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## **RENTIAN TECHNOLOGY HOLDINGS LIMITED**

**仁天科技控股有限公司\***

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

**(Stock Code: 00885)**

### **UPDATE ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Rentian Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 March 2020 (the “**Unaudited Annual Results Announcement**”) relating to, among others, the unaudited annual results of the Group for the year ended 31 December 2019 (the “**Unaudited Annual Results**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

#### **AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS**

As disclosed in the Unaudited Annual Results Announcement, triggered by the epidemic outbreak of corona virus disease (COVID-19) in early 2020, the audit for the annual results of the Group for the Year (the “**2019 Annual Results**”) was delayed and was not fully completed as of 30 March 2020 and the Unaudited Annual Results contained therein was not then yet agreed by the Company’s auditor as required under Rule 13.49(2) of the Listing Rules.

The Board is pleased to announce that on 8 May 2020, the Company has obtained the agreement from the Company’s auditor, Mazars CPA Limited, on the 2019 Annual Results. The 2019 Annual Results was also reviewed by the Audit Committee.

Except for the following reclassifications, clarifications and supplemental information, the overall 2019 Annual Results remain substantially the same as the Unaudited Annual Results:

**(1) Reclassification on consolidated statement of profit or loss and other comprehensive income:**

	<b>2019</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Unaudited)	Changes <i>HK\$'000</i>
General and administrative expenses	<b>(280,265)</b>	(701,396)	421,131
Loss allowance on trade and other receivables and loan receivables	<b>(420,313)</b>	—	(420,313)
Taxation	<b>19</b>	837	(818)

Due to the above reclassification, the loss before taxation has been changed from approximately HK\$1,696.0 million to approximately HK\$1,695.1 million for the Year accordingly. The above reclassification has no effect on the loss for the Year.

**(2) Reclassification on consolidated statement of financial position:**

	<b>2019</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Unaudited)	Changes <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<b>51,886</b>	63,360	(11,474)
Right-of-use assets	<b>35,595</b>	24,121	11,474

The above reclassification has no effect on the non-current assets as at 31 December 2019.

**(3) Reclassification on notes to the consolidated financial statements:**

**(i) Note 2 Revenue and other income**

	<b>2019</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Unaudited)	Changes <i>HK\$'000</i>
<b>(b) Other income</b>			
Exchange gain	<b>3,843</b>	—	3,843
Others	<b>3,163</b>	7,006	(3,843)

The above reclassification has no effect on the other income.

**(ii) Note 14 Interest-bearing borrowings**

	2019 <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Unaudited)	Changes <i>HK\$'000</i>
Bank borrowings, unsecured and guaranteed	7,830	5,593	2,237
Bank borrowings, secured and unguaranteed	—	2,237	(2,237)

The above reclassification has no effect on the total interest-bearing borrowings.

**(4) Clarification on segment information**

The Company noted that there is reclassification on consolidated statement of profit or loss and other comprehensive income and would like to delete the Note 3 — By business segments on page 9 of the Unaudited Annual Results Announcement and replace it with the following:

An analysis of the Group's revenue and results by reportable segment is set out below:

	Year ended 31 December 2019					
	IoT solution <i>HK\$'000</i>	HMID <i>HK\$'000</i>	IDS <i>HK\$'000</i>	Investing <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>						
<b>within HKFRS 15</b>						
Sale of products, at a point in time	74,082	514,947	—	—	—	589,029
Rendering of services, over time	138,428	8,016	192,593	—	—	339,037
	<u>212,510</u>	<u>522,963</u>	<u>192,593</u>	<u>—</u>	<u>—</u>	<u>928,066</u>
<b>Revenue from other sources</b>						
Interest income from financial assets at FVPL	—	—	—	12,571	—	12,571
Net realised loss on disposal of financial assets at FVPL	—	—	—	(766,758)	—	(766,758)
Interest income from loan receivables	—	—	—	—	1,628	1,628
	<u>—</u>	<u>—</u>	<u>—</u>	<u>(754,187)</u>	<u>1,628</u>	<u>(752,559)</u>
<b>Total revenue</b>	<b><u>212,510</u></b>	<b><u>522,963</u></b>	<b><u>192,593</u></b>	<b><u>(754,187)</u></b>	<b><u>1,628</u></b>	<b><u>175,507</u></b>
<b>Operating results</b>						
Segment results	<u>(382,657)</u>	<u>(92,989)</u>	<u>22,247</u>	<u>(912,467)</u>	<u>(186,522)</u>	<u>(1,552,388)</u>
Finance costs						<u>(142,748)</u>
<b>Loss before taxation</b>						<b><u>(1,695,136)</u></b>

**(5) Clarification on taxation**

The Company noted that there is reclassification on consolidated statement of profit or loss and other comprehensive income and would like to make following clarification on Note 5 — Taxation on page 12 of the Unaudited Annual Results Announcement:

	<b>2019</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i> (Unaudited)	Changes <i>HK\$'000</i>
<b>Current tax</b>			
PRC EIT			
Current year	5,177	5,051	126
Over provision in prior year	<u>(5,078)</u>	<u>(5,084)</u>	6
	<u>99</u>	<u>(33)</u>	132
<b>Deferred tax</b>	<u>(118)</u>	<u>(804)</u>	686
<b>Tax credit for the year</b>	<u><u>(19)</u></u>	<u><u>(837)</u></u>	818

**(6) Clarification on loss per share**

The Company noted that there is typo error in the denominator of the loss per share in Note 7 — Loss per share on page 12 of the Unaudited Annual Results Announcement and would like to revise as follows:

	<b>2019</b> <i>'000 shares</i>	2019 <i>'000 shares</i> (Unaudited)
<b>Denominator</b>		
Weighted average number of ordinary shares in issue during the year used in computing basic and diluted loss per share	<b>11,018,567</b>	11,022,580

**(7) Supplemental information on trade and other receivables**

The Company would like to add the following supplemental information to Note 12 — Trade and other receivables on page 15 of the Unaudited Annual Results Announcement:

*Note:*

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 90 days	<b>162,561</b>	212,906
91 – 180 days	<b>19,411</b>	9,858
181 – 365 days	<b>17,916</b>	25,534
Over 365 days	<b>20,768</b>	69,542
	<u><b>220,656</b></u>	<u>317,840</u>

**(8) Supplemental information on trade and other payables**

The Company would like to add the following supplemental information to Note 13 — Trade and other payables on page 15 of the Unaudited Annual Results Announcement:

*Note:*

The credit period of trade payables is normally within 90 (2018: 90) days. The ageing analysis of the trade payables, based on the invoice date is as follows:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 90 days	<b>145,979</b>	169,219
91 – 180 days	<b>10,364</b>	5,648
181 – 365 days	<b>9,405</b>	13,064
Over 365 days	<b>23,476</b>	27,617
	<u><b>189,224</b></u>	<u>215,548</u>

**(9) Clarification on share capital and treasury shares**

The Company noted that there is change of presentation in Note 16 — Share capital on page 17 of the Unaudited Annual Results Announcement and would like to replace it with the following:

	2019			2018		
	No. of shares (Thousands)	Share capital HK\$'000	Treasury shares HK\$'000	No. of shares (Thousands)	Share capital HK\$'000	Treasury shares HK\$'000
<b>Authorised:</b>						
At beginning of the reporting period and at end of the reporting period						
Ordinary shares of HK\$0.001 each	<u>5,000,000,000</u>	<u>5,000,000</u>	<u>—</u>	<u>5,000,000,000</u>	<u>5,000,000</u>	<u>—</u>
<b>Issued and fully paid:</b>						
At beginning of the reporting period						
Ordinary shares of HK\$0.001 each	11,018,820	11,022	(4)	11,148,390	11,148	—
Shares repurchased (Note (a))	<u>(270)</u>	<u>—</u>	<u>—</u>	<u>(129,570)</u>	<u>(126)</u>	<u>(4)</u>
At end of the reporting period						
Ordinary shares of HK\$0.001 each	11,018,550	<u>11,022</u>	<u>(4)</u>	11,018,820	<u>11,022</u>	<u>(4)</u>
<b>Shares repurchased but not cancelled</b>						
Number of shares (Note (b))	<u>4,030</u>			<u>3,760</u>		
<b>Total</b>	<u>11,022,580</u>			<u>11,022,580</u>		

- (a) During the Year, pursuant to the general mandate given to the Directors, the Company repurchased a total of 270,000 of its shares on the Stock Exchange at a total consideration of HK\$6,000, in which no shares were cancelled. The nominal value of 4,030,000 shares was recognised as treasury shares as at 31 December 2019.

The total consideration paid to repurchase these shares has been deducted from equity attributable to the owners of the Company.

- (b) As at 31 December 2019, there are repurchased shares that were not cancelled of 4,030,000 shares.

Following the reclassification, clarification and supplemental information described above, the figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the Year as set out in the Unaudited Annual Results Announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the Unaudited Annual Results Announcement or this further announcement.

### **Management discussion and analysis**

As a result of the above reclassifications, the Board would like to clarify that in the section headed "Management Discussion And Analysis" in the Unaudited Annual Results Announcement (with amendments underlined):

- a) The second sentence of the 2<sup>nd</sup> paragraph in the sub-section headed "IoT Business" on page 20 of the Unaudited Annual Results Announcement shall be read as follows:

"During the Year, the Group's segment loss from the IoT solution business amounted to approximately HK\$382.7 million for the Year, representing a decrease of approximately 66.2% from segment loss amounted to approximately HK\$1,131.5 million in the year of 2018."

