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## Shunten International (Holdings) Limited

### 順騰國際(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 932)

## FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2020

### FINANCIAL HIGHLIGHTS

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> <i>(Restated)</i>
Continuing operations:		
Revenue	<b>318,130</b>	332,205
Gross profit	<b>235,711</b>	247,478
Loss for the year attributable to owners of the Company	<b>(139,690)</b>	(4,344)
Loss per share attributable to owners of the company ( <i>expressed in HK cents per share</i> )		
From continuing and discontinued operations		
Basic	<b>(5.91)</b>	(0.20)
Diluted	<b>(5.91)</b>	(0.20)
From continuing operations		
Basic	<b>(2.14)</b>	(0.11)
Diluted	<b>(2.14)</b>	(0.11)

The board (the “**Board**”) of directors (the “**Directors**”) announces the audited consolidated results of Shunten International (Holdings) Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) for the year ended 31 March 2020, together with the comparative figures for the previous financial year. The audited consolidated results of the Group for the year ended 31 March 2020 were reviewed by the audit committee of the Company (the “**Audit Committee**”) and agreed with the auditors.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Note	2020 HK\$'000	2019 HK\$'000 (Restated)
<b>CONTINUING OPERATIONS:</b>			
<b>REVENUE</b>	4	<b>318,130</b>	332,205
Cost of revenue		<u>(82,419)</u>	<u>(84,727)</u>
<b>GROSS PROFIT</b>		<b>235,711</b>	247,478
Other revenue and other net income		<b>19,106</b>	8,113
Selling and distribution expenses		<b>(63,842)</b>	(67,553)
Administrative expenses		<b>(189,726)</b>	(209,811)
Share of profit of an associate		<b>1,954</b>	3,400
Equity-settled share-based payments		<b>(7,100)</b>	(37,007)
Fair value change of an investment property		<b>(4,630)</b>	752
Fair value change of contingent consideration receivable		<b>1,735</b>	—
Fair value change of contingent consideration payables		<b>55,336</b>	23,049
Fair value change of promissory notes payable		<b>9,966</b>	7,007
Fair value change of convertible bonds		<b>7,742</b>	47,768
Impairment loss on interest in an associate		<b>(28,071)</b>	—
Impairment loss on intangible assets		<b>(21,064)</b>	—
Impairment loss on goodwill		<b>(35,375)</b>	—
<b>(LOSS)/PROFIT FROM OPERATIONS</b>		<b>(18,258)</b>	23,196
Finance costs	5(c)	<u>(37,223)</u>	<u>(20,968)</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	5	<b>(55,481)</b>	2,228
Taxation	6	<u>(1,509)</u>	<u>(10,223)</u>
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<u><b>(56,990)</b></u>	<u>(7,995)</u>
<b>DISCONTINUED OPERATIONS:</b>			
Loss for the year from discontinued operations		<u>(94,677)</u>	<u>(2,716)</u>
<b>LOSS FOR THE YEAR</b>		<u><b>(151,667)</b></u>	<u>(10,711)</u>

<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of foreign operations	792	(329)
Release of translation reserve upon deregistration of subsidiaries	—	(151)
	<u>792</u>	<u>(480)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		
	<u>792</u>	<u>(480)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		
	<u>(150,875)</u>	<u>(11,191)</u>
<b>Loss attributable to owners of the Company:</b>		
— from continuing operations	(50,505)	(2,396)
— from discontinued operations	(89,185)	(1,948)
	<u>(139,690)</u>	<u>(4,344)</u>
<b>Loss for the year attributable to owners of the Company</b>		
	<u>(139,690)</u>	<u>(4,344)</u>
<b>Loss attributable to non-controlling interests:</b>		
— from continuing operations	(6,486)	(5,599)
— from discontinued operations	(5,491)	(768)
	<u>(11,977)</u>	<u>(6,367)</u>
<b>Loss for the year attributable to non-controlling interests</b>		
	<u>(11,977)</u>	<u>(6,367)</u>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(139,288)	(4,804)
Non-controlling interests	(11,587)	(6,387)
	<u>(150,875)</u>	<u>(11,191)</u>
<b>Total comprehensive loss attributable to owners of the Company:</b>		
— from continuing operations	(50,103)	(2,856)
— from discontinued operations	(89,185)	(1,948)
	<u>(139,288)</u>	<u>(4,804)</u>

	<i>Note</i>	<b>2020</b> <b><i>HK\$'000</i></b>	2019 <i>HK\$'000</i> (Restated)
<b>Loss per share attributable to owners of the Company</b>			
<b>for the year (expressed in HK cents per share):</b>			
<b>From continuing and discontinued operations</b>			
— basic	<i>9(a)</i>	<u><b>(5.91)</b></u>	<u>(0.20)</u>
— diluted	<i>9(b)</i>	<u><b>(5.91)</b></u>	<u>(0.20)</u>
<b>From continuing operations</b>			
— basic	<i>9(a)</i>	<u><b>(2.14)</b></u>	<u>(0.11)</u>
— diluted	<i>9(b)</i>	<u><b>(2.14)</b></u>	<u>(0.11)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 March 2020*

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		83,459	91,764
Investment property		3,500	8,130
Right-of-use assets		3,668	—
Interest in an associate		47,283	73,400
Intangible assets		13,293	211,702
Goodwill		26,570	199,879
Prepayments and deposits	<i>10</i>	2,139	5,369
		<b>179,912</b>	590,244
<b>Current assets</b>			
Inventories		31,390	29,065
Trade and other receivables	<i>10</i>	68,271	107,519
Promissory notes receivable		35,687	—
Contingent consideration receivable		1,735	—
Cash and cash equivalents		57,157	65,497
Tax recoverable		3,759	105
		<b>197,999</b>	202,186
Assets associated with disposal group classified as held for sale		<b>60,946</b>	—
Total current assets		<b>258,945</b>	202,186
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	42,589	77,604
Bank and other borrowings		96,088	39,056
Lease liabilities		3,513	—
Contract liabilities		617	1,675
Convertible bonds		—	262,001
Contingent consideration payables		—	37,878
Promissory notes payable		—	9,966
Refund liabilities		1,258	1,394
Tax payable		2,418	6,058
		<b>146,483</b>	435,632
Liabilities associated with disposal group classified as held for sale		<b>61,883</b>	—
Total current liabilities		<b>208,366</b>	435,632

	<i>Note</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Net current assets/(liabilities)</b>		<u><b>50,579</b></u>	<u>(233,446)</u>
<b>Total assets less current liabilities</b>		<u><b>230,491</b></u>	<u>356,798</u>
<b>Non-current liabilities</b>			
Convertible bonds		<b>94,999</b>	—
Contingent consideration payables		—	47,692
Promissory notes payable		—	37,543
Other borrowings		—	26,500
Lease liabilities		<b>217</b>	—
Amounts due to non-controlling interests		<b>60</b>	1,227
Deferred tax liabilities		<u><b>2,402</b></u>	<u>36,316</u>
		<u><b>97,678</b></u>	<u>149,278</u>
<b>Net assets</b>		<u><u><b>132,813</b></u></u>	<u><u>207,520</u></u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital		<b>6,388</b>	5,308
Reserves		<u><b>136,325</b></u>	<u>156,660</u>
		<b>142,713</b>	161,968
Non-controlling interests		<u><b>(9,900)</b></u>	<u>45,552</u>
<b>TOTAL EQUITY</b>		<u><u><b>132,813</b></u></u>	<u><u>207,520</u></u>

## NOTES

### 1. CORPORATE INFORMATION

Shunten International (Holdings) Limited (the “**Company**”) was incorporated and domiciled in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 5 December 2011. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a principal place of business in Hong Kong at Unit A, 12/F, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong and has been registered as a non-Hong Kong company under the Hong Kong Companies Ordinance on 5 April 2012. The Company’s issued shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 11 October 2013. On 20 November 2015, the listing of the shares of the Company has been transferred from the GEM to the Main Board of the Stock Exchange.

