Kiu Hung International Holdings Limited
僑雄國際控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 00381)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of Kiu Hung International Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") has not been completed. The unaudited consolidated results of the Company have not yet been agreed with the auditor of the Company and have therefore been reviewed by the Company's audit committee (the "**Audit Committee**") without disagreement. The Board will use its reasonable endeavours to publish its preliminary announcement of the audited results for the year ended 31 December 2019 (the "**Audited Final Results**"), which will be agreed with the auditor of the Company as soon as possible and in any event after travel restrictions imposed due to the COVID-19 coronavirus are lifted in Hong Kong and Mainland China.

In the meantime, the board of directors (the "**Board**") of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2019

	Notes	**2019** ***HK$'000*** **(Unaudited)**	2018 *HK$'000* (Audited)
Revenue	*4*	**199,952**	214,605
Cost of sales		**(157,889)**	(149,334)
Gross profit		**42,063**	65,271
Other income	*5*	**2,715**	2,997
Selling and distribution costs		**(28,312)**	(32,262)
Administrative expenses		**(85,192)**	(133,715)
Other gains, net		**822**	745
Operating loss		**(67,904)**	(96,964)
Finance costs		**(30,603)**	(25,808)
		(98,507)	(122,772)
Impairment of investment in an associate		**–**	(16,360)
Impairment of exploration and evaluation assets		**–**	(88,758)
Gain on disposal of subsidiaries	*17*	**23,634**	–
Prepayment, deposit and other receivables written-off		**(106,708)**	–
Share of result of associates		**77,682**	4,754
Loss before income tax		**(103,899)**	(223,136)
Income tax (expense)/credit	*6*	**(484)**	11,566
Loss for the year	*7*	**(104,383)**	(211,570)
Loss attributable to:			
— equity holders of the Company		**(103,821)**	(208,066)
— non-controlling interests		**(562)**	(3,504)
		(104,383)	(211,570)
Loss per share attributable to the equity holders of the Company		***HK cents***	HK cents
Basic and diluted loss per share	*9*	**(1.06)**	(2.70)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Loss for the year	**(104,383)**	(211,570)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of properties	**3,235**	3,105
Surplus on revaluation of financial assets at fair value through other comprehensive income ("FVTOCI")	**–**	58,818
Deferred income tax expense arising on revaluation of properties	**(346)**	–
Items that may be reclassified to profit or loss:		
Exchange difference arising from translation of foreign operations	**3,758**	(13,538)
Share of exchange translation difference of associates	**4,907**	–
Other comprehensive income for the year, net of tax	**11,554**	48,385
Total comprehensive loss the year	**(92,829)**	(163,185)
Total comprehensive loss attributable to:		
— equity holders of the Company	**(92,267)**	(159,681)
— non-controlling interests	**(562)**	(3,504)
	(92,829)	(163,185)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000 (Unaudited)	2018 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**67,322**	78,660
Investment properties		**14,683**	14,902
Right-of-use assets		**3,780**	–
Other intangible asset		**1,000**	1,012
Investment in associates	*10*	**627,305**	235,920
Financial assets at FVTOCI	*11*	**2,741**	133,000
Deferred income tax assets		**182**	198
Prepayments, deposits and other receivables	*13*	**–**	2,249
		717,013	465,941
Current assets			
Inventories		**24,000**	70,758
Trade and bills receivables	*12*	**39,541**	43,301
Prepayments, deposits and other receivables	*13*	**91,813**	181,029
Bank and cash balances		**18,520**	21,818
		173,874	316,906
Assets of a disposal group classified as held for sale		**–**	20,514
		173,874	337,420
Total assets		**890,887**	803,361
Current liabilities			
Trade payables	*14*	**7,469**	12,982
Accruals and other payables		**155,747**	172,853
Income tax payable		**846**	740
Promissory notes	*15*	**270,887**	153,607
Lease liabilities		**1,307**	324
Borrowings		**37,064**	95,333
		473,320	435,839
Net current liabilities		**(299,446)**	(98,419)
Total assets less current liabilities		**417,567**	367,522

	Notes	**2019**	2018
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Deferred income tax liabilities		**14,590**	14,968
Borrowings		**–**	6,545
Lease liabilities		**2,977**	417
		17,567	21,930
Net assets		**400,000**	345,592
Equity			
Share capital	*16*	**989,039**	811,039
Reserves		**(594,274)**	(471,244)
Equity attributable to owners of the Company		**394,765**	339,795
Non-controlling interests		**5,235**	5,797
Total equity		**400,000**	345,592

