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## 衍生集團(國際)控股有限公司

Hin Sang Group (International) Holding Co. Ltd.

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6893)**

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

Financial Highlights	Year ended 31 March		Change %
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	
Revenue	<b>183,977</b>	188,550	-2.4%
Gross profit	<b>127,384</b>	131,175	-2.9%
Loss for the year	<b>(11,619)</b>	(7,221)	60.9%
Other comprehensive (expense)/income for the year	<b>(444,541)</b>	123,493	-460.0%
Earnings per share			
– Basic and diluted ( <i>HK cents</i> )	<b>0.43</b>	0.05	

## RESULTS

The Board is pleased to announce the consolidated results of Hin Sang Group (International) Holding Co. Ltd. and its subsidiaries for the year ended 31 March 2019 together with the comparative figures for the year ended 31 March 2018 as follows:

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

For the year ended 31 March 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	3	<b>183,977</b>	188,550
Cost of sales		<u>(56,593)</u>	<u>(57,375)</u>
Gross profit		<b>127,384</b>	131,175
Other income	5	<b>4,386</b>	6,409
Other gains and losses	6	<b>(11,665)</b>	(11,587)
Selling and distribution expenses		<b>(27,198)</b>	(37,854)
Administrative expenses		<b>(98,597)</b>	(87,082)
Finance costs	7	<u>(1,823)</u>	–
(Loss)/Profit before tax		<b>(7,513)</b>	1,061
Income tax expense	8	<u>(4,106)</u>	<u>(8,282)</u>
<b>Loss for the year</b>	9	<u>(11,619)</u>	<u>(7,221)</u>
<b>Other comprehensive (expense)/income</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		<b>(435,066)</b>	–
Gain on revaluation of owner-occupied properties		<b>3,519</b>	–
Income tax relating to items that will not be reclassified to profit or loss		<u>(664)</u>	–
		<u>(432,211)</u>	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>(12,330)</b>	15,417
Fair value gain on available-for-sale investments		–	91,728
Reclassification adjustment on impairment of available-for-sale investments		<u>–</u>	<u>16,348</u>
		<u>(12,330)</u>	<u>123,493</u>
<b>Other comprehensive (expense)/income for the year</b>		<u>(444,541)</u>	<u>123,493</u>
<b>Total comprehensive (expense)/income for the year</b>		<u>(456,160)</u>	<u>116,272</u>

	<b>2019</b>	2018
<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Profit/(Loss) for the year attributable to:</b>		
– Owners of the Company	<b>4,668</b>	530
– Non-controlling interests	<u><b>(16,287)</b></u>	<u>(7,751)</u>
	<u><b>(11,619)</b></u>	<u>(7,221)</u>
<b>Total comprehensive (expense)/income for the year attributable to:</b>		
– Owners of the Company	<b>(437,146)</b>	120,216
– Non-controlling interests	<u><b>(19,014)</b></u>	<u>(3,944)</u>
	<u><b>(456,160)</b></u>	<u>116,272</u>
<b>Earnings per share</b>		
– Basic (HK cents)	<i>10</i> <u><b>0.43</b></u>	<u>0.05</u>
– Diluted (HK cents)	<u><b>0.43</b></u>	<u>0.05</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>347,486</b>	125,584
Prepaid lease payments		<b>44,789</b>	53,728
Investment properties		<b>13,408</b>	–
Financial assets at fair value through profit or loss		<b>5,377</b>	–
Deposit and prepayments for life insurance policies		–	5,113
Deposits for acquisition of property, plant and equipment		<b>6,029</b>	6,441
Equity instruments at fair value through other comprehensive income		<b>138,327</b>	–
Available-for-sale investments		–	573,392
Deferred tax assets		<b>87</b>	–
		<u><b>555,503</b></u>	<u>764,258</u>
<b>Current assets</b>			
Inventories		<b>6,586</b>	9,590
Trade and other receivables	<i>12</i>	<b>34,192</b>	48,636
Financial assets at fair value through profit or loss		<b>5,160</b>	8,986
Tax refundable		<b>141</b>	14
Bank balances and cash		<b>63,768</b>	186,030
		<u><b>109,847</b></u>	<u>253,256</u>
<b>Total assets</b>		<u><b>665,350</b></u>	<u>1,017,514</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>20,367</b>	30,304
Contract liabilities		<b>2,222</b>	–
Bank borrowings		<b>134,799</b>	–
Current tax liabilities		<b>921</b>	3,399
		<u><b>158,309</b></u>	<u>33,703</u>
<b>Net current (liabilities)/assets</b>		<u><b>(48,462)</b></u>	<u>219,553</u>
<b>Total assets less current liabilities</b>		<u><b>507,041</b></u>	<u>983,811</u>

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>109,380</b>	109,351
Reserves	<b>370,636</b>	828,421
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>480,016</b>	937,772
Non-controlling interests	<b>27,025</b>	46,039
	<hr/>	<hr/>
<b>Total equity</b>	<b>507,041</b>	983,811
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## NOTES

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Group incurred a net loss of approximately HK\$11,619,000 during the year ended 31 March 2019 and, as of that date, the Group’s current liabilities exceeded its current assets by approximately HK\$48,462,000. The net current liabilities consist of bank loans of approximately HK\$134,799,000 that contain a repayment on demand clause. At 31 March 2019, the aggregate carrying amount of bank loans repayable after one year amounted to approximately HK\$68,744,000 based on the schedule of repayments set out in the loan agreements. The directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. In addition, taking into account the cash flows from operations and unutilised banking facilities, the directors consider that the Group has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on going concern basis.