The Company is an investment holding company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the sale, marketing and distribution of health and beauty supplements and products in Hong Kong and the People’s Republic of China (the “**PRC**”), provision of online advertising agency business, online payment business, e-commerce promotion business and game distribution business.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment property, contingent consideration receivable, contingent consideration payables, promissory notes payable designated at fair value through profit or loss (“**FVTPL**”) and convertible bonds designated at FVTPL, which are stated at their fair value.

Disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

### 3. APPLICATION OF NEW AND REVISED HKFRSs

#### (a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvement 2015– 2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new standard, amendments, improvement and interpretation to existing HKFRSs do not have a material impact on the Group, except for HKFRS 16 “Leases” as set out below.

#### (b) HKFRS 16 “Leases” — Impact of adoption

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

##### *Definition of a lease*

The Group has applied the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease to all contracts at transition.

##### *As a lessee*

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if HKFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying HKFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i) relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;
- ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;



- iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rates for leases of properties in Hong Kong and the PRC were determined on a portfolio basis; and
- v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.13%.

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows:

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	13,389
Weighted average incremental borrowing rate as at 1 April 2019	5.13%
Discounted operating lease commitments as at 1 April 2019	8,416
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	<u>(336)</u>
Lease liabilities as at 1 April 2019	<u><u>8,080</u></u>
Of which are:	
Current lease liabilities	6,994
Non-current lease liabilities	<u>1,086</u>
	<u><u>8,080</u></u>

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
The carrying amount of right-of-use assets, related to operating leases recognised upon application of HKFRS 16 as at 1 April 2019 comprises the followings:	
Land and building	7,950
Furniture, fixture and equipment	<u>65</u>
	<u><u>8,015</u></u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Right-of-use assets	—	8,015	8,015
<b>Current liabilities</b>			
Lease liabilities	—	(6,994)	(6,994)
<b>Net current liabilities</b>	(233,446)	(6,994)	(240,440)
<b>Total assets less current liabilities</b>	356,798	1,021	357,819
<b>Non-current liabilities</b>			
Lease liabilities	—	(1,086)	(1,086)
<b>Net assets</b>	207,520	(65)	207,455
<b>Equity</b>			
Reserves	156,660	(55)	156,605
Non-controlling interests	45,552	(10)	45,542
<b>Total equity</b>	207,520	(65)	207,455

#### 4. REVENUE

Revenue from continuing operations represents the income from sales of health and beauty supplements and products, provision of online advertising agency business, online payment business and e-commerce promotion business, net of returns, discounts, value-added tax and other sales taxes for the year.

##### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical locations of customers from continuing operations are detailed as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15:</b>		
Health and beauty supplements and products	294,888	312,728
Online advertising agency business	13,597	11,535
Online payment business	679	455
E-commerce promotion business	8,966	7,487
	<u>318,130</u>	<u>332,205</u>
<b>Disaggregated by geographical locations of customers:</b>		
Hong Kong (place of domicile)	317,002	330,941
The PRC	994	1,190
Taiwan	62	29
Others	72	45
	<u>318,130</u>	<u>332,205</u>
<b>Timing of revenue recognition:</b>		
Point in time	315,625	323,067
Over time	2,505	9,138
	<u>318,130</u>	<u>332,205</u>

## 5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after charging/(crediting) the followings:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>(a) Staff costs:</b>		
Salaries, allowances, and other benefits (including directors' emoluments)	125,240	137,060
Contributions to defined contribution retirement plans	3,880	3,863
Equity-settled share-based payments	7,100	37,007
	<u>136,220</u>	<u>177,930</u>
<b>(b) Other items:</b>		
Auditors' remuneration	1,685	1,645
Cost of inventories	73,392	71,272
Depreciation charge:		
— owned property, plant and equipment	7,673	7,968
— right-of-use assets	5,577	—
Amortisation of intangible assets	5,032	7,203
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	—	6,860
Research and development costs (other than amortisation costs)	3,962	4,543
Rent for special designated counters	51,884	52,860
Rental income from an investment property less direct outgoings of HK\$Nil (2019: HK\$8,000)	—	(72)
Impairment losses/(reversal of impairment losses):		
— property, plant and equipment	677	—
— interest in an associate	28,071	—
— intangible assets	21,064	—
— goodwill	35,375	—
— trade receivables	(440)	862
— deposits	1,000	—
	<u>1,000</u>	<u>—</u>
<b>(c) Finance costs:</b>		
Interest on bank borrowings	1,147	846
Interest on other borrowings	2,472	1,482
Interest on lease liabilities	477	—
Interest on liability component of convertible bonds measured at amortised cost	16,692	1,667
Interest on promissory notes payable measured at amortised cost	3,345	1,520
	<u>3,345</u>	<u>1,520</u>
Total interest expenses on financial liabilities not at FVTPL	24,133	5,515
Interest on convertible bonds designated at FVTPL	13,090	15,240
Interest on promissory notes payable designated at FVTPL	—	213
	<u>37,223</u>	<u>20,968</u>

## 6. TAXATION

Income tax from continuing operations in the consolidated statement of profit or loss and other comprehensive income represents:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Current tax</b>		
Hong Kong Profits Tax	6,806	9,852
<b>(Overprovision)/underprovision in respect of prior years</b>		
Hong Kong Profits Tax	(29)	57
PRC Enterprise Income Tax (“EIT”)	—	289
<b>Deferred tax</b>		
(Reversal)/origination of temporary differences	<u>(5,268)</u>	<u>25</u>
	<u><b>1,509</b></u>	<u><b>10,223</b></u>

The Group is subjected to Hong Kong Profits Tax at a rate of 16.5% (2019: 16.5%) for the year ended 31 March 2020.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of qualifying corporations will be taxed at 8.25% (2019: 8.25%), and the assessable profits above HK\$2,000,000 (2019: HK\$2,000,000) will be taxed at 16.5% (2019: 16.5%).

For the years ended 31 March 2019 and 2020, no provision for PRC EIT has been made in the consolidated financial statements as the Group has no assessable profits under EIT.

No provision for profits tax in the Cayman Islands, the British Virgin Islands, Malaysia, Macau and Taiwan have been made as the Group has no income or profit assessable for tax in these jurisdictions for the years ended 31 March 2019 and 2020.

## 7. DIVIDENDS

The Board does not recommend the payment of any dividend for the years ended 31 March 2019 and 2020.

## 8. DISPOSAL OF SUBSIDIARIES

On 27 March 2020 (the “**Date of Disposal**”), the Group disposed of its entire equity interest in Empire Access Limited (“**Empire Access**”) to an independent third party purchaser (the “**Purchaser**”), Grand Spread Limited, for a total consideration of HK\$229,000,000.

Pursuant to the sales and purchase agreement dated 19 November 2019, first supplemental sales and purchase agreement dated 17 February 2020 and second supplemental sales and purchase agreement dated 27 March 2020 (collectively known as the “**SPA**”), the total consideration would be settled by:

- (i) cash consideration of HK\$68,800,000;
- (ii) the promissory notes issued by the Purchaser to the Company in an amount of approximately HK\$37,894,000;
- (iii) issuance of new promissory notes by the Purchaser to the beneficial owners of Empire Access immediately before the assumption of its ownership by the Company (the “**Original Owners**”) in the principal amount of approximately HK\$62,306,000 in replacement of the promissory notes issued by the Company to the Original Owners on 5 October 2018 and 4 October 2019 in connection with the acquisition of Empire Access by the Company during the year ended 31 March 2018; and
- (iv) releasing all obligations and liabilities in a maximum amount of HK\$60,000,000 that shall be settled by the Purchaser by way of assuming the payment obligations of the Fifth Instalment owing to the Original Owners by the Company in connection with the acquisition of Empire Access by the Company during the year ended 31 March 2018.

Empire Access Group is principally engaged in the business of provision of WeChat Pay cross-border solutions to Tenpay Payment Technology Company Limited (“**Tenpay**”), an integrated online payment platform, and the retail merchants in Hong Kong (the “**Disposed Online Payment Business**”). The Disposed Online Payment Business represented a major line of the Group’s business in the online payment segment for segment reporting and was regarded as a discontinued operation. The disposal allows the Group to focus on the health and beauty supplement and products business, streamline the Group’s existing business segments and operations and sharpen the Group’s strategic focus on its core business.