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company											
	Share capital	Share premium *Note (a)*	Statutory surplus *Note (b)*	Contributed surplus *Note (c)*	Foreign currency translation reserve *Note (d)*	Share-based payment reserve *Note (e)*	Property revaluation reserve *Note (f)*	Fair value reserve for financial assets at FVTOCI	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	710,039	1,523,602	4,375	303	85,726	28,364	59,183	–	(1,941,406)	470,186	9,301	479,487
Total comprehensive loss for the year	–	–	–	–	(13,538)	–	3,105	58,818	(208,066)	(159,681)	(3,504)	(163,185)
Issue of consideration shares	101,000	(71,710)	–	–	–	–	–	–	–	29,290	–	29,290
Forfeiture of share option	–	–	–	–	–	(19,145)	–	–	19,145	–	–	–
At 31 December 2018 and 1 January 2019	811,039	1,451,892	4,375	303	72,188	9,219	62,288	58,818	(2,130,327)	339,795	5,797	345,592
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**8,665**	**–**	**2,889**	**–**	**(103,821)**	**(92,267)**	**(562)**	**(92,829)**
Release upon disposal of subsidiaries	**–**	**–**	**(1,414)**	**–**	**(26,763)**	**–**	**–**	**–**	**1,414**	**(26,763)**	**–**	**(26,763)**
Issue of consideration shares	**178,000**	**(4,000)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**174,000**	**–**	**174,000**
Forfeiture of share option	**–**	**–**	**–**	**–**	**–**	**(9,219)**	**–**	**–**	**9,219**	**–**	**–**	**–**
At 31 December 2019	**989,039**	**1,447,892**	**2,961**	**303**	**54,090**	**–**	**65,177**	**58,818**	**(2,223,515)**	**394,765**	**5,235**	**400,000**

Notes:

(a) Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(b) In accordance with the relevant regulations of the People's Republic of China (the "**PRC**"), the subsidiaries of the Group registered in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve. Subject to certain restrictions as set out in the relevant regulations and the articles of association of these PRC subsidiaries, the statutory reserve may be used to offset the accumulated losses, or for capitalisation as paid-up capital of the subsidiaries.

(c) The contributed surplus of the Group represents the excess of the nominal value of the aggregate share capital of the subsidiaries acquired pursuant to the group reorganisation prior to the listing of the Company's shares on The Stock Exchange of Hong Kong Limited over the nominal value of Company's shares issued in exchange thereof.

(d) The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

(e) Share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to certain directors, employees and consultants of the Group.

(f) The property revaluation reserve represents the revaluation surplus for land and buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is Flat E, 20/F., Lucky Plaza, 315–321 Lockhart Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group was principally engaged in the manufacturing and trading of toys and gifts items, and the investment in various potential businesses including fruit plantation, leisure and culture during the year.

2. BASIS OF PREPARATION

Going concern basis

The Group incurred a loss of approximately HK$104,383,000 for the year ended 31 December 2019 and as at 31 December 2019 the Group had net current liabilities of approximately HK$299,446,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to improve the Group's financial position, the directors of the Company have been implementing various measures as follows:

(1) The Group is in negotiation with financial institutions to obtain sufficient new borrowings and to extend existing borrowings upon their maturities;

(2) The Group is in negotiation with its creditors to extend payment due dates;

(3) The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer, placing of new shares and issuance of convertible bonds; and

(4) Green Luxuriant Group Investment Limited, a shareholder of the Company, has agreed to provide adequate funds for the Group to meet its liabilities as they fall due.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation and outcome of the above measures to be undertaken by the Group and the financial support from Green Luxuriant Group Investment Limited. The directors of the Group are of the opinion that, taking into account the above measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2019. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. ADOPTION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as 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 positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

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 elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

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

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iii. applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of machinery and equipment in the PRC/properties in Hong Kong was determined on a portfolio basis.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately HK$8,912,000 and right-of-use assets of approximately HK$9,736,000 at 1 January 2019.

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 lessee's incremental borrowing rate applied is 4.75%.

	At 1 January 2019 *HK$'000*
Total operating lease commitments disclosed at 31 December 2018	9,910
Recognition exemptions:	
— Leases with remaining lease term of less than 12 months	(989)
Operating leases liabilities before discounting	8,921
Discounting using incremental borrowing rate	(750)
Operating leases liabilities	8,171
Finance leases obligation	741
Total lease liabilities recognised upon application of HKFRS 16	8,912
Classified as:	
Current	2,740
Non-current	6,172
	8,912

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

	At 1 January 2019 *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	8,912
Reclassified from obligation under finance leases *(Note)*	824
	9,736
By class:	
Office premises	8,912
Plant and machinery/Motor vehicles	824
	9,736

Note: In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to HK$824,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of HK$324,000 and HK$417,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

4. REVENUE

(a) Disaggregation of revenue from contracts with customers

	2019	2018
	HK$'000	*HK$'000*
Sales of toys and gifts items	**199,952**	214,605
Timing of revenue recognition		
At point in time	**199,952**	214,605

(b) Performance obligations for contracts with customers

Revenue from sales of toys and gifts items is recognised when control of the goods has transferred, being when the goods have been shipped to the customer's specific location (delivery). Following the delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. Invoices are usually payable within 60 days.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Moulds income	**3**	43
Bank interest income	**4**	8
Loan interest income	**2,094**	2,194
Rental income	**169**	412
Others	**445**	340
	2,715	2,997

6. INCOME TAX (EXPENSE)/CREDIT

	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**–**	(475)
Current tax — Overseas		
Provision for the year	**(459)**	(1,273)
Total current tax	**(459)**	(1,748)
Deferred income tax (charge)/credit	**(25)**	13,314
Income tax (expense)/credit	**(484)**	11,566