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

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

Except described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

## 2.1 HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sales of goods
- Provision of healthcare service

### *Summary of effects arising from initial application of HKFRS 15*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

		<b>Carrying amounts previously reported at</b>	<b>Reclassification</b>	<b>Carrying amounts under HKFRS 15 at 1 April 2018*</b>
	<i>Note</i>	<b>31 March 2018</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>				
Trade and other payables	<i>(a)</i>	30,304	(1,628)	28,676
Contract liabilities	<i>(a)</i>	<u>–</u>	<u>1,628</u>	<u>1,628</u>

\* The amounts in this column are before the adjustments from the application of HKFRS 9.

*Note:*

- (a) As at 1 April 2018, advances from customers of approximately HK\$1,628,000 in respect of sales contracts previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 for each of the line items affected. Line items that were not affected by the changes have not been included.

	<b>As reported</b> <i>HK\$'000</i>	<b>Adjustments</b> <i>HK\$'000</i>	<b>Amounts without application of HKFRS 15</b> <i>HK\$'000</i>
<b>Current liabilities</b>			
Trade and other payables	20,367	2,222	22,589
Contract liabilities	<u>2,222</u>	<u>(2,222)</u>	<u>–</u>

## 2.2 HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.



### Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

		Available- for-sale investments <i>HK\$'000</i>	Equity instruments at FVTOCI <i>HK\$'000</i>	Amortised cost (previously classified as loans and receivables) <i>HK\$'000</i>	Financial assets at FVTPL required by HKAS 39/ HKFRS 9 <i>HK\$'000</i>	Revaluation reserve <i>HK\$'000</i>	Deferred tax assets <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>
<i>Notes</i>								
Closing balance at 31 March 2018								
	- HKAS 39	573,392	-	218,534	8,986	116,390	-	67,121
<i>Effect arising from initial application of HKFRS 9:</i>								
<b>Reclassification</b>								
	From available-for-sale investments	(a) (573,392)	573,392	-	-	(16,348)	-	16,348
	From loans and receivables	(b) -	-	(5,170)	5,170	-	-	-
<b>Remeasurement</b>								
	Impairment under ECL model	(c) -	-	(876)	-	-	140	(736)
Opening balance at 1 April 2018		<u>-</u>	<u>573,392</u>	<u>212,488</u>	<u>14,156</u>	<u>100,042</u>	<u>140</u>	<u>82,733</u>

*Notes:*

#### (a) Available-for-sale investments

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale investments. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, approximately HK\$573,392,000 were reclassified from available-for-sale investments to equity instruments at fair value through other comprehensive income (“FVTOCI”). The fair value gains of approximately HK\$116,390,000 relating to those investments previously carried at fair value continued to accumulate in revaluation reserve. In addition, impairment losses previously recognised of approximately HK\$16,348,000 were transferred from retained profits to revaluation reserve as at 1 April 2018.

**(b) Loans and receivables**

Deposit and prepayments for life insurance policies previously classified as loans and receivables was reclassified to fair value through profit or loss (“FVTPL”) upon the application of HKFRS 9 because its cash flows that do not represent solely payments of principal and interest on the principal amount outstanding. As at 1 April 2018, the fair value of this financial asset is approximately HK\$5,170,000.

**(c) Impairment under ECL model**

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on past due analysis.

ECL for other financial assets at amortised cost including bank balances, other deposits and receivables are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, the additional credit loss allowance (net of deferred tax) of approximately HK\$736,000 has been recognised against retained profits. The additional loss allowance of approximately HK\$876,000 was charged against trade receivables. The related tax effect of approximately HK\$140,000 was recognised in deferred tax assets.

