liabilities.

The Power Boom Consideration Shares issued were previously measured by reference to the fair value of the identifiable net assets acquired at the completion date of the Power Boom Acquisition, which was less than the fair value of those shares if measured based on the quoted market price of those shares.

Based on a reassessment by management in the current year, given the fair value of the identifiable net assets acquired under the Power Boom Acquisition was less than the fair value of the Power Boom Consideration Shares issued, it is considered that under HKFRS 2 *Share-based Payment* other consideration (i.e., unidentifiable goods or services) had been received by the Group in connection with the Share-based Payment. Therefore, the Group should measure the unidentifiable goods or services received (or to be received) as the difference between the fair value of the Share-based Payment and the fair value of the identifiable net assets acquired in accordance with HKFRS 2 *Share-based Payment*.

Accordingly, certain prior year adjustments have been made and certain comparative information has been restated to reflect the unidentifiable goods or services received in connection with the Share-based Payment in accordance with HKFRS 2.

The effects of these prior year adjustments are summarised below.

Consolidated statement of profit or loss of the Group for the year ended 30 September 2017

	HK$'000
Increase in other expenses, net	610,020
Increase in loss before tax and loss for the year	610,020
Increase in loss for the year attributable to owners of the Company	610,020
Increase in basic and diluted loss per share attributable to ordinary equity holders of the Company	HK18.90 cents

Consolidated statement of comprehensive income of the Group for the year ended 30 September 2017

	HK$'000
Increase in loss for the year and total comprehensive loss for the year attributable to owners of the Company	610,020

Consolidated statement of financial position of the Group at 30 September 2017

	HK$'000
Increase in share premium	610,020
Increase in accumulated losses*	(610,020)
Increase in reserves and total equity	–

* Arising from an increase in total comprehensive loss of the Group for the year ended 30 September 2017.

4. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents (i) the net invoiced value of goods sold, after allowances for returns and trade discounts, from sales of jewellery products and watches; (ii) the value of engineering services rendered and sales of electric vehicles; (iii) interest income from loan financing; (iv) rental income from investment properties; and (v) dividend income from listed equity investments.

An analysis of revenue, other income and gains, net is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Sales of jewellery products and watches	**603,525**	441,757
Sales of electric vehicles	**919**	–
Provision of engineering services	**6,690**	–
Interest income from loan financing	**71,609**	62,178
Rental income from investment properties	**34,280**	30,308
Dividend income from listed equity investments	**–**	11,290
	717,023	545,533
Other income		
Bank interest income	**940**	556
Marketing subsidies	**4,573**	758
Repair and maintenance income	**1,037**	2,920
Others	**2,911**	1,960
	9,461	6,194

	2018	2017
	HK$'000	*HK$'000*
Gains, net		
Gain on disposal of subsidiaries, net	**1,521**	18,655
Fair value gains on financial assets at fair value through profit or loss, net	**73,861**	–
Fair value gains on investment properties	**2,063**	39,942
	77,445	58,597
	86,906	64,791

5. LOSS BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold	**477,899**	307,638
Write-down of inventories to net realisable value	**16,905**	7,807
Impairment of goodwill	**–**	86,806
Impairment of other intangible assets	**3,718**	47,066
Impairment of other receivables	**–**	6,307
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	**(73,861)**	17,635
Changes in fair value of contingent consideration receivable	**1**	39,177
Other equity-settled share-based payment expense	**–**	610,020

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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.

	2018	2017
	HK$'000	*HK$'000*
Current:		
Hong Kong		
Charge for the year	**2,423**	1,801
Overprovision in prior years	**(10)**	(5)
Elsewhere		
Charge for the year	**2,619**	5,802
Underprovision in prior years	**–**	19
Deferred	**(3,802)**	(4,552)
Total tax charge for the year	**1,230**	3,065

7. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year (2017: Nil).