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%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Taxations on overseas profits have been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

7. LOSS FOR THE YEAR

The Group's loss for the year is arrived after charging/(crediting) the following:

	2019	2018
	HK$'000	*HK$'000*
Amortisation of other intangible asset	**12**	12
Auditor's remuneration	**2,000**	1,800
Cost of inventories sold*	**157,889**	149,334
Depreciation of property, plant and equipment	**7,457**	7,442
Depreciation of right-of-use assets	**2,572**	–
Net foreign exchange gain	**(86)**	(3,935)
Provision for impairment of other receivables	**–**	16,535
Provision for impairment of trade receivables	**–**	3,915
Minimum lease payments for rented properties previously classified as operating leases under HKAS 17	**–**	8,020
Loss on written-off of property, plant and equipment	**443**	1,105
Staff costs (including directors' remuneration)		
Salaries, bonus and allowance	**39,288**	63,928
Retirement benefits scheme contributions	**2,061**	3,797
	41,349	67,725

* Cost of inventories includes approximately HK$24,971,000 (2018: HK$849,000) relating to write-down of inventories to net realisable value.

8. DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the years ended 31 December 2019 and 2018.

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of HK$103,821,000 (2018: HK$208,066,000) and the weighted average number of ordinary shares of 9,757,231,000 (2018: 7,695,313,000) in issue during the year.

(b) Diluted loss per share

There was no dilutive potential ordinary shares for the Company's outstanding share options and convertible loans for the years ended 31 December 2019 and 2018. Accordingly, the diluted loss per share is same as basic loss per share for both years.

10. INVESTMENT IN ASSOCIATES

	2019	2018
	HK$'000	*HK$'000*
Unlisted investments:		
Share of net assets	**354,757**	228,689
Goodwill	**875,555**	610,238
	1,230,312	838,927
Impairment losses	**(603,007)**	(603,007)
	627,305	235,920

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	HK$'000	*HK$'000*
Unlisted investments		
— Equity securities	**2,741**	133,000

At 31 December 2019, the unlisted equity investments represent the Group's remaining 20% equity interest in Inner Mongolia Mingrunfeng Energy Co., Ltd. and Inner Mongolia Run Heng Mining Co., Ltd. (the "**Disposal Group**") upon disposal of 80% interest of the Disposal Group on 15 January 2019. The directors of the Company have elected to designated these investments in equity instruments at FVTOCI as the investments are held for long-term strategic purpose. The Disposal Group is not regarded as associates of the Group because the Group has less than one-fifth of the voting power of the Disposal Group and there is no director of the Disposal Group was appointed by the Group.

At 31 December 2018, the unlisted equity investments represent the Group's 19% equity interest in USO. The amount was reclassified as investment in associates upon completion of the acquisition of further 28% equity interest in USO on 23 January 2019.

12. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables — contract with customers	**39,808**	49,585
Less: Allowance for credit losses	**(267)**	(8,156)
Trade receivables, net	**39,541**	41,429
Bills receivables	**–**	1,872
	39,541	43,301

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**28,451**	12,367
31 days to 90 days	**8,338**	11,032
91 days to 180 days	**2,752**	12,059
181 days to 360 days	**–**	5,902
Over 360 days	**–**	69
	39,541	41,429

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2019	2018
	Notes	***HK$'000***	*HK$'000*
Non-current portion			
Prepayment		**–**	2,249
		–	2,249
Current portion			
Deposits for sales right of a property development	*(a)*	**–**	102,100
Deposits for the acquisition of partial interest in a company		**–**	10,000
Prepayment for corporation agreement	*(b)*	**–**	8,505
Trade deposits		**62,434**	14,105
Deposit and other receivables		**20,972**	41,281
Loan receivable		**–**	11,044
Prepayment		**–**	1,902
Amount due from a former director	*(c)*	**8,407**	8,407
		91,813	197,344
Less: Allowance for credit losses		**–**	(16,315)
		91,813	181,029
		91,813	183,278

(a) Based on the legal opinion, the directors considered that the deposits for the sales right of a property development could not be recovered, and was written off during the year.

(b) The amount represents the prepayment for co-operation of production of wine with a company.

(c) Amount due from a former director

	2019	2018
	HK$'000	*HK$'000*
Zhang Yun	**8,407**	8,407

14. TRADE PAYABLES

An aging analysis of the Group's trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**5,454**	11,405
31 days to 90 days	**1,118**	1,311
91 days to 180 days	**223**	165
181 days to 360 days	**498**	–
Over 360 days	**176**	101
	7,469	12,982

15. PROMISSORY NOTES

	Total
	HK$'000
At 1 January 2018	137,900
Issuance of promissory notes	44,677
Repayment of promissory notes	(18,970)
Cancellation of promissory note returned	(10,000)
At 31 December 2018 and 1 January 2019	153,607
Issuance of promissory notes	**131,950**
Repayment of promissory notes	**(4,670)**
Cancellation of promissory note returned	**(10,000)**
At 31 December 2019	**270,887**