All loss allowances for trade receivables as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	<b>Trade receivables</b> <i>HK\$'000</i>
At 31 March 2018 – HKAS 39	–
Amounts remeasured through opening retained profits	<u>876</u>
At 1 April 2018	<u><u>876</u></u>

### 3. REVENUE

The following is an analysis of the Group's revenue:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Sales of goods	<b>183,044</b>	187,989
Provision of healthcare services	<u><b>933</b></u>	<u>561</u>
	<u><b>183,977</b></u>	<u>188,550</u>

### 4. SEGMENT INFORMATION

Information reported to the Board of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable and operating segments under "HKFRS 8 Operating Segments" are as follows:

1. Product Development Segment – sales of products developed by the Group under own brands
2. Brand Development and Management Segment – sales and distribution of products with exclusive distribution rights
3. Trading of Goods Segment – sales and distribution of products purchased from authorised dealers, independent traders, manufacturers or parallel importers
4. Healthcare Segment – development of mother and child related health products, hospital, medical center and related services

## Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2019

	Product Development Segment <i>HK\$'000</i>	Brand Development and Management Segment <i>HK\$'000</i>	Trading of Goods Segment <i>HK\$'000</i>	Healthcare Segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
External sales	<u>177,169</u>	<u>4,937</u>	<u>372</u>	<u>1,499</u>	<u>183,977</u>
Segment profit/(loss)	<u>35,713</u>	<u>1,330</u>	<u>105</u>	<u>(26,657)</u>	10,491
Interest income					1,579
Dividend income					2,227
Loss on fair value change of financial assets at fair value through profit or loss					(10,039)
Finance costs					(1,823)
Unallocated expenses					<u>(9,948)</u>
Loss before tax					<u>(7,513)</u>

For the year ended 31 March 2018

	Product Development Segment <i>HK\$'000</i>	Brand Development and Management Segment <i>HK\$'000</i>	Trading of Goods Segment <i>HK\$'000</i>	Healthcare Segment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue</b>					
External sales	<u>180,574</u>	<u>6,341</u>	<u>700</u>	<u>935</u>	<u>188,550</u>
Segment profit/(loss)	<u>36,784</u>	<u>573</u>	<u>(71)</u>	<u>(15,775)</u>	21,511
Interest income					3,581
Dividend income					2,013
Loss on fair value change of financial assets at fair value through profit or loss					(994)
Impairment loss on available-for-sale investments					(16,348)
Unallocated expenses					<u>(8,702)</u>
Profit before tax					<u>1,061</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of corporate expenses, loss on fair value change of financial assets at fair value through profit or loss, impairment loss on available-for-sale investments, dividend income, interest income and finance costs. This is the measure reported to the Board for the purposes of resource allocation and assessment of segment performance.

## Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and Taiwan.

Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets (excluding financial instruments and deferred tax assets) is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Hong Kong	144,706	145,912	270,133	101,018
PRC	39,271	41,006	141,579	84,735
Taiwan	—	1,632	—	—
	<u>183,977</u>	<u>188,550</u>	<u>411,712</u>	<u>185,753</u>

## Information about major customers

Revenue from customers for the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Customer A <sup>1</sup>	38,540	33,064
Customer B <sup>1</sup>	<u>N/A<sup>2</sup></u>	<u>19,367</u>

<sup>1</sup> Revenue from Product Development Segment and Brand Development and Management Segment.

<sup>2</sup> The corresponding revenue did not contribute over 10% of total revenue of the Group.

## 5. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest income on bank deposits	1,579	3,363
Interest income on deposit and prepayments for life insurance policies	–	218
Consultancy income	–	307
Dividend income	2,227	2,013
Rental income	290	–
Forfeiture of customers' deposits	209	351
Others	81	157
	<u>4,386</u>	<u>6,409</u>

## 6. OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss on fair value change of financial assets at fair value through profit or loss		
– Held for trading	(10,246)	(994)
– Others	207	–
Loss on disposal of property, plant and equipment	(293)	(68)
Impairment loss on available-for-sale investments	–	(16,348)
Loss on deregistration of a subsidiary	(1)	–
Impairment loss recognised in respect of trade receivables	(180)	–
Net foreign exchange (loss)/gain	(1,152)	5,823
	<u>(11,665)</u>	<u>(11,587)</u>

## 7. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Interest on bank loans	<u>1,823</u>	<u>–</u>

## 8. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax		
– Current year	5,920	7,486
– (Over)/Under provision in prior year	<u>(1,788)</u>	<u>796</u>
	4,132	8,282
PRC Enterprise Income Tax		
– Current year	<u>585</u>	<u>–</u>
	4,717	8,282
Deferred tax:		
– Current year	<u>(611)</u>	<u>–</u>
Total income tax recognised in profit or loss	<u>4,106</u>	<u>8,282</u>

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 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.