The results of the Disposed Online Payment Business for the year ended 31 March 2019 and the period from 1 April 2019 to the Date of Disposal are presented below:

	<b>From 1 April 2019 to the Date of Disposal HK\$'000</b>	Year ended 31 March 2019 HK\$'000
Revenue	<b>20,581</b>	14,467
Cost of revenue	<b>(6,212)</b>	(7,792)
Gross profit	<b>14,369</b>	6,675
Other revenue and other net loss	<b>(485)</b>	(643)
Administrative expenses	<b>(8,579)</b>	(7,955)
Finance costs	<b>(53)</b>	—
Profit/(loss) from the discontinued operation	<b>5,252</b>	(1,923)
Loss on disposal of the discontinued operation ( <i>Note i</i> )	<b>(66,344)</b>	—
Loss before tax from the discontinued operation	<b>(61,092)</b>	(1,923)
Taxation	<b>(189)</b>	14
Loss for the year from discontinued operation	<b>(61,281)</b>	(1,909)
Attributable to:		
Owners of the Company	<b>(62,809)</b>	(1,402)
Non-controlling interests	<b>1,528</b>	(507)
	<b>(61,281)</b>	(1,909)

*Note:*

(i) Loss on disposal of the discontinued operation comprised the following:

	<b>2020 HK\$'000</b>	2019 HK\$'000
Consideration pursuant to the SPA	<b>229,000</b>	—
Net assets disposed of	<b>(263,501)</b>	—
Non-controlling interests	<b>43,855</b>	—
Expenses incurred on disposal	<b>(173)</b>	—
Gain on disposal before the impact of fair value consideration	<b>9,181</b>	—
Difference between consideration pursuant to SPA and total fair value of consideration	<b>(75,525)</b>	—
Loss on disposal of a discontinued operation	<b>(66,344)</b>	—

The major classes of assets and liabilities of the Disposed Online Payment Business disposed of as at the Date of Disposal are as follows:

	<i>HK\$'000</i>
<b>Assets</b>	
Property, plant and equipment	371
Right-of-use assets	786
Goodwill	113,373
Intangible assets	172,313
Trade and other receivables	7,033
Cash and cash equivalents	648
	<hr/>
Assets disposed of	294,524
	<hr/>
<b>Liabilities</b>	
Trade and other payables	(841)
Contract liabilities	(503)
Lease liabilities	(803)
Tax payable	(259)
Amounts due to non-controlling interests	(27)
Deferred tax liabilities	(28,590)
	<hr/>
Liabilities disposed of	(31,023)
	<hr/>
Net assets disposed of	263,501
Non-controlling interests	(43,855)
Expenses incurred on disposal	173
Loss on disposal of a discontinued operation	(66,344)
	<hr/>
<b>Total fair value of consideration</b>	<b>153,475</b>
	<hr/> <hr/>
<b>Satisfied by:</b>	
Cash	4,800
Fair value of cash consideration receivable	65,831
Fair value of promissory notes receivable	35,687
Fair value of contingent consideration payable released	5,983
Fair value of promissory notes payable released	41,174
	<hr/>
	<b>153,475</b>
	<hr/> <hr/>



## 9. LOSS PER SHARE

### (a) Basic loss per share

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Restated)
<b>Loss</b>		
Loss for the year attributable to owners of the Company		
— from continuing operations	(50,505)	(2,396)
— from discontinued operations	<u>(89,185)</u>	<u>(1,948)</u>
— from continuing and discontinued operations	<u><u>(139,690)</u></u>	<u><u>(4,344)</u></u>
	2020	2019
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><u>2,364,154,919</u></u>	<u><u>2,123,002,150</u></u>

### (b) Diluted loss per share

For the years ended 31 March 2019 and 2020, the diluted loss per share is the same as the basic loss per share because the effect of deemed issue of shares of certain outstanding share options and convertible bonds of the Company would result in a decrease in loss per share for the year.

## 10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	48,027	78,075
Less: Allowance for doubtful debts	<u>(1,357)</u>	<u>(2,879)</u>
	46,670	75,196
Other receivables	<u>2,515</u>	<u>3,796</u>
Financial assets measured at amortised cost	<u>49,185</u>	<u>78,992</u>
Prepayments	9,602	8,334
Utility, trade and other deposits	11,429	25,345
Right-of-return assets	<u>194</u>	<u>217</u>
	<u>21,225</u>	<u>33,896</u>
	<u><b>70,410</b></u>	<u><b>112,888</b></u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Analysis of trade and other receivables:		
Non-current portion	2,139	5,369
Current portion	<u>68,271</u>	<u>107,519</u>
	<u><b>70,410</b></u>	<u><b>112,888</b></u>

The amounts of the Group's utility, trade and other deposits and prepayments expected to be recovered or recognised as expense after one year are HK\$1,139,000 (2019: HK\$4,860,000) and HK\$1,000,000 (2019: HK\$509,000) respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

## Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for doubtful debts were as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	34,531	40,697
31–60 days	7,070	21,836
61–90 days	438	7,892
91–180 days	1,189	3,347
181–365 days	2,504	1,388
Over 365 days	938	36
	<u>46,670</u>	<u>75,196</u>

## 11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	3,038	16,251
Salary and welfare payables	15,028	23,388
Accrued advertising expenses	5,899	5,187
Other payables and accruals	13,014	26,041
Interest payable on bank and other borrowings	1,430	1,623
Interest payable on convertible bonds designated at FVTPL	—	5,114
Interest payable on liability component of convertible bonds measured at amortised cost	4,180	—
	<u>42,589</u>	<u>77,604</u>

As of the end of the reporting period, the ageing analysis of trade payables based on invoice dates were as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0–30 days	1,486	8,304
31–60 days	685	2,226
61–90 days	248	721
91–180 days	8	4,627
181–365 days	170	4
Over 365 days	441	369
	<u>3,038</u>	<u>16,251</u>

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

## 12. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the board of directors of the Company, being the Group's chief operating decision maker (“CODM”) for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments.

- Development, manufacturing and sales of health and beauty supplements and products
- Online advertising agency business
- Online payment business
- E-commerce promotion business

During the year ended 31 March 2020, the Group disposed of its business of provision of WeChat Pay cross border solutions in Hong Kong which was included in the online payment business segment during the year ended 31 March 2019. Since the Disposed Online Payment Business represented a major line of the online payment business segment, the Disposed Online Payment Business was regarded as a discontinued operation in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, the related financial information of the Disposed Online Payment Business was not included in the segment information from the continuing operations and the comparative information was also reclassified to conform with the current year's presentation.

In March 2020, the management of the Group intended to dispose the game distribution business as the Group would like to streamline the Group's existing business segments in order to focus on health and beauty supplement and products business and started looking for potential buyers. The game distribution business which is expected to be sold within twelve months was regarded as a discontinued operation in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Accordingly, the related financial information of the game distribution business was not included in the segment information from the continuing operations and the comparative information was reclassified to conform with the current year's presentation.

### (a) Segment revenue, results, assets and liabilities

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating segment profit/(loss). The segment profit/(loss) before tax is measured consistently with the Group's loss before taxation from continuing operations except for unallocated other revenue and other net income, share of profit of an associate, impairment loss on interest in an associate, fair value change of contingent consideration receivable, fair value change of contingent consideration payables, fair value change of promissory notes payable, fair value change of convertible bonds, fair value change of an investment property, equity-settled share-based payments, unallocated finance costs and unallocated corporate expenses.

Segment assets exclude tax recoverable, investment property, interest in an associate, promissory notes receivable, contingent consideration receivable, unallocated intangible assets, unallocated cash and cash equivalents, other unallocated corporate assets as these assets are managed on a group basis, assets associated with disposal group classified as held for sale and assets related to discontinued operations.