16. SHARE CAPITAL

	Notes	Number of shares 2019	2018	Amount 2019 HK$'000	2018 HK$'000
Ordinary shares of HK$0.10 each					
Authorised:					
At 31 December 2018 and 31 December 2019		**30,000,000,000**	30,000,000,000	**3,000,000**	3,000,000

	Number of shares 2019	2018	Amount 2019 HK$'000	2018 HK$'000
Issued and fully paid:				
At the beginning of the year	**8,110,381,596**	7,100,381,596	**811,039**	710,039
Issue of shares				
— upon settlement of liabilities	**80,000,000**	–	**8,000**	–
— upon acquisitions of an associate	**1,700,000,000**	1,010,000,000	**170,000**	101,000
At the end of the year	**9,890,381,596**	8,110,381,596	**989,039**	811,039

17. GAIN ON DISPOSAL OF SUBSIDIARIES

a. During the year ended 31 December 2018, the management decided to dispose the Group's 80% equity interest in Inner Mongolia Mingrunfeng Energy Co., Ltd. and Inner Mongolia Run Heng Mining Company Limited (the "**Disposal Group**"). On 15 December 2018, the Disposal Group was bid at open market auction for RMB15,000,000. The disposal was completed on 15 January 2019. The net assets of the Disposal Group at the date of completion were as follows:

	HK$'000
Net assets disposed of	
Bank and cash balances	5
Prepayments and other receivables	345
Accruals and other payables	(701)
Assets and liabilities of a disposal group classified as held for sale	20,514
	20,163
Release of foreign currency translation reserve	(24,651)
Transfer to Financial assets of FVTOCI for 20% residual equity interest	(2,741)
Cash consideration received	(17,079)
Gain on disposal	(24,308)

b. On 31 December 2019, the Company disposed of its 100% equity interest in a subsidiary, Kiu Hung Health Food (HK) Limited and its subsidiaries ("**Kiu Hung Health Food (HK)**") to an independent third party at a consideration of HK$1,000,000. The principal activity of Kiu Hung Health Food (HK) are manufacturing and trading of wine products. The subsidiary disposed had no significant impact on the turnover and results of the Group. The net assets of Kiu Hung Health Food (HK) at the date of disposal were as follows:

	HK$'000
Net assets disposed of	
Property, plant and equipment	5,838
Inventories	18,629
Prepayments and other receivables	42,270
Cash and cash equivalent	1,687
Accruals	(64,638)
	3,786
Release of foreign currency translation reserve	(2,112)
Cash consideration received	(1,000)
Loss on disposal	674

18. LITIGATIONS

There are litigations being undertaken against the Group as at and after the end of the reporting period, details of which are summarized as follows:

(a) Everbright Centre

Pursuant to a tenancy agreement dated 23 September 2014 entered into between Everbright Centre Company Limited ("**Everbright Centre**") (changed its name from Wing Siu Company Limited to Everbright Centre Company Limited effective from 8 March 2018) as landlord and Super Dragon Management Limited ("**Super Dragon**"), a wholly-owned subsidiary of the Company, as tenant, and the Company as guarantor to Super Dragon, Everbright Centre agreed to let Super Dragon the premises located at 19th Floor, Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong (the "**Wanchai Property**") for a term of three years from 15 December 2014 to 14 December 2017.

On 8 August 2016, Super Dragon and the Company received from Everbright Centre a writ of summons issued by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the "**High Court**") with an indorsement of claim against Super Dragon and the Company jointly for (i) vacant possession of the Wanchai Property; (ii) the outstanding total amount of rent, management fees, interests and other charges of approximately HK$3,886,000 as at 1 August 2016; (iii) rent, management fees and rates to the date of delivery of vacant possession of the Wanchai Property;(iv) damage for breach of the tenancy agreement to be assessed; (v) interest; (vi) costs; and (vii) further or other relief.

The Company vacated from the Wanchai Property in the third quarter of 2017 and has settled part of the amount claimed above. As at 31 December 2019, the accumulated interest, rent and administrative fees accrued for the postponement of payment is approximately HK$4,735,510.

As at the date of this announcement, the Company is liaising with Everbright Centre to settle the above claim.

(b) Guo Jingsheng

On 8 June 2016 and 19 July 2016, the Company and a director of the Company received from Mr. Guo Jingsheng ("**Mr. Guo**") a writ of summons and an indorsement of claim issued by the High Court, respectively, against the Company as borrower and the director of the Company as guarantor for the outstanding amount of borrowing including interests of approximately HK$13,921,000.

A deed of settlement was made between the Company, the director of the Company and Mr. Guo on 29 April 2019, and on 21 May 2019, all the conditions set out in this Settlement Deed have been fulfilled and the Completion of the allotment and issue of 80,000,000 Relevant Shares of the Company of HK$0.1 each in an aggregate principal amount of HK$8,000,000.

As at the date of this announcement, the Company is liaising with Mr. Guo and expects to settle the outstanding amount of such borrowing.

(c) Chow Lai Wah Livia

Pursuant to a Loan Agreement dated 26 November 2018 entered into between Chow Lai Wah Livia ("**Ms Chow**") as Lender and the Company as Borrower, Ms. Chow agreed to lend to the Company an amount of HK$20,000,000 for a term until 1st December 2019.