## 9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Amortisation of prepaid lease payments	1,473	1,360
Less: amounts capitalised in construction in progress	<u>(412)</u>	<u>(248)</u>
	1,061	1,112
Staff costs, including directors' emoluments	44,571	46,456
Amortisation of intangible assets (included in cost of sales)	–	1,548
Depreciation of property, plant and equipment	11,360	9,040
Cost of inventories recognised as an expense	47,545	49,805
Auditors' remuneration	<u>900</u>	<u>850</u>
	(290)	–
Gross rental income from investment property	(290)	–
Less: direct operating expenses	<u>14</u>	<u>–</u>
	(276)	–
Net rental income from investment property	<u>(276)</u>	<u>–</u>

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	<u>4,668</u>	<u>530</u>
	2019 '000	2018 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,093,635	1,090,847
Effect of dilutive potential ordinary shares:		
– Share options	<u>1,768</u>	<u>3,794</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,095,403</u>	<u>1,094,641</u>

## 11. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividends recognised as distribution during the year		
– 2018 Final – HK\$0.01 (2017: HK\$0.01) per share	10,935	10,888
– 2019 Interim – HK\$0.01 (2018: HK\$0.01) per share	<u>10,938</u>	<u>10,935</u>
	<u><b>21,873</b></u>	<u><b>21,823</b></u>

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 March 2019 has been proposed by the Directors.

## 12. TRADE AND OTHER RECEIVABLES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	18,656	21,780
Less: Allowance for credit losses	<u>(1,055)</u>	<u>–</u>
	17,601	21,780
Prepayments to suppliers	30	2
Prepaid lease payments	1,377	1,623
Prepayments for other expenses	6,091	18,407
Other deposits (mainly including rental and building management fee deposits)	2,552	5,133
Other receivables	<u>6,541</u>	<u>1,691</u>
	<u><b>34,192</b></u>	<u><b>48,636</b></u>

The following is an aging analysis of the Group's trade receivables net of allowance for credit losses at the end of the reporting period, presented based on invoice date:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0–30 days	8,412	8,825
31–60 days	4,552	6,991
61–90 days	3,624	3,797
Over 90 days	<u>1,013</u>	<u>2,167</u>
	<u><b>17,601</b></u>	<u><b>21,780</b></u>

### 13. TRADE AND OTHER PAYABLES

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade payables	<b>5,702</b>	9,504
Receipts in advance	–	1,628
Accruals (mainly including salaries and advertising expenses)	<b>14,665</b>	19,172
	<b><u>20,367</u></b>	<u>30,304</u>

The following is an aging analysis of the Group's trade payables at the end of the reporting period, presented based on invoice date:

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0–30 days	<b>4,874</b>	8,732
31–60 days	<b>410</b>	681
61–90 days	–	9
Over 90 days	<b>418</b>	82
	<b><u>5,702</u></b>	<u>9,504</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in the marketing, selling and manufacturing of healthcare products primarily targeting at children, among which “Hin Sang (衍生)” has been a long established reputable brand. To align with the consumer’s trend, the Group continues to expand the e-commerce business through electronic platforms. To leverage on existing resources to increase profit, the Group also trades in skin care, personal care and slimming products of reputable brands. It is also developing its business in mother-infant Chinese medical healthcare as well as diagnosis and treatment services projects.

For the Year, the Group’s revenue was approximately HK\$184.0 million, representing a decrease of approximately 2.4% as compared to approximately HK\$188.6 million for the last year. The Group has four business segments classified by their ownership, licensing rights and services rendered. During the Year, the Product Development Segment, selling the Group’s own brand products with a relatively high gross profit margin, was still the largest segment of the Group which contributed approximately 96.3% (2018: 95.8%) of the Group’s revenue. On the other hand, the revenue contribution from the Brand Development and Management Segment fell from approximately 3.3% of the total revenue for the last year to approximately 2.7% of the total revenue for the Year. The Trading of Goods Segment recorded a continuous drop in revenue and its revenue contribution remains in low level of approximately 0.2% (2018: 0.4%). Healthcare Segment, being in start-up stage, only accounted for approximately 0.8% (2018: 0.5%) of the total revenue for the Year.

The Group’s business operations are mainly based in Hong Kong, though its products are distributed through distributors appointed in the PRC, Macau, and export to markets such as Malaysia. Revenue generated from Hong Kong market for the Year recorded approximately HK\$144.7 million (2018: HK\$145.9 million), representing approximately 78.7% of the total revenue for the Year (2018: 77.4%). On the other hand, revenue generated from the PRC market for the Period recorded approximately HK\$39.3 million (2018: HK\$41.0 million), representing approximately 21.3% of the total revenue for the Year (2018: 21.7%). The revenue generated from sales in Hong Kong decreased due to weakened purchasing power of tourists from the PRC under the Individual Visit Scheme. Also, the revenue generated from sales in the PRC decreased due to weakened purchasing power of citizen of the PRC.

## **Product Development Segment**

Under the Product Development Segment, the Group develops and sells healthcare products, personal care products and household products under its own brand names, mainly being “Hin Sang (衍生)”, “Tai Wo Tong (太和堂)”, “Shuang Long (雙龍)” and “King’s Antiseptic (殺菌王)”. The Group started developing the “Hin Sang (衍生)” brand in year 2004 mainly for its health supplements. “Tai Wo Tong (太和堂)” was developed in year 2012 mainly for the Group’s proprietary Chinese medicine category. With a view to further enhancing brand recognition of the Group’s own brand products, the Group launched several products during 2018, including but not limited to “Hin Sang Daily Appetite Probiotic Formula for Kids (Granules) (衍生開胃樂兒童益生菌沖劑)”, “Hin Sang Pipa Juhong Honey for Kids (衍生小兒枇杷橘紅蜜)” and “Hin Sang Appetite Support for Kids (Syrup) (衍生小兒開胃樂十味佛手露)”.