Segment liabilities exclude deferred tax liabilities, tax payable, unallocated bank and other borrowings, contingent consideration payables, promissory notes payable, convertible bonds, amounts due to non-controlling interests, other unallocated corporate liabilities as these liabilities are managed on a group basis, liabilities associated with disposal group classified as held for sale and liabilities related to discontinued operations.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2019 and 2020 are set out below:

**(i) Segment revenue and results**

	For the year ended 31 March 2020					Total from continuing operations HK\$'000
	Development, manufacturing and sales of health and beauty supplements and products HK\$'000	Online advertising agency business HK\$'000	Online payment business HK\$'000	E-commerce promotion business HK\$'000	Elimination HK\$'000	
<b>Segment revenue:</b>						
Revenue from external customers	294,888	13,597	679	8,966	—	318,130
Inter-segment revenue	—	—	—	—	—	—
	<u>294,888</u>	<u>13,597</u>	<u>679</u>	<u>8,966</u>	<u>—</u>	<u>318,130</u>
<b>Segment results</b>	<u>42,072</u>	<u>(47,477)</u>	<u>(2,684)</u>	<u>(4,584)</u>	<u>—</u>	<u>(12,673)</u>
Unallocated other revenue and other net income						16,550
Share of profit of an associate						1,954
Impairment loss on interest in an associate						(28,071)
Fair value change of contingent consideration receivable						1,735
Fair value change of contingent consideration payables						55,336
Fair value change of promissory notes payable						9,966
Fair value change of convertible bonds						7,742
Fair value change of an investment property						(4,630)
Equity-settled share-based payments						(7,100)
Unallocated finance costs						(37,135)
Unallocated corporate expenses						<u>(59,155)</u>
Loss before taxation						<u>(55,481)</u>

For the year ended 31 March 2019

	Development, manufacturing and sales of health and beauty supplements and products <i>HK\$'000</i>	Online advertising agency business <i>HK\$'000</i>	Online payment business <i>HK\$'000</i> (restated)	E-commerce promotion business <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total from continuing operations <i>HK\$'000</i> (restated)
<b>Segment revenue:</b>						
Revenue from external customers	312,728	11,535	455	7,487	—	332,205
Inter-segment revenue	—	—	—	—	—	—
	<u>312,728</u>	<u>11,535</u>	<u>455</u>	<u>7,487</u>	<u>—</u>	<u>332,205</u>
<b>Segment results</b>	<u>57,134</u>	<u>(6,841)</u>	<u>(2,394)</u>	<u>(3,732)</u>	<u>—</u>	<u>44,167</u>
Unallocated other revenue and other net income						4,580
Share of profit of an associate						3,400
Fair value change of contingent consideration payables						23,049
Fair value change of promissory notes payable						7,007
Fair value change of convertible bonds						47,768
Fair value change of an investment property						752
Equity-settled share-based payments						(37,007)
Unallocated finance costs						(20,968)
Unallocated corporate expenses						<u>(70,520)</u>
Profit before taxation						<u>2,228</u>

(ii) *Segment assets and liabilities*

	As at 31 March 2020				
	Development, manufacturing and sales of health and beauty supplements and products <i>HK\$'000</i>	Online advertising agency business <i>HK\$'000</i>	Online payment business <i>HK\$'000</i>	E-commerce promotion business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Assets</b>					
Segment assets	141,550	4,678	2,467	12,071	160,766
Tax recoverable					3,759
Investment property					3,500
Interest in an associate					47,283
Promissory notes receivable					35,687
Contingent consideration receivable					1,735
Unallocated intangible assets					2,200
Unallocated cash and cash equivalents					56,141
Unallocated corporate assets					66,840
Assets associated with disposal group classified as held for sale					60,946
Total consolidated assets					<u>438,857</u>
<b>Liabilities</b>					
Segment liabilities	21,310	1,004	94	2,948	25,356
Deferred tax liabilities					2,402
Tax payable					2,418
Unallocated bank and other borrowings					95,107
Convertible bonds					94,999
Unallocated corporate liabilities					23,879
Liabilities associated with disposal group classified as held for sale					61,883
Total consolidated liabilities					<u>306,044</u>

As at 31 March 2019

	Development, manufacturing and sales of health and beauty supplements and products <i>HK\$'000</i>	Online advertising agency business <i>HK\$'000</i>	Online payment business <i>HK\$'000</i> (restated)	E-commerce promotion business <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
<b>Assets</b>					
Segment assets	160,287	60,557	3,207	14,116	238,167
Tax recoverable					105
Investment property					8,130
Interest in an associate					73,400
Unallocated intangible assets					2,200
Unallocated cash and cash equivalents					59,036
Unallocated corporate assets					73,589
Assets related to discontinued operations					337,803
					<u>792,430</u>
Total consolidated assets					<u><u>792,430</u></u>
<b>Liabilities</b>					
Segment liabilities	24,177	1,063	598	1,223	27,061
Deferred tax liabilities					36,316
Tax payable					6,058
Unallocated bank and other borrowings					65,556
Contingent consideration payables					85,570
Promissory notes payable					47,509
Convertible bonds					262,001
Amounts due to non-controlling interests					1,227
Unallocated corporate liabilities					42,587
Liabilities related to discontinued operations					11,025
					<u>584,910</u>
Total consolidated liabilities					<u><u>584,910</u></u>



**(iii) Other segment information**

	For the year ended 31 March 2020				
	Development, manufacturing and sales of health and beauty supplements and products <i>HK\$'000</i>	Online advertising agency business <i>HK\$'000</i>	Online payment business <i>HK\$'000</i>	E-commerce promotion business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Other information</b>					
Additions of property, plant and equipment	2,959	7	—	78	3,044
Additions of unallocated property, plant and equipment					<u>167</u>
Total additions of property, plant and equipment					<u><u>3,211</u></u>
Depreciation of property, plant and equipment	4,448	263	700	28	5,439
Unallocated depreciation of property, plant and equipment					<u>2,234</u>
Total depreciation of property, plant and equipment					<u><u>7,673</u></u>
Impairment of property, plant and equipment	—	677	—	—	<u><u>677</u></u>
Depreciation of right-of-use assets	2,461	393	143	517	3,514
Unallocated depreciation of right-of-use assets					<u>2,063</u>
Total depreciation of right-of-use assets					<u><u>5,577</u></u>
Amortisation of intangible assets	2,690	1,791	—	551	<u><u>5,032</u></u>
Impairment loss on intangible assets	—	21,064	—	—	<u><u>21,064</u></u>
Impairment loss on goodwill	—	31,214	—	4,161	<u><u>35,375</u></u>
Impairment loss/(reversal of impairment loss) on trade receivables	4	(646)	—	202	<u><u>440</u></u>

For the year ended 31 March 2019

	Development, manufacturing and sales of health and beauty supplements and products <i>HK\$'000</i>	Online advertising agency business <i>HK\$'000</i>	Online payment business <i>HK\$'000</i> (restated)	E-commerce promotion business <i>HK\$'000</i>	Total <i>HK\$'000</i> (restated)
<b>Other information</b>					
Additions of property, plant and equipment other than through acquisition of subsidiaries	939	46	3,849	90	4,924
Additions of unallocated property, plant and equipment other than through acquisition of subsidiaries					791
Addition of property, plant and equipment related to discontinued operation					315
Total additions of property, plant and equipment other than through acquisition of subsidiaries					6,030
Additions of property, plant and equipment through acquisition of subsidiaries	147	—	—	—	147
Additions of unallocated property, plant and equipment through acquisition of subsidiaries					121
Total additions of property, plant and equipment through acquisition of subsidiaries*					268
Additions of intangible assets through acquisition of subsidiaries	12,739	—	—	—	12,739
Additions of goodwill through acquisition of subsidiaries	22,383	—	—	—	22,383
Depreciation of property, plant and equipment	3,249	266	565	42	4,122
Unallocated depreciation of property, plant and equipment					3,846
Depreciation of property, plant and equipment related to discontinued operation					817
Total depreciation of property, plant and equipment					8,785
Amortisation of intangible assets	869	5,781	—	553	7,203
Impairment loss on trade receivables	—	862	—	—	862
Impairment loss on trade receivables related to discontinued operation					1,013
Total impairment loss on trade receivables					1,875

\* Including the business combinations and acquisition of assets and liabilities through acquisition of subsidiaries.

**(b) Geographical information**

The Company is domiciled in Hong Kong. The Group's operations are mainly located in Hong Kong, the PRC and Taiwan.