On 12 September 2019 and 10 October 2019, the Company received from Ms. Chow a writ of summons and a statement of claim issued by the High Court, respectively, against the Company as borrower for the outstanding amount of borrowing of HK$20,000,000 and interest rate of 1.25% per month from 27 May 2019 until payment. On 9 December 2019, the Company filed a defence and counterclaim to the High Court.

As at the date of this announcement, no hearing dates have been fixed by the High Court.

19. EVENTS AFTER THE REPORTING PERIOD

(a) Since early 2020, the epidemic of Coronavirus Disease 2019 (the "**COVID-19 outbreak**") has spread across China and other countries and it has affected the business and economic activities of the Group to some extent.

The Group's performance in 2020 could possibly be affected. The overall financial effect cannot be reliably estimated as of the date of these consolidated financial statements. The Group will closely monitor the development of the COVID-19 outbreak and continue to evaluate its impact on the business, the financial position and operating results of the Group.

(b) On 10 March 2020, the Company and Beijing Zhongjun Financial Holdings Zhiyuan Technology Development Partnership (Limited Partnership)* (北京中軍金控致遠科技發展合夥企業(有限合夥)) entered into a memorandum of understanding (the "**MOU**") in relation to a mutual intention on a possible acquisition by the Company (or its wholly-owned subsidiary) of some equity interest in Shanghai Zhongjun HIT Enterprise Development Co., Ltd.* (上海中軍哈工大企業發展有限公司) from the Vendor.

For details, please refer to the Company's announcement date 10 March 2020.

(c) Reference is made to the announcements of the Company dated 19 June 2018, 18 December 2018 and 23 January 2019 in relation to, among other things, the issuance of Second Promissory Note in the principal amount of HK$30,000,000 as partial consideration for the acquisition of further 28% interest in USO Management Limited ("**USO**").

On 14 January 2020, the Group, the vendor of USO and the guarantor entered into a deed of settlement (the "**Deed of Settlement**"), pursuant to which the vendor has agreed to subscribe for and the Company has agreed to allot and issue 300,000,000 Shares (the "**Second Batch Consideration Shares**", and each a "Second Batch Consideration Share") at the issue price of HK$0.1 per Second Batch Consideration Share as full and final settlement of the outstanding Consideration in the sum of HK$30,000,000 on and subject to terms and conditions of the Deed of Settlement.

At the time of delivery of the Second Batch Consideration Shares to the vendor, the vendor shall simultaneously return the Second Promissory Note free from encumbrances to the Company or the Group. Upon return of the Second Promissory Note to the Group or the Company, the Company will forthwith cancel the Second Promissory Note and no claim shall be made by the vendor and/or the Guarantor with respect to the Second Promissory Note. The allotment and issue of the Second Batch Consideration Shares is conditional upon the Stock Exchange granting the approval for the listing of, and permission to deal in, the Second Batch Consideration Shares.

The approval from the Stock Exchange was granted on 6 February 2020 and the Second Batch Consideration Shares have been allotted and issued as fully paid to the vendor on 10 February 2020. The Second Batch Consideration Shares were allotted and issued under the General Mandate.

The vendor and the guarantor have returned the Second Promissory Note to the Company and the Company had cancelled the Second Promissory Note.

Details of the above, please refer to the Company's announcement dated 10 February 2020.

(d) Subsequent to the reporting period, the Company proposed to reduce the entire amount of the share premium account of the Company, and to implement the Capital Reorganisation upon the Change of Domicile becoming effective.

An extraordinary general meeting will be convened and held for the shareholders to consider and, if thought fit, approve the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Reduction of Share Premium Account and the Capital Reorganisation. Details of the proposed changes are set out in the Company's announcement and circular dated 17 February 2020 and 18 March 2020 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2019 (the "**Year**"), the Group recorded turnover of approximately HK$200 million (2018: HK$214.6 million), representing a decrease of approximately 6.8% as compared with last year. The Group's loss attributable to equity holders of the Company for the Year was approximately HK$103.8 million (2018: HK$208.1 million), representing a decrease of approximately HK$104.3 million comparing to last year. The decrease in loss attributable to equity holders of the Company for the Year was mainly attributable to (i) the decrease in administrative expenses of the Group, amounting to approximately HK$48.5 million; (ii) the decrease in the provision for impairment of investment in associates of the Group, amounting to approximately HK$16.4 million; (iii) the decrease in the provision for impairment of exploration and evaluation assets of the Group, amounting to approximately HK$88.7 million; and (iv) the increase in share of results of associates of approximately HK$72.9 million during the Year. Basic loss per share for the Year was 1.06 HK cents (2018: 2.70 HK cents). The Board has resolved not to pay any final dividend for the Year (2018: Nil).

BUSINESS AND OPERATIONAL REVIEW

Segmental Information Analysis

During the Year, the Group has five reportable segments, namely "Manufacturing and trading of toys and gifts items", "Exploration of natural resources", "Fruit plantation", "Leisure" and "Culture".

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business has different economic characteristics.