8. 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 5,859,064,849 (2017: 3,228,589,000) 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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Loss attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(94,096)**	(700,128)
Effect of dilutive potential ordinary shares arising from adjustment to the share of loss of an associate	**(81,073)**	–
Loss attributable to ordinary equity holders of the Company, used in the diluted loss per share calculation	**(175,169)**	(700,128)

Shares

	Number of shares	
	2018	2017
Weighted average number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	**5,859,064,849**	3,228,589,000

9. ACCOUNTS RECEIVABLE

	2018	2017
	HK$'000	*HK$'000*
Accounts receivable	**56,756**	98,327
Impairment	**(1,140)**	(715)
	55,616	97,612

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 provision, is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**43,801**	45,669
31 to 60 days	**5,626**	21,321
61 to 90 days	**2,321**	294
Over 90 days	**3,868**	30,328
	55,616	97,612

10. 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:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**54,404**	57,361
31 to 60 days	**24,031**	7,078
61 to 90 days	**26,748**	345
Over 90 days	**7,230**	1,466
	112,413	66,250

11. ISSUED CAPITAL

	2018	2017
	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:		
5,917,885,386 (2017: 5,661,941,386) ordinary shares of HK$0.10 each	**591,788**	566,194

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

	Number of ordinary shares in issue *'000*	Issued capital *HK$'000*
At 1 October 2017	5,661,942	566,194
Issue of shares *(note (a))*	250,904	25,090
Share options exercised *(note (b))*	5,040	504
At 30 September 2018	5,917,886	591,788

Notes:

(a) On 19 December 2017, 250,904,000 ordinary shares of the Company of HK$0.1 each were allotted and issued at a subscription price of HK$1.50 per share to certain subscribers for a total cash consideration, before expenses, of HK$376,356,000.

(b) The subscription rights attaching to 5,040,000 share options of the Company were exercised at the subscription price of HK$0.65 per share, resulting in the issue of 5,040,000 shares of the Company for a total cash consideration, before expenses, of HK$3,276,000. An amount of HK$1,981,000 was transferred from the share option reserve to share premium account upon the exercise of the share options.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

For the Year, the global sales of electric vehicles (“EV(s)”) experienced a strong growth, with EV sales as a percentage of total vehicle sales increased in major markets such as the People’s Republic of China (the “PRC”), Europe and North America. From January to September 2018, the sales volume of New Energy Vehicles (“NEV(s)”) in the PRC reached 721,500 units, representing an increase of 81% year-on-year. According to the International Energy Agency, more than half of the global sales of EVs in 2017 were in the PRC, being the largest EV market in the world. Bloomberg New Energy Finance estimates that the global annual EV sales (in units) will increase from approximately 1.1 million in 2017 to approximately 11 million in 2025, and further increase to approximately 30 million in 2030, while Mainland China will maintain its share of the global EV sales at almost 50% from now to 2025 and continue to lead the global EV transition. These indicate huge room for further growth in both global and the Chinese EV markets.

The rapidly growing EV ownership underpins huge growth potential of charging facilities in the PRC. According to data from the China Electric Vehicle Charging Infrastructure Promotion Alliance, as of September 2018, there were 284,652 public chargers and 383,261 private chargers in the PRC. In the next two years, the construction of charging piles will continue to accelerate to support the development of NEVs in the fields of both public transport, logistics operators and private car owners. Despite the rising number of charging piles in the PRC, the growth of charging piles is still lagging behind that of NEVs. As of the end of 2017, the ratio of the number of EVs to the number of public charging piles in the PRC was approximately 8:1, implying a huge gap of unmet demand. Charging facilities in the PRC have been increasing steadily, and the growth is expected to accelerate with PRC government’s support. The “EV charging infrastructure development guidelines (2015–2020)” released by the PRC government states that the country aims to build approximately 12,000 centralized charging stations and approximately 4.8 million decentralized charging piles before 2020.

The steady development of the industry and the national policy support in the PRC have laid a solid foundation for the Group’s development in the EV market.

BUSINESS REVIEW

The Group has entered the fast-growing EV industry since 2017 and has expanded its business through a series of forward-looking and important initiatives. The Group has also strengthened its shareholder base, integrated resources at home and abroad, and strived to consolidate its position within the industry. During the Year, the Group became more prepared in various aspects in the EV market. In order to reflect the Group's business diversification and expansion, the Company has changed its English name from "O Luxe Holdings Limited" to "WE Solutions Limited" and adopted the Chinese name "力世紀有限公司" as the dual foreign name of the Company to replace the Chinese name "奧立仕控股有限公司" with effect from 28 February 2018.