The revenue of this segment was approximately HK\$177.2 million for the Year, represented a slightly decrease of approximately 1.9% comparing to approximately HK\$180.6 million for the last year. This segment’s profit for the Year was approximately HK\$35.7 million, decreased slightly comparing to approximately HK\$36.8 million for the last year, which was mainly due to decrease in other gains and losses for the Year, as compared to last year. This segment’s profit margin for the Year was approximately 20.2% while the profit margin for the last year was approximately 20.4%.

## **Brand Development and Management Segment**

The Group has a proven history of managing and developing a number of brands for its brand proprietors (who are mainly manufacturers and brand proprietors of the products) in respect of their personal care products mainly in the Hong Kong market since 1999. The Group entered into an exclusive distribution agreement with each of the brand proprietors and provided them with one-stop marketing, sales and distribution, logistic and delivery services for their branded products.

Amongst the products managed and developed by the Group for the brand proprietors, the major brands are “Pahmi (芭菲)”, “Venic (花世界)”, “Zici (滋采)” and “Sunew (閃新)”. The revenue of this segment was approximately HK\$4.9 million for the Year, represented a decrease of approximately 22.1% comparing to approximately HK\$6.3 million for the last year. Such significant decrease was mainly due to the shift of focus by the management of the Group to the Product Development Segment during the Year in order to enhance the brand image of the Group’s own-branded products. This segment recorded a profit of approximately HK\$1.3 million for the Year while a profit of approximately HK\$0.6 million was recorded for the last year.

## **Trading of Goods Segment**

The Group has served its trade customers with high quality products sourced from authorized dealers and overseas suppliers. Products within this segment with low profit margin will be phased out, and more resources will be put into Product Development Segment which is expected to yield higher profit margin.

The revenue of this segment was approximately HK\$372,000 for the Year, represented a significantly decrease of approximately 46.9% comparing to approximately HK\$700,000 for the last year and it accounted for approximately 0.2% and 0.4% of the Group's revenue for the Year and for the last year respectively, as the management of the Group focused on the Product Development Segment during the Year. This segment's profit for the Year was approximately HK\$105,000 as compared to approximately HK\$71,000 segment's loss for the last year.

## **Healthcare Segment**

Healthcare segment provides different types of healthcare related services and products in Hong Kong and the PRC for mothers and children by establishment of Clinics with medical treatment and consultation by experienced Chinese physician who specialised in mother-infant Chinese medical healthcare.

The revenue of this segment was approximately HK\$1.5 million and it accounted for approximately 0.8% of the Group's revenue for the Year. This segment's loss for the Year was approximately HK\$26.7 million as compared to approximately HK\$15.8 million for the last year, the significant increase due to this segment is still in start-up stage with heavily operating costs incurred before generating decent revenue.

## **HUMAN RESOURCES**

The Group had a total of 221 staff as at 31 March 2019. The employees of the Group are on fixed salary, sales commission individually and year-end discretionary performance bonus. The Group has devised an assessment system for its employees and the Group uses the assessment result for salary review and promotion decisions. All of the employees undergo a performance appraisal once a year. Such an appraisal provides the Group with an opportunity to assess each individual employee's strengths and areas for improvement, thereby enabling the Group to effectively train and develop each individual employee. A Share Option Scheme was adopted in September 2014 to recognise and acknowledge those employees who have made contribution to the Group.

## PROSPECTS

The Group is confident that Hong Kong market can still provide a stable platform for its business to expand. The Group continues its effort in new product development in order to enrich health supplements portfolio and enhance the brand image as being a specialist in providing health supplements. The Group ensures that only those products with high sales volume potential should be retained in its product portfolio. At the same time, the Group will also focus on China's market development, especially in the health supplement market for children. The Group believes that this market will be greatly benefited by the launch of China's "two-child" policy. To seize this opportunity, the Group will continue to expand its distribution network by recruiting additional distributors and put more resources to promote corporate image in order to expand its customer base.

The Group has outlined the following strategies for its future business development, with caution but aim to creating values for the Shareholders:

**(a) To continue enhancing brand recognition of the Group's own brands**

The Group has developed the "Hin Sang (衍生)" brand into a well-recognised brand in Hong Kong through an effective targeted advertising program which is well-positioned emphasising on product safety and quality.

The Group continued focusing on and applying its brand strategies of multichannel marketing and diverse product portfolios. The Group adopted a market oriented research and product development strategy to meet evolving customer demands and needs while achieving rapid growth. The Group's new product development initiative for the coming year will focus on developing more products in mother and children health supplements in Hong Kong and the PRC.