The revenue information below is based on the location of the operations.

	2020		2019	
	Revenue from continuing operations <i>HK\$'000</i>	Non-current assets <i>HK\$'000</i>	Revenue from continuing operations <i>HK\$'000</i> (restated)	Non-current assets <i>HK\$'000</i>
Hong Kong (place of domicile)	318,068	179,876	332,173	589,580
The PRC	—	36	19	664
Taiwan	62	—	13	—
	<u>318,130</u>	<u>179,912</u>	<u>332,205</u>	<u>590,244</u>

**(c) Information about major customer**

Revenues from external customer contributing 10% or more of the total revenue of the Group is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A*	<u>152,437</u>	<u>150,137</u>

\* The revenues were derived from the development, manufacturing and sales of health and beauty supplements and products.

### 13. EVENTS AFTER THE REPORTING PERIOD

- (a) After the outbreak of COVID-19 since early 2020, a series of precautionary and control measures have been and continued to be implemented across the globe, causing disruption to business and economic activities. Given the dynamic nature of the COVID-19 pandemic and unpredictability of future development, the directors do not consider it is practicable to provide a quantitative estimate of the potential impact of this outbreak on the Group up to the date of these financial statements. The Group is paying close attention to the development of the COVID-19 pandemic and will continue to monitor the situation closely and actively respond to the impacts on the Group's financial position and operating results.
- (b) On 24 June 2020, Tenfok Asia Limited (“**Tenfok Asia**”), an indirect non-wholly owned subsidiary of the Company that is principally engaged in the online advertising agency business of the Group, received a notice of termination from Guangdong Huacheng Information Technology Co., Ltd. (“**Huacheng**”) in relation to the termination of the exclusive rights to use and sole advertising agency in Hong Kong with effect from 1 July 2020.
- (c) On 26 June 2020, the Company's wholly-owned subsidiary, Ultra Land Group Limited (“**Ultra Land**”) as vendor, and Pearl (Hong Kong) Properties Limited (“**Pearl HK**”), an independent third party purchaser, entered into a sale and purchase agreement pursuant to which Ultra Land agreed to dispose to Pearl HK of its 69.75% equity interests in IAHGames at a total consideration of approximately HK\$18,235,000. The disposal has not yet completed as at the date of this announcement.

### 14. COMPARATIVE FIGURES

The comparative consolidated statement of profit or loss and other comprehensive income has been represented as if the operations discontinued during the current year had been discontinued at the beginning of the comparative period.

The Group has initially applied HKFRS 16 at 1 April 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3(b).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business and Financial Review

The Group is principally engaged in the formulating, marketing, sales and distribution of health and beauty supplements and products in Hong Kong and the PRC, provision of online advertising agency business, online payment business, e-commerce promotion business and game distribution business. During the year ended 31 March 2020 (the “**Reporting Period**”), we had been facing a very challenging year in Hong Kong which had been affected by the weaker performance of global economy and social unrest in Hong Kong since June 2019 and also the outbreak of novel coronavirus (COVID-19) (“**COVID-19**”) globally in first quarter of 2020. Market sentiment in local market has been suppressed by the local political and global economic atmosphere. The short-term projected outlook of Hong Kong economy is still subject to high uncertainties including the developments of the aforementioned factors. In light of the declining retail sales and negative growth as a result of the aforesaid factors, our management decided to adjust our business strategy. On 27 March 2020, the Group disposed of 70% interest of Empire Access Limited and its subsidiary (the “**Empire Access Group**”) which is principally engaged in WeChat cross-border payment business. Thereafter, Ultra Land Group Limited, a wholly-owned subsidiary of the Company, entered into the agreement to dispose of 69.75% interest of IAHGames Hong Kong Limited (“**IAHGames**”) on 26 June 2020. The Group believes that such disposals would allow the Company to focus on the health and beauty supplements and products business, and will streamline the Company’s existing business segments and operations, and sharpen the Company’s strategic focus on its core business.

For the Reporting Period, the Group recorded revenue from continuing operations of approximately HK\$318.1 million (2019: HK\$332.2 million), representing a decrease of approximately HK\$14.1 million or 4.2% when compared to the corresponding period last year. Revenue from the core business, health and beauty supplements and products segment, contributed approximately HK\$294.9 million. Meanwhile, online businesses contributed HK\$23.2 million to the revenue of the Group for the Reporting Period.

The gross profit margin of the Group for the Reporting Period was approximately 74.1% (2019: 74.5%), representing a slight decrease of approximately 0.4 percentage points when compared to the previous financial year.

The Group recorded a significant increase in loss during the Reporting Period when compared to the previous financial year which was mainly attributed to (i) the impairment losses on interest in an associate, intangible assets and goodwill; (ii) the increase of finance costs attributable to convertible bonds and other borrowings; and (iii) the result from disposal of subsidiaries with the gain on early settlement of promissory notes payable, contingent consideration payable and convertible bonds. The impairment losses and the fair value changes are non-cash items recorded in the Reporting Period and have no material effect on the Group’s daily operations and cash flow.

## Health and beauty supplements and products segment

### *Revenue of health and beauty supplements and products segment*

As at 31 March 2020, the Group sold and distributed 75 (2019: 77) health supplements and 12 (2019: 11) beauty supplements and products under its proprietary brands; 55 (2019: 59) health supplements under the distribution facilitator's private label brands; and 17 (2019: 9) health supplements under trading of goods.

The following table sets forth the breakdown of revenue by product categories for the two years ended 31 March 2020:

<b>Categories</b>	<b>For the year ended 31 March</b>			
	<b>2020</b>		<b>2019</b>	
	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Health supplements	<b>255,024</b>	<b>86.5%</b>	267,860	85.6%
Beauty supplements and products	<b>39,165</b>	<b>13.3%</b>	43,985	14.1%
Others	<b>699</b>	<b>0.2%</b>	883	0.3%
<b>Total</b>	<b><u>294,888</u></b>	<b><u>100.0%</u></b>	<b><u>312,728</u></b>	<b><u>100.0%</u></b>

The health and beauty supplements and products segment recorded a revenue of approximately HK\$294.9 million for the Reporting Period (2019: HK\$312.7 million), representing a decrease of approximately HK\$17.8 million or 5.7% when compared to the previous year.

Due to the outbreak of COVID-19, the Hong Kong government has gradually tightened quarantine restrictions, leading to a sharp fall in tourist arrivals since early 2020. As a result, tourists spending dropped significantly. With growing fears over the spread of COVID-19, local consumers are avoiding to go out for shopping in order to minimise the risk of COVID-19 spreading in the community. This severely impacted the health and beauty supplements and products business line in Hong Kong, especially to our special designated counters (“SDC”). Although we have expanded our product variety of private label health supplements, which was promoted by the engagement of a brand ambassador in Hong Kong, and benefited from increased utilisation of digital marketing platform and building product popularity within the health supplement market, the revenue attributable to health supplements decreased by approximately HK\$12.9 million or 4.8% to HK\$255.0 million (2019: HK\$267.9 million).

For the Reporting Period, the top 4 best-selling products were Royal Medic No.1 Chinese Cs-4, RM Broken Ganoderma Spore, Melty Enzyme and Royal Medic Pure Chicken Essence, which in aggregate contributed approximately HK\$109.6 million or 37.2% of the segment's total revenue.

For the year ended 31 March 2019, the top 4 best-selling products were Royal Medic No.1 Chinese Cs-4, RM Broken Ganoderma Spore, Melty Enzyme and Health Proof Junior Milk CA+DHA PF, which in aggregate contributed approximately HK\$113.7 million or 36.4% of the segment's total revenue.