During the Year, the Group completed a number of milestone investments and acquisitions and explored potential business partnerships to further progress its comprehensive EV value chain strategy.

Investment in Divergent

In December 2017, the Group made investments into Divergent Technologies, Inc. ("Divergent") by an acquisition of the convertible note issued by Divergent and subscription of preferred shares of Divergent. Divergent is a company based in the United States of America which uses three-dimensional ("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 have synergies with the previous acquisition of GLM Co., Ltd. ("GLM") which principally operates in Japan with a primary focus on delivering EVs powertrain technology (i.e. motor, battery packs and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers, resulting in new business opportunities. As at the date of this announcement, the Group holds approximately 30% interest in the entire issued share capital of Divergent.

Investment in EV Power

In March, April and August 2018, the Group acquired 9,019,918 ordinary shares and 81,700,524 preferred shares ("EV Power Preferred Shares") of EV Power Holding Limited ("EV Power"), in aggregate. EV Power and its subsidiaries 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 Chinese EV industry. The investment in EV Power has the potential to create substantial synergies with the Company's EV manufacturing and engineering service provided by GLM and the Company's access to the 3D-printing platform of Divergent. In October 2018, the Group completed the second closing of the subscription of EV Power Preferred Shares under the allotment agreement with, among others, EV Power dated 9 March 2018, pursuant to which the Group had further acquired 47,145,400 EV Power Preferred Shares subsequent to the end of the reporting period. As at the date of this announcement, the Group holds approximately 35.79% interest in the issued share capital of EV Power.

Other cooperation opportunities

In May 2018, the Group entered into a joint venture agreement with Shanghai Alliance Investment Ltd. (上海聯和投資有限公司) ("SAIL") to set up a joint venture company in Shanghai, the PRC to engage primarily in the design, development and assembling of EVs for taxis, online hailing services and other related business-to-business services. The joint venture company is expected to build a production line with a production capacity of not less than 10,000 EVs per annum, using 3D printing technologies. According to the joint venture agreement, the Group and SAIL shall each contribute US$5 million to the joint venture company. As subsequently agreed by the Group and SAIL, no capital contribution was made during the Year. Subsequent to the Year, the Group and SAIL each contributed US$250,000 to the joint venture company and each had a remaining capital commitment of US$4.75 million to the joint venture company as at the date of this announcement.

In September 2018, the Group entered into a memorandum of understanding with a state-owned enterprise to establish a joint venture company to engage in the business of recycling EV batteries in the PRC, including but not limited to repurposing of used EV batteries for second-life applications and full recycling of retired EV batteries. The joint venture company is expected to build several recycling plants in areas close to the PRC where EV penetration is high. The Group believes that this initiative will help customers solve their problems in dealing with scrapped EV batteries. It is another major initiative of the Group to establish a comprehensive EV value chain and will further consolidate its position in the industry.

PROSPECTS AND OUTLOOK

After more than a year of acquisitions and various strategic initiatives, the Board believes the Group has successfully diversified into providing EV solutions and services. The Group has been benefitting from the steady development of the economy in the PRC, the gradual increase of public awareness of environmental protection, as well as the growing demand for EV, and we aim at making more contributions to the EV industry and to environmental protection in the future.

The Group believes that its domestic and overseas investments as well as acquisitions will have significant synergies and complementary effect with each other. For example, the Group can adopt 3D metal printing technologies in the new generation of EV as well as engineering services.

NEV industry in the PRC, which is well supported by the PRC government and encouraged by rising environmental awareness, is having a promising development outlook. The Group has strong support from the shareholders of the Company and is backed by numerous commercial investments. By leveraging the rising trend of NEV in the PRC, the Group strives to continuously seek opportunities to build a comprehensive EV value chain and to become a world leading integrated EV technology solutions provider.