**(b) To expand the manufacturing arm of the Group**

The Group plans to enhance the production efficiency of its own brand products in order to capture future opportunities. The Group intends to develop a production plant for manufacturing health supplements in Yunfu City of the Guangdong Province, the PRC, aiming to reduce the product cost by self-production rather than Original Equipment Manufacturer ("OEM") to outside supplier, and increase efficiency and attaining more stringent quality control on its own brand healthcare products. On 9 October 2017, the Group paid RMB17.4 million (equivalent to HK\$20.7 million) as land use right payment in relation to acquisition of a piece of land, and the production plant is under construction stage. As at 31 March 2019, the Group has paid RMB46.7 million (equivalent to HK\$54.0 million) as construction in progress.

**(c) To expand e-commerce for own-branded products**

The Group will continue to enhance its e-commerce platform which focus on online sales of the products under “Hin Sang (衍生)”, through which customers, particularly those in the PRC can place orders online and enjoy home delivery services. Due to the gradual popularity of online shopping, especially in the PRC market, revenue from e-commerce platforms accounted for approximately HK\$17.9 million (2018: HK\$16.5 million) of the Group’s total revenue for the Year. The Group will continue to introduce more high quality health supplements on online platforms to expand our product portfolio and market scale.

\* *The English name is for identification purposes only*

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue was approximately HK\$184.0 million for the Year as compared to HK\$188.6 million for the last year, representing a decrease of approximately 2.4%. Such decrease was mainly due to the decrease in its sales of products under the Brand Development and Management Segment and Trading of Goods Segment.

During the Year, the revenue generated from the Product Development Segment decreased by approximately HK\$3.4 million, representing a decrease of 1.9% as compared to the last year. The revenue generated from the Brand Development and Management Segment and the Trading of Goods Segment decreased by approximately HK\$1.4 million and HK\$0.3 million respectively, representing a decrease of approximately 22.1% and 46.9% as compared to the last year. The decrease in revenue for these segments was mainly due to the decline in revenue from the Hong Kong market, as a result of the stagnant retail market in Hong Kong which result in a cautious sentiment of the local customers. Revenue generated from Healthcare segment was approximately HK\$1.5 million and it accounted for approximately 0.8% of the Group’s revenue for the Year.

### **Cost of Sales**

The Group’s cost of sales decreased slightly by 1.4% from approximately HK\$57.4 million for the last year to approximately HK\$56.6 million for the Year. The reason was primarily due to the drop in the cost of sales under the Product Development, Brand Development and Management Segment and Trading of Goods Segment by approximately 5.7%, 25.4% and 63.2% respectively as compared to the last year.



## **Gross Profit and Gross Profit Margin**

The Group's gross profit decreased by 2.9% from approximately HK\$131.2 million for the last year to approximately HK\$127.4 million for the Year. The gross profit margin for the Year decreased slightly from 69.6% to 69.2%, which was mainly resulted from drop of sales of higher profit margin products from the Product Development Segment.

## **Other Income**

The Group's other income decreased from approximately HK\$6.4 million for the last year to approximately HK\$4.4 million for the Year. Such slight decrease of other income was mainly due to the dividend income from listed equity securities of approximately HK\$2.2 million which is partially set-off by the decrease in interest income from bank deposits of approximately HK\$1.8 million.

## **Other Gains and Losses**

Other gains and losses for the Year recorded a loss of approximately HK\$11.7 million (2018: a loss of approximately HK\$11.6 million). The loss was attributable to a fair value loss on held for trading investment of approximately HK\$10.2 million together with net foreign exchange loss of approximately HK\$1.2 million for the Year (2018: net foreign exchange gain of approximately HK\$5.8 million).

## **Selling and Distribution Expenses**

Selling and distribution expenses decreased by 28.2% from approximately HK\$37.9 million for the last year to approximately HK\$27.2 million for the Year. Such decrease in selling and distribution expenses was attributable to the decrease in advertising expenses in Hong Kong due to the change of the Group's marketing and advertising strategy by conducting more marketing and advertising on paper media rather than on TV media in Hong Kong.

## **Administrative Expenses**

Administrative expenses increased by HK\$11.5 million or 13.2% from approximately HK\$87.1 million for the last year to approximately HK\$98.6 million for the Year which was mainly attributable to (i) the increase of depreciation and amortisation expenses from approximately HK\$10.2 million for the last year to approximately HK\$12.4 million for the year; (ii) the increase in legal and professional fee from HK\$5.5 million for the last year to approximately HK\$6 million for the year; (iii) the increase in staff costs (excluding share-based payment expenses) from approximately HK\$30.8 million for the last year to approximately HK\$31.3 million for the Year; (iv) increase in office expenses from approximately HK\$2.4 million for the last year to approximately HK\$3.1 million for the Year, which is offset by the decrease in donation from HK\$2.1 million for the last year to approximately HK\$1.5 million for the year. Healthcare segment accounts for 19.9% among the incensement of HK\$11.5 million.