### ***Revenue by sales and distribution channels***

The following table sets forth the breakdown of the health and beauty supplements and products segment's revenue by distribution channels for the two years ended 31 March 2020:

	<b>For the year ended 31 March</b>			
	<b>2020</b>		<b>2019</b>	
	<b>HK\$'000</b>	<b>% of total revenue</b>	<b>HK\$'000</b>	<b>% of total revenue</b>
Shelves in the distribution facilitator's stores in Hong Kong	<b>155,406</b>	<b>52.7%</b>	151,150	48.4%
SDCs located in the distribution facilitator's stores in Hong Kong	<b>119,612</b>	<b>40.6%</b>	141,047	45.1%
Other distribution channels ( <i>Note 1</i> )	<b>1,959</b>	<b>0.7%</b>	1,719	0.5%
Hong Kong Brands and Products Expo	<b>17,212</b>	<b>5.8%</b>	18,205	5.8%
Others ( <i>Note 2</i> )	<b>699</b>	<b>0.2%</b>	607	0.2%
<b>Total</b>	<b><u>294,888</u></b>	<b><u>100.0%</u></b>	<b><u>312,728</u></b>	<b><u>100.0%</u></b>

*Note 1:* "Other distribution channels" mainly includes a distribution facilitator in the PRC, the Wisdom Club, wholesalers, and Royal Medic Chinese Medicine Clinics.

*Note 2:* "Others" mainly represents service income.

As at 31 March 2020, the Group had 18 (2019: 19) Royal Medic SDCs, 47 (2019: 44) Health Proof SDCs and 27 (2019: 28) H365 SDCs in distribution facilitators' stores in Hong Kong.

### ***Revenue by geographical locations***

100.0% of the revenue during the Reporting Period was contributed by the Hong Kong market.

Over 99.0% of the revenue during the year ended 31 March 2019 was contributed by the Hong Kong market, with very limited contribution from the PRC market.

### ***Results of health and beauty supplements and products segment***

The following table sets forth the breakdown of the health and beauty supplements and products segment's gross profit and gross profit margin by operating segments for the two years ended 31 March 2020:

	For the year ended 31 March			
	2020		2019	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Health supplements				
Proprietary brands	<b>113,207</b>	<b>75.4%</b>	100,939	78.8%
Private label brands	<b>73,710</b>	<b>82.1%</b>	100,663	82.7%
Trading of goods	<b>11,353</b>	<b>75.1%</b>	12,352	68.3%
	<b><u>198,270</u></b>	<b><u>77.7%</u></b>	<u>213,954</u>	<u>79.9%</u>
Beauty supplements and products				
Proprietary brands	<b>26,810</b>	<b>68.5%</b>	31,447	71.5%
Others	<b>516</b>	<b>73.8%</b>	675	76.5%
Total	<b><u>225,596</u></b>	<b><u>76.5%</u></b>	<u>246,076</u>	<u>78.7%</u>

Owing to the decrease in the segment turnover, the gross profit of the health and beauty supplements and products segment for the Reporting Period was approximately HK\$225.6 million (2019: HK\$246.1 million), representing a decrease of approximately 8.3% over the previous year. The gross profit margin of the health and beauty supplements and products segment for the Reporting Period decreased to approximately 76.5% (2019: 78.7%). The decrease in gross profit margin was mainly attributed to the change in sales composition.



The selling and distribution expenses principally consist of (i) advertising and promotion expenses for advertisements through various channels including traditional marketing media, digital marketing through bloggers and KOLs (key opinion leaders) as well as engagement of artistes to endorse the Group's products as brand ambassadors; (ii) commission paid to sales promoters; and (iii) exhibition expenses. The selling and distribution expenses decreased by approximately HK\$3.8 million or 5.6% to HK\$63.8 million for the Reporting Period (2019: HK\$67.6 million). Such decrease was in line with the decrease in segment turnover during the Reporting Period.

The administrative expenses of the segment increased by approximately HK\$4.8 million or 3.9% to HK\$127.3 million for the Reporting Period (2019: HK\$122.5 million). The increment of administrative expenses of this segment was primarily due to the increase in the number of SDCs, the related rental expenses, the increase in the number of promoters and the salaries increment over the last year.

As a result, the segment profit decreased by HK\$15.0 million to approximately HK\$42.1 million, representing a decrease of approximately 26.3% over the previous year (2019: HK\$57.1 million).

#### **Online advertising agency segment**

2019 had been a very challenging year for the whole advertising agency industry in Hong Kong. Our online advertising agency segment has been facing tough market environment changes and more intensified after COVID-19 outbreak worldwide. Most advertising projects are halted due to the emergence of domestic social unrest since June 2019. For the Reporting Period, the online advertising agency business segment recorded revenue of approximately HK\$13.6 million (2019: HK\$11.5 million), representing an increase of approximately HK\$2.1 million or 17.4% over the previous year and recorded a loss of HK\$47.5 million (2019: HK\$6.8 million) mainly due to the impairment loss of intangible assets and goodwill recognised during the Reporting Period.

On 24 June 2020, our Group received a notice of termination from Guangdong Huacheng Information Technology Co., Limited (廣東華城信息科技有限公司) (“**Huacheng**”) in relation to the termination of the exclusive rights to use the Hong Kong Station of gd.qq.com as an exclusive and sole advertising agency in Hong Kong with effect from 1 July 2020. gd.qq.com is a cross-border online advertising platform and our Group had been granted the exclusive right to operate the website by Huacheng since December 2016. Consequently, the impairment loss on intangible assets and the impairment loss in goodwill of approximately HK\$21.1 million and HK\$31.2 million respectively were recorded during the Reporting Period. The Group will continue look for potential business opportunities that will broaden the Group's sources of income and enhance value to shareholders.

### **Online payment business segment**

The prevailing challenging operating environment of the online payment industry was affected due to the social unrest in Hong Kong and the evolving COVID-19 epidemic all around the globe which resulted in sharp decrease in the number of visitors from the PRC to Hong Kong since the third quarter of 2019. The epidemic has further adversely affected global economy and the overall investment sentiment. The management of the Company believes that the growth prospects of online payment business segment will be limited. On 27 March 2020, the Group completed a disposal of its 70% interest in Empire Access Group which was principally engaged in WeChat Pay cross-border payment business.

For the Reporting Period, the revenue attributable to the online payment segment was approximately HK\$0.7 million (2019: HK\$0.5 million) and a loss of HK\$2.7 million (2019: HK\$2.4 million) was recorded.

### **Game distribution business segment**

On 26 June 2020, the Group entered into an agreement to dispose of its 69.75% interest of IAHGames which is principally engaged in game distribution business. The Board considered the financial performance of IAHGames since the completion of the acquisition thereof in February 2018 (being loss-making for the two financial years ended 31 March 2019) and the prevailing challenging operating environment due to the recent social unrest in Hong Kong and the COVID-19 outbreak, and believed that its growth prospects was limited. As mentioned previously, the Board therefore considers that the disposal will allow the Company to focus on the health and beauty supplements and products business, and will streamline the Company's existing business segments and operations, and sharpen the Company's strategic focus on its core business.

### **Segment reporting**

The particulars of segment revenue, results, assets and liabilities are set out in note 12 to the audited consolidated financial statements in this announcement.

### **Equity-settled share-based payments**

During the Reporting Period, the Group recognised a total expense of HK\$7.1 million (2019: HK\$37.0 million) in relation to the share options granted by the Company.

## **Impairment losses**

During the Reporting Period, the Group recorded impairment losses on intangible assets, goodwill and the interest in an associate, of HK\$21.1 million, HK\$35.4 million and HK\$28.1 million respectively, which mainly relate to our online businesses. An independent professional valuer was engaged to perform impairment assessment on the interest in an associate, intangible assets and goodwill. The Group recorded impairment losses of goodwill and intangible assets from online advertising agency business of approximately HK\$31.2 million and HK\$21.1 million respectively, due to the expected deterioration of the future operating results following the notice received by the Group in respect of the cancellation of the licensing agreement for acting as exclusive and sole advertising agent in Hong Kong for the operation of the online advertising agency business subsequent to the end of the Reporting Period. In addition, impairment loss on interest in an associate of approximately HK\$28.1 million was recorded during the Reporting Period. The emergence of domestic social unrest since June 2019 and the COVID-19 epidemic since January 2020 had a significant impact on tourist arrivals, which led to a significant decline in the operating performance of the sales of jewellery and precious metal ornaments in the shop located at Tsim Sha Tsui tourist area operated by the associate.