During the Year, the Group experienced steady growth in the jewellery and watch segment and the money lending segment from the continuous recovery of the market and the successful marketing campaign of the jewellery and watch business. Given the challenging economic conditions in the PRC and Hong Kong is expected to be prolonged, the Group will persist to adopt stringent cost control measures, employ appropriate strategies to further diversify its source of income and actively explore new business opportunities to cope with the existing market environment.

FINANCIAL REVIEW

For the Year, the revenue of the Group increased by approximately 31.4% year-on-year to approximately HK$717.0 million as compared to approximately HK$545.5 million in last year. The revenue comprised of sales of jewellery products and watches of approximately HK$603.5 million (2017: HK$441.8 million), interest income from loan financing of approximately HK$71.6 million (2017: HK$62.2 million), rental income from investment properties of approximately HK$34.3 million (2017: HK$30.3 million), dividend income from listed equity investments was nil (2017: HK$11.3 million) and sales of EVs and provision of engineering services of approximately HK$7.6 million (2017: Nil). During the Year, the Group experienced remarkable improvement in the jewellery and watch segment and the transactions of jewellery products and watches maintained a good momentum.

The Group's gross profit amounted to approximately HK$215.0 million for the Year, as compared to approximately HK$223.7 million of the last year. The gross profit margin decreased to approximately 30.0% (2017: 41.0%). The decrease was mainly attributable to the increase in the costs for the sales of jewellery products and watches during the Year.

Other income and gains, net increased by approximately 34.1% from approximately HK$64.8 million of last year to approximately HK$86.9 million for the Year. The increase was mainly attributable to (i) the increase in fair value gains on financial assets at fair value through profit or loss to approximately HK$73.9 million for the Year (2017: Nil); and (ii) fair value gains on investment properties of approximately HK$2.1 million for the Year (2017: HK$39.9 million).

Selling and distribution expenses decreased by approximately 21.2% to approximately HK$36.3 million for the Year as compared to approximately HK$46.1 million in last year. The decrease in selling and distribution expenses was mainly due to tighter costs control overall during the Year.

General and administrative expenses increased by approximately 109.4% to approximately HK$252.0 million for the Year, as compared to approximately HK$120.3 million for last year. The increase was mainly attributable to an increase in equity-settled share-based payment of approximately HK$105.0 million (2017: HK$19.2 million) in relation to the share options granted under the share option scheme of the Company.

Research and development costs amounted to approximately HK$87.8 million for the Year (2017: Nil) and was primarily driven by more resources being invested into the Group's EV business development.

Other expenses, net decreased to approximately HK$26.0 million for the Year (2017: HK$819.9 million (as restated)). The decrease was mainly attributable to the net effect of (i) the prior year adjustments amounted to approximately HK$610.0 million as set out in note 3 to this announcement; and (ii) certain significant items recorded in last year such as impairment of goodwill of approximately HK$86.8 million, fair value losses on financial assets at fair value through profit or loss of approximately HK$17.6 million, impairment of other intangible assets of approximately HK$47.1 million and changes in fair value of contingent consideration receivable of approximately HK$39.2 million.

As a result of the foregoing, the Group's loss for the Year decreased from approximately HK$705.3 million (as restated) in last year to approximately HK$110.3 million for the Year.

Liquidity, Financial Resources and Gearing

As at 30 September 2018, the Group's non-current financial assets at fair value through profit or loss amounted to approximately HK$780.5 million (2017: Nil) was mainly attributable to (i) acquisition of preferred shares and investment rights in Divergent amounting to approximately HK$469.4 million; (ii) acquisition of EV Power Preferred Shares and call options amounting to approximately HK$229.8 million; and (iii) fair value gains on certain financial assets at fair value through profit or loss with an aggregate carrying amount of approximately HK$81.3 million during the Year.

As at 30 September 2018, the cash and cash equivalents of the Group amounted to approximately HK$326.2 million (2017: HK$302.1 million), which were mainly denominated in HK$, RMB and Japanese Yen.