Manufacturing and Trading of Toys and Gifts Items

Turnover from toys and gifts business for the Year was approximately HK$200 million (2018: HK$214.6 million), representing a decrease of approximately 6.8% comparing to last year. The decrease in turnover was mainly attributable to the decrease in revenue generated from the North America and European Union regions. The gross profit margin was decrease, which was 21% (2018: 30.4%) during the Year, showing the loss of a major customer and the intense market competition while the Group has been keeping its high quality standard in the production and sales of toys and gifts items during the past years.

Exploration of Natural Resources

The Group owns the minor interest of exploration rights of Bayanhushuo Coal Field and Guerbanhada Coal Mine, all located in Inner Mongolia Autonomous Region (the "**Inner Mongolia**"), the PRC with total estimated coal resources of approximately 500.05 million tonnes under the JORC Code as follows:

During the year 2018, the Management was being informed that the approval of the master planning of GCM from the National Development and Reform Commission of the PRC and the National Energy Commission of The PRC was very remote. On the consideration of best interest of shareholders, and based on the valuation performed by the professional valuer on 1 November 2018, the Management decided to dispose the equity interest of two whole owned subsidiaries, the Inner Mongolia Mingrunfeng Energy Co., Limited (PRC) which owed the Exploration Right of Guerbanada Coal Mine and the Inner Mongolia Run Heng Mining Company Limited (PRC) which owed the Exploration Right of Bayanhushuo Coal Field through the open market in PRC.

On 15 December 2018, 80% equity interest of the Inner Mongolia Mingrunfeng Energy Co., Limited (PRC) and 80% equity interest of the Inner Mongolia Run Heng Mining Company Limited (PRC) (together referred to as the Disposal Group) was bid in open market auction via the agent "福建省廣業拍賣有限公司". As the sales proceed from the assets and liabilities of the Disposal Group was lower than their carrying amount, an impairment of approximately HK$88,758,000 was provided for the year ended 31 December 2018, and the Disposal Group as at 31 December 2018 is classified as assets of a disposal group classified as held for sale. The disposal was completed on 15 January 2019, see note 17(a).

The retained equity interest was regarded as financial assets at FVTOCI (note 11) since the Group has no significant influence to participate in the financial and operating policy decisions of the Disposal Group.

Fruit Plantation

(a) Multijoy Group

Multijoy Developments Limited, 40% equity interest of which was acquired by the Group, together with its subsidiaries (the "**Multijoy Group**") is principally engaged in the business of holding of forestry concession rights in relation to a parcel of forest land situated in Nanfeng County, Fuzhou City, Jiangxi Province, the PRC with an aggregate site area of approximately 1,765.53 Chinese mu (the "**Forest Land**"). The Multijoy Group has appointed an independent third party under a cooperation agreement for a term of five years from 1 April 2013 to 31 March 2018, in relation to the operations of tangerine plantation business on the Forest Land for a fixed royalty income. A new cooperation agreement has been signed in early 2018 for another term of three years from 1 April 2018 to 31 March 2021.

The Group's share of result of profits amounted to approximately HK$4.5 million for the year (2018: HK$4.7 million).

(b) USO Management & Holding Co. Ltd

Trinity Force Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Green Luxuriant Group Investment Limited (the "**Vendor**"), regarding the Group's acquisition of 19% equity interest of USO Management & Holding Co. Ltd. ("**USO**") on 5 October 2015. USO entered into a tenancy agreement with the Alii and Faipule of the Village of Sasina, Savaii ("**AFS**"), owners of a parcel of approximately 500 acres of prime agricultural property located at Sasina, Savaii in Samoa (the "**Leased Properties**") pursuant to which AFS granted to USO the legal right to use its Leased Properties for a term of 90 plus 30 years (120 years in total) at an annual lease payment of US$120,000 (equivalent to approximately HK$936,000) for the development of USO's noni fruit plantation business. The formal lease agreement with the Ministry of Natural Resources and Environment in Samoa was completed on 19 July 2017.

On 19 June 2018, Trinity Force Investments Limited entered into the sale and purchase agreement with the Vendor in relation to further acquisition of an effective 28% equity interest in Noni-fruit plantation related business in the Independent State of Samoa ("**Samoa**"). The acquisition had been completed on 23 January 2019 and the Group in total owned 47% equity interest of USO.

The Group's share of result of profits amounted to HK$73.6 million for the year.

Leisure

(a) Tea related business

Since the Group's acquisition of 33% equity interest in Fujian Yuguo Tea Chaye Limited* (福建鈺國茶業有限公司) ("**Fujian Yuguo**") (a limited company incorporated in Fujian Province, the PRC, engaging mainly in the distribution of tea related products in PRC) in January 2016 , Fujian Yuguo has been generating profits from its operations.

In the recent years, the competition in tea industries becomes more fierce because the traditional sales model is facing a keen competition from those online business platform. During the Year, Fujian Yuguo began to fine-tune its operation model to meet its customers' needs, including but not limited to provide more attractive terms to its selected customers to increase its competitiveness in the markets. The Group's share of result of loss amounted to HK$1.3 million for the year. No impairment (2018: HK$16,360,000) was recognised for the year ended 31 December 2019.