## **Taxation**

The Group's tax charge decreased by 50.4% from approximately HK\$8.3 million for the last year to approximately HK\$4.1 million for the Year. The decrease in tax charge was due to reduced provision of Hong Kong Profits Tax at 16.5% which has been made based on the assessment of profit before tax of the individual operating companies.

## **Loss/Profit for the Year**

During the Year, the Group recorded a net loss of approximately HK\$11.6 million for the Year compared to approximately HK\$7.2 million for the last year.

## **Other Comprehensive Income**

The Group recorded other comprehensive loss increased by 460% from comprehensive income of approximately HK\$123.5 million for the last year to comprehensive loss of approximately HK\$444.5 million for the Year as result of a fair value loss on an available-for-sale investment of approximately HK\$435.1 million.

## **Equity Instruments at Fair Value through Other Comprehensive Income/Available-for-sale Investments**

The Group held certain investments for medium to long term purpose, and it represented investment in two listed equity securities which are stated at fair value.

The first listed equity security represents 118,765,000 shares in Fullshare (stock code: 607), and there was no addition or disposal of the shares of Fullshare during the Year. As at 31 March 2019, the carrying amount of these shares amounted to approximately HK\$124.7 million (as at 31 March 2018: HK\$516.6 million), with the fair value loss of approximately HK\$391.9 million was recognised as other comprehensive loss for the Year, and these shares represented approximately 0.6% of the issued ordinary shares of Fullshare as at 31 March 2019. The carrying amount of these shares represented approximately 18.7% of the total assets of the Group as at 31 March 2019.

The second listed equity security represents 45,411,600 shares in Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**") (stock code: 3332). With reference to the Company's circular dated 21 September 2017, the Company purchased these shares from a wholly-owned subsidiary of Fullshare with the consideration of HK\$73,112,676 and the transaction was completed on 18 October 2017. There was no addition or disposal of this investment during the Year. As at 31 March 2019, the carrying amount of these shares amounted to approximately HK\$13.6 million, with an impairment loss of approximately HK\$43.2 million recognised for the Year due to significant decline in the market value compared with the purchase cost, and these shares represented approximately 16.7% of the issued ordinary shares of Nanjing Sinolife as at 31 March 2019. The carrying amount of these shares represented approximately 2.0% of the total assets of the Group as at 31 March 2019.

The fair value of these securities as at the date of this announcement was approximately HK\$69.9 million.

### **Inventories**

The Group's inventories decreased by 31.3% from approximately HK\$9.6 million as at 31 March 2018 to approximately HK\$6.6 million as at 31 March 2019 which was primarily due to the increase in finished products for distribution by 38.1% from approximately HK\$8.4 million as at 31 March 2018 to approximately HK\$5.2 million as at 31 March 2019.

### **Held For Trading Investment**

The Group held several listed equity securities for short term trading purpose and they are stated at fair value. The largest portion of listed equity security represents 13,710,000 shares in Nanjing Sinolife and 4,000,000 shares in Mansion International Holdings Limited (stock code: 8456). As at 31 March 2019, the carrying amount of these shares amounted to approximately HK\$5.2 million. The carrying amount of these shares represented approximately 0.8% of the total assets of the Group as at 31 March 2019. The fair value of these securities as at the date of this announcement was approximately HK\$5 million.

### **Trade Receivables**

The Group's trade receivables decreased by 19.2% from approximately HK\$21.8 million as at 31 March 2018 to approximately HK\$17.6 million as at 31 March 2019, which was primarily attributable to the decrease in trade receivables from distributors arising from the purchase of healthcare products of the Product Development Segment.

### **Trade Payables**

The Group's trade payables decreased by approximately 40.0% from approximately HK\$9.5 million as at 31 March 2018 to approximately HK\$5.7 million as at 31 March 2019.

### **Liquidity, gearing ratio and capital structure**

The Group's bank balances and cash were mainly denominated in HKD and RMB, the balances were decreased by approximately 65.7% from approximately HK\$186.0 million as at 31 March 2018 to approximately HK\$63.8 million as at 31 March 2019. As at 31 March 2019, the amount of Group's outstanding bank borrowings was approximately HK\$134.8 million; and the amount of unutilized banking facilities was approximately HK\$99.6 million. The gearing ratio (total debts divided by total equity) as at 31 March 2019 was 0.3 (31 March 2018: nil). The current ratio (total current assets divided by total current liabilities) as at 31 March 2019 was 0.7 (31 March 2018: 7.5).

## **Contingent liabilities**

As at 31 March 2019, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

## **Charges on the Group's assets**

As at 31 March 2019, the carrying value of the assets of the Group were pledged in favor of banks was approximately HK\$264.7 million.