The current assets and current liabilities of the Group were approximately HK$1,587.5 million and HK$330.1 million, respectively (2017: current assets of HK$2,366.2 million and current liabilities of HK$348.9 million). The net current assets comprised of inventories of approximately HK$221.0 million (2017: HK$334.9 million), accounts receivable, prepayments, deposits and other receivables of approximately HK$89.4 million (2017: HK$133.2 million), loans receivable of approximately HK$946.9 million (2017: HK$270.3 million) and financial assets at fair value through profit or loss of approximately HK$3.5 million (2017: HK$25.4 million).

As at 30 September 2018, there was no contingent consideration receivable (2017: HK$1,000).

The Group's inventory turnover, accounts receivable turnover and accounts payable turnover periods were 202 days, 43 days and 65 days respectively. Overall, the turnover ratios were consistent and complied 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 cash inflows; and (iii) interest-bearing borrowings. The capital structure of the Group consists solely of share capital. As at 30 September 2018, equity attributable to owners of the Company amounted to approximately HK$3,902.8 million (2017: HK$3,549.5 million).

The Group's total interest-bearing bank borrowings as at 30 September 2018 amounted to approximately HK$74.3 million (2017: HK$140.1 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$39.8 million repayable within one year or on demand, approximately HK$13.8 million repayable within two to five years and approximately HK$20.7 million repayable beyond five years.

Finance costs during the Year amounted to approximately HK$5.6 million as compared to approximately HK$4.1 million of last year. There was no material fluctuation in finance costs.

The Group monitors capital on the basis of the gearing ratio. As at 30 September 2018, the gearing ratio was approximately 1.8% (2017: 3.2%). This ratio is calculated as total debt divided by total capital.

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$55.2 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 2018.

Pledge of Assets

As at 30 September 2018, the Group's freehold land and buildings with an aggregate net carrying amount of approximately HK$34,698,000 were pledged to secure long term bank loan with a principal amount of approximately HK$20,663,000.

Final Dividend

The Board does not recommend the payment of any dividend in respect of the Year (2017: 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 ratio. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends and new share issues as it sees fit and appropriate.

During the Year, the Group did not enter into any contract to hedge its financial interests.

Foreign Exchange Exposure

The Group's sales and purchases during the Year were mostly denominated in HK$, Renminbi and US dollars. 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

On 12 October 2018, TOM Group Limited (Stock Code: 2383) ("TOM") and the Company entered into a subscription agreement pursuant to which (i) the Company agreed to subscribe as principal for, and TOM agreed to allot and issue, 65,240,000 new ordinary shares in the share capital of TOM ("TOM Shares", and each "TOM Share") at the subscription price of HK$1.916 per TOM Share; and (ii) TOM agreed to subscribe as principal for, and the Company agreed to allot and issue, 137,360,000 new ordinary shares in the share capital of Company (the "Shares", and each the "Share") at the subscription price of HK$0.91 per Share (collectively the "Oct 2018 Subscriptions").

The Oct 2018 Subscriptions were completed on 31 October 2018. Further details of the Oct 2018 Subscriptions are set out in the joint announcement of TOM and the Company dated 12 October 2018.

On 7 December 2018, the Company and no less than six subscribers (the "Subscribers") entered into a subscription agreement, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to allot and issue to the Subscribers, an aggregate of 332,601,176 new Shares at the subscription price of HK$0.51 per Share (the "Dec 2018 Subscription").

The Dec 2018 Subscription was completed on 19 December 2018. Further details of the Dec 2018 Subscription are set out in the announcement of the Company dated 7 December 2018.

Material Acquisitions or Disposals

Save as disclosed below, there was no other material acquisition or disposal of subsidiaries and associated companies or joint ventures by the Group during the Year.

In June 2017, the Company and Clever Trade Investment Limited (the "Purchaser") entered into an agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase 60% equity interest in Power Boom International Limited ("Power Boom"), at a cash consideration of HK$610 million (the "Disposal").

The completion of the Disposal took place in February 2018. Upon completion, the Company ceased to hold any interest in Power Boom and therefore Power Boom ceased to be a subsidiary of the Company. Further details of the Disposal are set out in the announcements of the Company dated 29 June 2017, 29 September 2017 and 29 December 2017 and the circular of the Company dated 21 August 2017.