## **Loss for the year**

As a result of the foregoing factors, the Group's loss amounted to approximately HK\$151.7 million during the Reporting Period (2019: HK\$10.7 million). The Group's loss attributable to the owners of the Company amounted to approximately HK\$139.7 million for the Reporting Period (2019: HK\$4.3 million).

## **Disclaimer**

Save for Royal Medic No.1 Chinese Cs-4, none of the Group's products is registered under the Pharmacy and Poison Ordinance (Chapter 138 of the Laws of Hong Kong) and the Chinese Medicine Ordinance (Chapter 549 of the Laws of Hong Kong). Any claim made by those products has not been subject to evaluation for such registration. Those products are not intended to diagnose, treat or prevent any disease.

## FINANCIAL POSITION AND LIQUIDITY

As at 31 March 2020, cash and bank balances of the Group amounted to approximately HK\$57.2 million (2019: HK\$65.5 million) and the current ratio (current assets divided by current liabilities) of the Group was 1.2 times as at 31 March 2020 (2019: 0.34 times). The Group's gearing ratio, representing total borrowings divided by total equity, was approximately 143.9% as at 31 March 2020 (2019: 157.8%). The decrease in gearing ratio was primarily due to the partial redemption of and conversion of convertible bonds during the Reporting Period. On 20 May 2019, the Company completed placing of new shares under general mandate and raised approximately HK\$10.0 million (before expenses). Please refer to the announcements of the Company dated 25 April 2019 and 20 May 2019 for details. In view of the Group's current level of cash and bank balances, funds generated internally from operations and the unutilised banking facilities available, the Board is confident that the Group will have sufficient resources to meet its financial needs for its operations. As at 31 March 2020, the Group had unutilised general banking facilities of approximately HK\$1.1 million (2019: HK\$4.2 million).

### Convertible Bonds

On 12 October 2017, the Group issued convertible bonds in the aggregate principal amount of HK\$265.0 million (the "**2017 Convertible Bonds**"). The net proceeds from the placing of the 2017 Convertible Bonds of approximately HK\$250.0 million have been fully utilised by the Group. On 11 October 2019, the Company redeemed the 2017 Convertible Bonds and paid the outstanding interest accrued as a full and final settlement of 2017 Convertible Bonds.

On 13 February 2019, the Group completed the placing of convertible bonds in the aggregate principal amount of HK\$106.0 million (the "**February 2019 Convertible Bonds**"). HK\$90.0 million out of the net proceeds of approximately HK\$103.2 million from the issue of the February 2019 Convertible Bonds had been fully utilised in the purchase of the same principal amount of the 2017 Convertible Bonds and approximately HK\$13.2 million was used as the Company's general working capital. Meanwhile, the said purchase of the 2017 Convertible Bonds was completed on 21 February 2019 and the 2017 Convertible Bonds in the aggregate principal amount of HK\$90.0 million were cancelled in accordance with the terms and conditions. Please refer to the announcements of the Company dated 22 January 2019, 13 February 2019 and 22 February 2019 for details relating to the February 2019 Convertible Bonds. During the Reporting Period, the holders of the February 2019 Convertible Bonds had fully exercised their conversion rights in respect of the February 2019 Convertible Bonds in the principal amount of HK\$106.0 million. As a result of the conversion, 365,517,237 conversion shares have been issued in accordance with the terms and conditions of the February 2019 Convertible Bonds.

On 4 October 2019, the Group issued convertible bonds in the aggregate principal amount of HK\$180.0 million (the “**October 2019 Convertible Bonds**”). The net proceeds from the placing of the October 2019 Convertible Bonds amounted to approximately HK\$178.1 million have been fully utilised by the Group as planned and disclosed in the announcement of the Company dated 16 September 2019. On 31 March 2020, 11 May 2020 and 17 June 2020, the Company partially redeemed the October 2019 Convertible Bonds in the aggregate principal amount of HK\$85.0 million, HK\$23.0 million and HK\$8.0 million (the “**Partial Redemption**”), respectively. As at the date of this announcement, no October 2019 Convertible Bond has been converted into conversion shares. Immediately after completion of the Partial Redemption, the October 2019 Convertible Bonds in the aggregate principal amount of HK\$64.0 million remain outstanding. Please refer to the announcements of the Company dated 16 September 2019, 17 September 2019, 4 October 2019, 31 March 2020, 11 May 2020 and 17 June 2020 for details relating to the October 2019 Convertible Bonds.

## **CAPITAL MANAGEMENT**

The Group’s objectives in managing capital are to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. 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 Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate. The Group also monitors capital on the basis of the net gearing ratio. The Group’s overall strategy remains unchanged throughout the Reporting Period.

## **EMPLOYEE INFORMATION**

As at 31 March 2020, the Group had 267 employees (2019: 309). For the Reporting Period, staff costs including directors’ remuneration from continuing operations was approximately HK\$136.2 million (2019: HK\$177.9 million).

## **REMUNERATION POLICY**

The Group's Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of the Group. The Group also reimburses them for expenses, which are necessarily and reasonably incurred for the provision of services to the Group or executing their functions in relation to the operations of the Group. In addition, the Company adopted a share option scheme as an incentive to Directors and eligible participants. The Group regularly reviews and determines the remuneration and compensation package of the Group's Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Group's Directors and the performance of the Group.

## **OUTLOOK**

### **Health and beauty supplements and products segment**

In January 2020, an outbreak of a respiratory illness caused by a new strain of coronavirus was identified. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak of COVID-19 on 12 March 2020. The unprecedented incidents and weak customer sentiments severely impacted the local retail market, and the Group took one of the proactive measures in allocating more resources on digital marketing to maintain our product awareness of both the existing and new portfolios of the Group. Digital marketing spending during the Reporting Period, including but not limited to, the combination of online live programs and offline events, also enhanced customer loyalty of product portfolios of the Group.

Due to the unforeseen market situations, the Group will also adopt more measures on cost control and strengthen our partnerships with distribution channels for improving our performance.

The quality management accreditation for the existing food factory including ISO22000 and HACCP obtained in March 2018 and January 2018 respectively were renewed in the Reporting Period. The quality management accreditation earmarked the sustainable commitment of the Group to uphold highest quality, and the Group will keep on achieving high level standard in the forthcoming year.

### ***Collaboration with CUCAMed Company Limited***

As it is the Group's tradition of using its own research and development resources to develop proprietary intellectual property products since its listing on the Stock Exchange in 2013, we are collaborating closely with CUCAMed Company Limited (“**CUCAMed**”) of The Chinese University of Hong Kong (“**CUHK**”) to create intellectual property products and commercialise our health products chain. Under the tripartite relationship and with the aid of the government sponsorship under the Innovation and Technology Fund (“**ITF**”), the Hong Kong government and the Group jointly funded the research and the Group controlled and owned the intellectual property.

During the Reporting Period, one ITF product focuses on dementia, “Brain Chips” under the brand “**LEGEND**”, has been launched in December 2019. A new ITF product is currently under development and planned to be launched in the fourth quarter of 2020 or in 2021.

Moreover, the Group had research projects for the purpose of product development and strengthening the competitiveness of current products. The Group signed new contracts with CUHK in July 2019 and The Hong Kong University of Science and Technology R and D Corporation Limited in May 2020 respectively. These projects focus on the development of new product for topical use, and evaluation on functions of existing products.

### **MATERIAL ACQUISITIONS OR DISPOSALS**

Save as disclosed in note 8 to the audited consolidated financial statements and elsewhere in this announcement, there was no other material acquisition and disposal of subsidiaries, associated companies and joint ventures during the Reporting Period.

### **FOREIGN EXCHANGE EXPOSURE**

Presently, the Group does not have a hedging policy with respect to the foreign exchange exposure. The Group is exposed to currency risk primarily through sales and purchases, which give rise to receivables and payables and cash balances that are denominated in foreign currencies, other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollar (“**US\$**”) and Renminbi (“**RMB**”). In order to manage and minimise the foreign currency risk, the management will continue to manage and monitor the foreign currency exposure to ensure appropriate measures are implemented in a timely and effective manner.

## **CHARGES ON ASSETS**

As at 31 March 2020, the Group had secured bank loans of approximately HK\$35.6 million (2019: HK\$39.1 million). The banking facilities are secured by the Group's leasehold land and buildings, having carrying amount of approximately HK\$74.5 million as at 31 March 2020 (2019: HK\$77.2 million).