(b) Wine related business

Wine culture forms an important part and has a long history in the Chinese culture. In view of the increase in the living standard of the Chinese people in the recent years, the Group is optimistic about the future growth in the wine industry and has intention to invest in the wine business, especially for the yellow wine products. Since the end of 2016, the Group has invested in the yellow base wine. In view of the Group's existing insufficient working capital, the Group has adopted a strategy to look for potential cooperators to manufacture and distribute the yellow wine products. On 15 January 2018, the Group entered into a sales and purchase agreement with the vendor of Anhui Fu Lao Wine Development Company Limited* (安徽省福老酒業發展有限公司) ("**Anhui Fu Lao**"), a company established in PRC with limited liability. Pursuant to the sales and purchase agreement, the Group had agreed to acquire and the vendor of Anhui Fu Lao had agreed to sell 20% equity interest of Anhui Fu Lao held by the vendor, at the consideration of approximately RMB84 million (equivalent to approximately HK$101 million), subject to the fulfillment of certain conditions. The consideration will be settled by the Company by way of issuing a total of 1,010,000,000 consideration shares at issue price of HK$0.10 each. On 31 May 2018, the acquisition was completed. For more details of the acquisition, please refer to the Company's announcements dated 15 January 2018, 28 February 2018 and 31 May 2018.

The Group's share of result of profits amounted to HK$0.9 million for the year (2018: HK$0.6 million).

(c) Outbound tourism

Regarding the Group's 20% equity interest in the Eagle Praise Group, which is principally engaged in outbound tourism related business in PRC, the business development of the Eagle Praise Group was slower than expected. Based on the information available to the Board, the Eagle Praise Group has not yet arranged any outbound travel tours in accordance with the business plan as scheduled in the supplemental shareholders' agreement dated 16 December 2015, entered into between the Group and the vendor of the Eagle Praise Group. The Group gave notice to the vendor on 30 December 2016, to rescind the various agreements entered into with the vendor (the "**Rescission of Agreements**") on the ground of fraudulent misrepresentations made by the vendor and its representative. As a result, the Board considered that full provision for impairment in the investment of approximately HK$117.8 million was required to be made during the year ended 31 December 2016. The Group has discussed with and instructed its legal adviser to take further legal action against the vendor of Eagle Praise Group regarding the Rescission of Agreements and the promissory notes of approximately of HK$92 million issued to the vendor of the Eagle Praise Group. The Group will make further announcement(s) to update the development of the Rescission of Agreements as and when appropriate.

Culture

On 27 March 2015, the Group acquired certain pieces of Jingdezhen contemporary ceramics including ceramic vases and plates, at a total consideration of HK$38.0 million. These ceramic items had carrying amounts of approximately HK$10.3 million (net of allowance for written down of approximately HK$25 million) as at 31 December 2019.

Geographical Information

During the Year, the Group recorded revenue in North America (includes the USA and Canada) of approximately HK$196 million as compared to approximately HK$205 million last year and represented approximately 98.1% (2018: approximately 95.5%) of the Group's total revenue. Revenue in the European Union (includes Spain, Italy, France and the United Kingdom) amounted to approximately HK$0.4 million for the Year as compared to approximately HK$0.4 million last year and represented approximately 0.2% (2018: approximately 0.2%) of the Group's total revenue of the Year.

Gain on disposal of subsidiaries

For details, please refer to the note 17.

Prepayment, deposits and other receivables written-off

For details, please refer to the note 13(a).

Selling and Distribution Costs

The amount of the selling and distribution costs for the Year was approximately HK$28.3 million (2018: approximately HK$32.3 million). The decrease was mainly attributable to the decrease of the staff costs of manufacturing and trading of toys and gifts items segment.

Administrative Expenses

Administrative expenses for the Year decreased by approximately 36.29% to approximately HK$85.2 million as compared to approximately HK$133.7 million in the previous year. The decrease in administrative expenses was mainly due to decrease of provision for impairment of trade and other receivables and the consultancy expenses during the Year.

Finance Costs

Finance costs for the Year increased by approximately HK$4.8 million to approximately HK$30.6 million as compared to approximately HK$25.8 million in the previous year. The increase in finance costs was mainly due to the increase of approximately HK$5 million for overdue interest on promissory notes during the Year.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in Hong Kong and in PRC. As at 31 December 2019, the Group had bank and cash balances of approximately HK$18.5 million (2018: HK$21.8 million). The Group's bank and cash balances were mostly denominated in Hong Kong dollars and Renminbi.

As at 31 December 2019, the Group's borrowings amounted to approximately HK$37.1 million (2018: HK$101.9 million). The Group's borrowings were mainly denominated in Hong Kong dollars and Renminbi.

As at 31 December 2019, the Group's promissory notes amounted to approximately HK$270.9 million (2018: HK$153.6 million) in aggregate. The Group's promissory notes were denominated in Hong Kong dollars.

The Group monitors its capital using a gearing ratio, which is the Group's net debt (comprising trade payables, accruals and other payables, income tax payable, promissory notes, obligation under finance lease and borrowings less bank and cash balances) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2019 was 113.5% (2018: 126.1%).