In December 2017, the Group made investments into Divergent by an acquisition of the convertible note issued by Divergent and subscription of preferred shares of Divergent. Divergent is a company based in the United States of America which uses 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 have synergies with the previous acquisition of GLM which principally operates in Japan with a primary focus on delivering EVs powertrain technology (i.e. motor, battery packs and battery management system) and engineering packaged solutions (i.e. chassis and vehicle control units) to customers, resulting in new business opportunities. Further details of the investment in Divergent are set out the announcements of the Company dated 22 November 2017, 15 December 2017 and 28 December 2017.

In March, April, August and October 2018, the Group acquired 9,019,918 ordinary shares and 128,845,924 preferred shares of EV Power, in aggregate, representing approximately 35.79% interest in the entire issued share capital of EV Power as at the date of this announcement. EV Power and its subsidiaries 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 Chinese EV industry, and has the potential to create substantial synergies with the Company's EV manufacturing and engineering service provided by GLM and the Company's access to the 3D-printing platform of Divergent. Further details of the investment in EV Power are set out in the announcements of the Company dated 9 March 2018 and 20 August 2018.

Issue of Listed Securities of the Company

On 12 October 2018, TOM and the Company entered into a subscription agreement pursuant to which (i) the Company agreed to subscribe as principal for, and TOM agreed to allot and issue, 65,240,000 new TOM Shares at the subscription price of HK$1.916 per TOM Share; and (ii) TOM agreed to subscribe as principal for, and the Company agreed to allot and issue, 137,360,000 new Shares at the subscription price of HK$0.91 per Share.

The gross proceeds of approximately HK$125 million from the subscription of Shares by TOM were used to set off against the consideration for the subscription by the Company of 65,240,000 TOM Shares.

The Oct 2018 Subscriptions were completed on 31 October 2018. Further details of the Oct 2018 Subscriptions are set out in the joint announcement of TOM and the Company dated 12 October 2018.

On 7 December 2018, the Company and the Subscribers entered into a subscription agreement, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to allot and issue to the Subscribers, an aggregate of 332,601,176 new Shares at the subscription price of HK$0.51 per Share.

The Company intends to use the net proceeds of approximately HK$169.2 million from the Dec 2018 Subscription for the following purposes:

(1) Approximately 90%, representing approximately HK$152.3 million, will be used for future potential acquisition or investment in EV-related businesses or technologies; and

(2) Approximately 10%, representing approximately HK$16.9 million, will be used for general working capital.

The Dec 2018 Subscription was completed on 19 December 2018. Further details of the Dec 2018 Subscription are set out in the announcement of the Company dated 7 December 2018.

As at the date of this announcement, none of the net proceeds from the Dec 2018 Subscription has been used.

Employees and Remuneration Policies

As at 30 September 2018, the Group had 240 (2017: 215) 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.

Prior Year Adjustments

Prior year adjustments have been made by the Company due to correction of prior period errors. Details of which are set out in note 3 to this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there was no specific plan for material investments or capital assets as at 30 September 2018.

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") except the following deviations:

Code Provision E.1.2

The chairman of the Board and the chairman of the nomination committee and investment committee of the Company, Mr. Ho King Fung, Eric, and the chief executive officer and the chairman of the corporate governance committee of the Company, Mr. Ho Chi Kit, attended the annual general meeting of the Company held on 28 February 2018 (the "AGM") to answer questions and collect views of the shareholders of the Company. Although the chairman and the members of the audit committee and remuneration committee of the Company at the relevant time were unable to attend the AGM due to their other business engagements, their respective representative, the company secretary of the Company, and the external auditors of the Company had attended the AGM to answer questions at the AGM.

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

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 to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Company's auditors 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 the Company's auditors on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2018 annual report of the Company containing all the information required by the Listing Rules 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, 28 December 2018

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ho King Fung, Eric (Chairman) and Mr. Ho Chi Kit; one non-executive Director, namely Mr. Zhang Jinbing (Co-Chairman); and three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Mr. Teoh Chun Ming and Mr. Peter Edward Jackson.