## **USE OF PROCEEDS FROM ISSUE OF CONVERTIBLE BONDS**

### **2017 Convertible Bonds**

The net proceeds from the placing of the 2017 Convertible Bonds of approximately HK\$250.0 million have been fully utilised by the Group as the general working capital of the Company and in acquisition by the Company relating to (i) its principal business; and (ii) online or e-commerce technology business including but not limited to the acquisition under the acquisition agreement dated 30 June 2017 in relation to the WeChat cross-border payment business.

### **February 2019 Convertible Bonds**

HK\$90.0 million out of the net proceeds of approximately HK\$103.2 million from the issue of the February 2019 Convertible Bonds had been fully utilised in the purchase of the same principal amount of the 2017 Convertible Bonds and approximately HK\$13.2 million was used as the Company's general working capital.

### **October 2019 Convertible Bonds**

The net proceeds from the placing of the October 2019 Convertible Bonds amounted to approximately HK\$178.1 million have been fully utilised by the Group as follows: (i) approximately 50.0% of the net proceeds in the amount of HK\$89.1 million were used to redeem the outstanding principal amount of the 2017 Convertible Bonds, interest and other amounts accrued thereunder of approximately HK\$178.22 million; (ii) approximately 40.0% of the net proceeds in the amount of HK\$71.2 million were used to enhance and further develop the formulating, marketing, sale and distribution of health and beauty supplements and products in Hong Kong and the PRC; and (iii) approximately 10.0% of the net proceeds in the amount of HK\$17.8 million were used to replenish the Group's general working capital.



## **EVENTS AFTER REPORTING PERIOD**

Save as the events as disclosed in note 13 to the audited consolidated financial statements and elsewhere in this announcement, there is no significant event occurring after the Reporting Period up to the date of this announcement.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

Based on the Group's risk management system, the Group has examined all of the possible risks and uncertainties that might affect the Group and considered that the most important risks and uncertainties would include:

### **Regulatory risks**

The health supplement industry in Hong Kong generally believes that changes in regulatory policies and laws in respect of the monitoring and control of food and health supplement products which include Chinese medicinal ingredients may be proposed and implemented by the authorities concerned in the coming years. Significant effect may impact on the future development of health supplements as well as the food industry. If the Group fails to keep up and comply with these changes, such factors would affect the Group's success.

The Group has closely monitored the regulatory changes, strengthened its interpretation and analysis capability of regulatory policies and would adjust strategies in advance to cope with the ever-changing operating environment.

### **Prolonged economic downturn**

The Group's health and beauty supplements and products business is closely related to the economic conditions of Hong Kong. Slowing economic growth or a recession may affect consumers' preferences and spending which in turn could have a material adverse effect on the Group's business, operating results and financial conditions.

In response to these challenges, the Group will closely monitor the changing economic conditions and also actively implement effective measures to control the administration and production costs. The Group will also continue to roll out more new products and open up more distribution channels, and diversify its business to improve the Group's overall performance.

### **Failure to introduce successful new products**

Owing to the rapid changing nature of the health and beauty supplements and products markets in Hong Kong, if the Group fails to anticipate market trends and develop new products to respond to such trends in a timely manner, it will adversely affect its business in the long term. In addition to the Group's own product development and collaboration with external research partners, such as with CUCAMed to promote and sell products developed by CUCAMed under the brand "LEGEND", the Group is also actively looking for opportunities to collaborate with different reputable universities to conduct researches for the purpose of developing new products. Besides researches, the Group will also continue to place strong emphasis on a multifaceted market strategy through utilising various media and channels to promote its brands and products.

### **Operational risk**

The Group's online businesses is heavily dependent on the stable operation of its IT systems including system software, processing systems, telecommunications networks, cloud servers as well as systems provided by third parties. Such mission critical services are susceptible to risks attributable to system outage, data loss or breach in security. Should such a situation occur, payments made to the merchant shops may not be properly processed and may expose the Group to liability to third parties. The Group will closely monitor such risks, and regularly consider and implement measures such as system/software updates and engage suitable and competent third party vendors.

### **Industry and technological changes**

The Group's online businesses are characterised by rapid technological changes, frequent and numerous product introductions and enhancements, continually evolving industry security standards and rapidly changing customers' requirements. The success of the Group in these business segments depends to a large extent upon the Group's continued ability to offer its online businesses within this environment and to meet changing market requirements, including conformity with applicable standards.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2020 (2019: Nil).

### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 12 August 2020 to Monday, 17 August 2020 (both dates inclusive), for the purpose of determining the shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on Monday, 17 August 2020 (the "2020 AGM") and during which no transfer of shares of the Company will be effected. In order to qualify for the attendance of the 2020 AGM, all completed transfer forms accompanied by the relevant share certificates of the Company must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 11 August 2020.

## **CORPORATE GOVERNANCE PRACTICES**

The Company recognises the importance of good corporate governance to the Company's growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. Throughout the Reporting Period and up to the date of this announcement, the Group has complied with the code provisions as set out in the Corporate Governance Code (as amended from time to time) (the "Code") contained in Appendix 14 to the Listing Rules except for the deviation from Code provision A.2.1.

Code provision A.2.1 stipulates that the roles of chairman of the Board and chief executive officer of the Company should be separate and should not be performed by the same individual. During the Reporting Period and up to the date of this announcement, Mr. Wang Xihua, an executive Director, is the acting chairman of the Board and the chief executive officer of the Company since 1 April 2019.

Mr. Wang Xihua, the acting chairman of the Board and the acting chief executive officer of the Company, is responsible for providing leadership to the Board in terms of establishing policies and business directions. He ensures that the Board discharges its responsibilities effectively and all key issues are discussed by the Board timely. Mr. Wang is also responsible for the overall operations and the executive responsibilities of the Group and the full implementation of the directions and policies established by the Board. Although Mr. Wang serving as both the acting chairman of the Board and the acting chief executive officer of the Company is a deviation from the Code provision A.2.1, given Mr. Wang's extensive experience in the business of the Group, it is more efficient for Mr. Wang to perform both roles. It is also more favorable to the development and management of the Group's businesses. Moreover, all other members of the Board have the experience and expertise to ensure the balance of power and authority so that the power is not concentrated in any one individual. The Board is in the process of identifying suitable candidate with appropriate experience to act as the chairman of the Board and will make announcement thereon in due course in accordance with the Listing Rules.

## **COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ transactions in the securities of the Company. Upon the Company’s specific enquiry, each Director has confirmed that he has fully complied with the Model Code throughout the Reporting Period, and there is no event of non-compliance.

## **COMPETING INTEREST**

For the Reporting Period, the Directors were not aware of any business or interest of the Directors, the controlling shareholders and their respective close associates that competes or may compete with the businesses of the Group and any other conflict of interest which any such person has or may have with the Group.

## **AUDIT COMMITTEE**

The Audit Committee has been established in compliance with Rule 3.21 of the Listing Rules and comprises three members, namely Mr. Leung Winson Kwan Yau (*Chairman*), Mr. Tam Kin Yip and Mr. Leung Man Loon, all are independent non-executive Directors.

The Audit Committee has reviewed the consolidated financial results of the Group for the Reporting Period.

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

This results announcement is published on the respective websites of the Company ([www.shunten.com.hk](http://www.shunten.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2019/2020 Annual Report and the notice of the 2020 AGM will be published and despatched in due course and in the manner as required by the Listing Rules.

## **SCOPE OF WORK OF MESSRS. ELITE PARTNERS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Elite Partners CPA Limited ("**Elite Partners**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Elite Partners on this preliminary announcement.

By order of the Board  
**Shunten International (Holdings) Limited**  
**WANG Xihua**  
*Executive Director*

Hong Kong, 29 June 2020

*As at the date of this announcement, the executive Directors are Mr. WANG Xihua and Mr. LAI Wei Lam, William; and the independent non-executive Directors are Mr. LEUNG Winson Kwan Yau, Mr. TAM Kin Yip and Mr. LEUNG Man Loon.*