## **Capital commitments**

As at 31 March 2019, the Group had total capital commitments of HK\$228.4 million in respect of the acquisition of property, plant and equipment.

## **Financial Management and Policy**

The Group continues to adopt prudent financing and treasury policies. The Group's entire financing and treasury activities are centrally managed and controlled. Implementation of the Group's related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk. The executive Directors, with the assistance of the Group's chief financial officer, are responsible for identifying, reviewing, evaluating and analyzing the investment opportunities of the Group. The executive Directors also regularly monitor the cash position and funding requirements of the Group.

## **OTHER INFORMATION**

### **DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2019.

### **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming AGM of the Company, the register of members of the Company will be closed from Wednesday, 11 September 2019 to Monday, 16 September 2019, both days inclusive, during which period no transfer of Shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 10 September 2019.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and senior management of the Group strive to maintain a high standard of corporate governance, to formulate sound corporate governance practice for improvement of accountability and transparency in operations, and to strengthen the internal control system from time to time so as to ensure Shareholders' expectations are met.

### **Compliance with Corporate Governance Code**

Throughout the year ended 31 March 2019, the Company has applied the principles and complied with the Corporate Governance Code (“**CG Code**”) as set out in Appendix 14 to the Listing Rules except for the below deviations:

#### **Code Provision A.2.1**

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Pang Siu Hin, is both the chairman and the chief executive officer of the Company. In view of the fact that Mr. Pang is one of the co-founders of the Group and has been operating and managing the Group effectively since 1996, the Board believes that it is in the best interest of the Group to have Mr. Pang taking up both roles for effective management and business development with his profound knowledge and experience in the industry. The Board therefore considers that the deviation from the CG Code provision A.2.1 is reasonably justified under such circumstances.

#### **Code Provision F.1.1**

Under the code provision F.1.1 of the CG Code, the Company engages Ms. Kho Polien (“**Ms. Kho**”) as Company Secretary during the Period. Ms. Kho is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators respectively and in performing her duties as the company secretary of the Company, she reports to the Board and maintains contact with the chief executive officer of the Company.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all Directors and all Directors confirmed that they have complied with the standards required by the Model Code during the Period.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company.

## **REVIEW OF ANNUAL RESULTS**

The Group's consolidated financial statements for the Period have been reviewed by the Audit Committee.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms and expressions shall have the meanings set out below.

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Brand Development and Management Segment”	the business segment in which the Group purchases primarily personal care products from the brand proprietors and manage and develop the brand of such products
“BVI”	the British Virgin Islands
“Company”	Hin Sang Group (International) Holding Co. Limited, 衍生集團(國際)控股有限公司, an exempted company incorporated with limited liability in the Cayman Islands on 28 October 2010
“Director(s)”	the directors of the Company
“Fullshare”	Fullshare Holdings Limited, 豐盛控股有限公司, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Stock Exchange (stock code: 607)
“Fullshare Group”	Fullshare and its subsidiaries

“GMP”	“Good Manufacturing Practice” is a quality assurance approach used by drug manufacturing industry worldwide to ensure that products are consistently produced and controlled according to appropriate quality standards. Hong Kong, like most other countries, has adopted the GMP guidelines promulgated by the World Health Organisation (WHO)
“Group”	the Company and its subsidiaries
“Healthcare Segment”	the business segment in which the Group engages in providing Chinese medical healthcare related services which targets for mothers and children in Hong Kong and the PRC
“Hin Feng Group”	Hin Feng Group (International) Holding Company Limited 衍豐集團(國際)控股有限公司, a joint venture company established in Hong Kong on 7 July 2016, owned as to 51% by the Company and as to 49% by Five Seasons VIII Limited (a wholly-owned subsidiary of Fullshare)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of Shares on the Main Board
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Period”	the year ended 31 March 2019
“PRC” or “China”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“Product Development Segment”	the business segment in which the Group develops own personal care products, health supplements and household products sold under its own brands, including but not limited to “Hin Sang (衍生)”, “Shuang Long (雙龍)” and “King’s Antiseptic (殺菌王)”

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 25 September 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading of Goods Segment”	the business segment in which the Group engages in trading and distributing skin care products, personal care products and household products purchased from various authorized dealers and independent traders or directly from suppliers

*English translation of names in Chinese in this announcement which are marked “\*” are for identification purposes only.*

By Order of the Board  
**Hin Sang Group (International) Holding Co. Ltd.**  
**Pang Siu Hin**  
*Chairman*

Hong Kong, 25 June 2019

*As at the date of this announcement, the executive Directors are Mr. Pang Siu Hin and Ms. Kwan Lai Man, the non-executive Directors are Ms. Wong Wai Ling and Mr. Yuen Chi Ping, and the independent non-executive Directors are Mr. Lau Chi Kit, Mr. Lee Luk Shiu and Dr. Tang Sing Hing, Kenny.*