As the majority of the Group's transactions and borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi, the Group's exposure to exchange rate fluctuation was relatively insignificant, and the Group had not used any financial instruments for hedging during the Year.

CAPITAL COMMITMENT

As at 31 December 2019, the Group had no significant capital commitment.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2019.

PROSPECTS

The Group has been reviewing its existing operations from time to time and exploring other investment opportunities that have earning potentials in order to expand its existing operations and diversify its businesses and income base to maximize the interests of the Group and the shareholders as a whole.

CAPITAL STRUCTURE

As at 31 December 2019, the capital structure of the Company was constituted of 9,890,381,596 ordinary shares of HK$0.10 each. Apart from the ordinary shares in issue, the capital instruments in issue of the Company include the share options to subscribe for the Company's shares.

On 19 May 2019, the existing limit on the grant of share options under the share option scheme adopted by the Company on 31 May 2013, was refreshed by the resolution passed at the EGM held at that date, and shall not exceed 10% of the total number of Shares in issue of the Company as at the date of the passing of this resolution.

At 31 December 2019, no share option was remained outstanding (2018: 69,000,000). The share option scheme of the Company with a scheme life of ten years approved by the shareholders of the Company on 19 May 2019 will expire on 18 May 2029.

EMPLOYMENT, TRAINING AND DEVELOPMENT

As at 31 December 2019, the Group had a total of 379 employees (2018: 390 employees). The Group maintains good working relations with its employees and has committed itself to staff training and development. Remuneration packages are maintained at a competitive level and are being reviewed on a yearly basis. Bonus and share options are awarded to employees according to the assessment of individual performance and industrial practice.

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit procedures for the annual results for the year ended 31 December 2019 has not been completed due to restrictions in force in China by relevant PRC authorities in the attempt to contain the COVID-19 Outbreak. The unaudited annual results contained herein have not been agreed with the Group's auditors. An announcement relating to the audited results will be made when the audit procedures has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the audit committee of the Company.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company is expected to issue further announcement(s) and/or annual report in May 2020 in relation to (i) the audited annual results for the year ended 31 December 2019 as agreed by the Company's auditors and the material variances (if any) as compared with the unaudited annual results contained herein, (ii) the proposed date on which the forthcoming annual general meeting will be held, and (iii) the period during which the register of members holding ordinary shares will be closed in order to ascertain shareholders' eligibility to attend and vote at the said meeting (and the proposed arrangements relating to dividend payment, if any). In addition, the Company will issue further announcement as and when necessary if there are other material developments in the completion of the auditing process.

RESULTS OF ACTIONS TAKEN BY THE COMPANY IN RESPONSE TO YEAR 2018 QUALIFIED OPINIONS

A. Inventories (ceramic items)

As at the date of this announcement, the Company had managed to disposal of some Ceramic items of Mr. Zhang Song Mao (張松茂) ("**Mr. Zhang**") and other artists. The Company had provide related information about the subsequent sale of ceramic items for the Auditor to assess the net realisable value ("**NRV**") of the remaining unsold ceramic items. It is expected the auditor will remove the last year's qualification about their NRV.

B. Prepayment, deposits and other receivables (the deposit paid)

Based on the legal opinion, the deposit could not be recoverable, and hence it is written off for the year. The Company expects the auditor will remove the last year's qualification about its recoverability.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance. During the Year, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 "Corporate Governance Code and Corporate Governance Report" to the Listing Rules, except for the deviation from code provisions A.6.7 of the Corporate Governance Code as described below.

Code Provision A.6.7

Under code provision A.6.7 of the Corporate Governance Code, the independent non-executive Directors should attend the general meetings. However, the independent non-executive Directors, Mr. Cheung Man Loon, Michael, Mr. So Chun Pong, Ricky and Mr. Wang Xiao Ning, had other important engagements at the same time and did not attend the annual general meeting of the Company held on 28 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry, all directors have fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2019.

AUDIT COMMITTEE

The audit committee assists the Board in meeting its responsibilities for ensuring effect systems of financial reporting process, risk management, internal control and compliance, and in meeting its external financial reporting objectives. The audit committee of the Company comprises Mr. Kong Chun Wing, Mr. Cheng Ho On and Mr. Wang Xiao Ning, all independent non-executive Directors of the Company. The audit committee members have reviewed the final results announcement of the Group for the year ended 31 December 2019.

PUBLICATION OF RESULTS

This announcement of results of the Company has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kh381.com). The annual report of the Company for the year ended 31 December 2019 containing all the information required by Appendix 16 "Disclosure of Financial Information" to the Listing Rules will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, business partners, banks, professional parties and employees of the Group for their continuous support.

By order of the Board
Kiu Hung International Holdings Limited
Zhang Qijian
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises three executive Directors, Mr. Zhang Qijun, Mr. Chen Jian and Mr. Liu Mingqing and four independent non-executive Directors, Mr. Cheng Ho On, Mr. Kong Chun Wing, Mr. Lai Chi Yin Samuel and Mr. Wang Xiao Ning.

* *For identification purposes only*