- b) The 2<sup>nd</sup> paragraph in the sub-section headed "Results for the Year" on page 22 of the Unaudited Annual Results Announcement shall be read as follows:

"The Group recorded a loss before taxation of approximately HK\$1,695.1 million (2018: loss before taxation of approximately HK\$2,930.3 million). The loss before taxation was mainly attributable from:

- the unrealised fair value loss of financial assets at fair value through profit or loss of approximately HK\$146.6 million (2018: loss of approximately HK\$1,480.0 million);
- the impairment of goodwill of approximately HK\$120.1 million (2018: approximately HK\$897.4 million); and
- the increase in loss allowance of trade receivables, loan receivables, and prepayment and other receivables amounting to approximately HK\$51.6 million (2018: approximately HK\$118.4 million), HK\$130.9 million (2018: approximately HK\$24.4 million) and HK\$268.6 million (2018: Nil) respectively caused by certain major customers and debtors of the Group, as these amounts are overdue and the Board is of the view that the repayment abilities of these customers have significantly reduced."

- c) The last sentence of the 2<sup>nd</sup> paragraph in the sub-section headed “Liquidity, Financial Resources, Borrowing and Gearing Ratio” on page 23 of the Unaudited Annual Results Announcement shall be read as follows:

“The increase in gearing ratio was mainly due to the loss for the Year of approximately HK\$1,695.1 million.”

The Board confirms that the above reclassification, clarification and supplemental information do not affect other information contained in the Unaudited Annual Results Announcement and the contents of the Unaudited Annual Results Announcement remain unchanged.

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of the draft independent auditor’s report from Mazars CPA Limited, the external auditor of the Company (the “**Auditor**”), on the Company’s consolidated financial statements for the Year:

### **Disclaimer of opinion**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for disclaimer of opinion**

#### *Material uncertainty related to going concern*

As discussed in note 2 to the consolidated financial statements, at 31 December 2019, the Group had net current liabilities and capital deficiency of HK\$1,107,296,000 and HK\$633,427,000 respectively, and the Group has incurred losses since 2018 and reported a loss of HK\$1,695,117,000 for the year ended 31 December 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern.



The validity of the going concern assumption is dependent on the successful and favourable outcomes of the measures being taken by the management of the Company and the development of the events as described in note 2 to the consolidated financial statements. The management of the Company is of the opinion that the Group would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of the consolidated financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position at 31 December 2019.

In addition, the Group may have to recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

## **THE MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OF OPINION**

During the course of audit of the consolidated financial statements of the Group for the Year, the Auditor had raised concern on the Group's ability to continue as a going concern. In order to address this concern, the Company has, among other things, taken the following steps: (i) obtaining additional financing from financial institution; (ii) the Group has obtained letters of undertakings from the controlling shareholder of the Company and certain companies controlled by the controlling shareholder of the Company confirming that they will provide financial support to the Group to meet its present and future financial obligations as they fall due in the next fifteen months; (iii) the Group will actively pursue additional financing including, but not limited to, equity and debt financing and bank borrowings; (iv) the Group will continue to negotiate with the Group's creditors with a view to extend the repayment terms of the Group's current liabilities as they fall due; (v) the Directors will continue to implement measures aiming at improving the working capital and cash flows of the Group, including close monitoring of general administrative expenses and operating costs; (vi) the Group is actively reorganizing the IoT business, through means of asset restructuring, to dispose equity interests in unprofitable subsidiaries and endeavoring to negotiate with a potential vendor for the acquisition of a company engaged in investment management and consultation and financial technology business in the mainland China, improving the profitability of the Company.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements of the Group for the Year on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to obtain the necessary funding and achieve the plans and measures above. The Group's ability to continue as a going concern would depend upon whether the Group is able to obtain financing when required, the attainability depends on the performance of the Group and whether the Group is able to generate sufficient cash flow from operations and plans to control costs, the attainability depends on the market performance.

Despite the effort made by the Company to address the concern, the Auditor issued the disclaimer of opinion. The management of the Company (the "**Management**") has considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion.

#### **AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION**

The members of the Audit Committee had critically reviewed the basis for disclaimer of opinion, the Management's position concerning the basis for disclaimer of opinion and measures taken by the Company for addressing the basis for disclaimer of opinion. The Audit Committee agreed with the Management's position based on the reasons above. Moreover, the Audit Committee requested the Management to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Company, and considered the Auditor's rationale and understood their consideration in arriving the disclaimer of opinion.

#### **ANNUAL GENERAL MEETING**

The forthcoming 2020 annual general meeting of the Company ("**AGM**") will be held on Monday, 29 June 2020. Notice of the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

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

The register of members of the Company will be closed from Tuesday, 23 June 2020 to Monday, 29 June 2020, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to qualify for the right to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 22 June 2020.

## **PUBLICATION OF 2019 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.rentiantech.com](http://www.rentiantech.com). The annual report of the Company for the Year will be dispatched to the Shareholders and available at the same websites on or before 15 May 2020.

By order of the Board  
**Rentian Technology Holdings Limited**  
**Qian Feng**  
*Executive Director*

Hong Kong, 8 May 2020

*As at the date of this announcement, the Board comprises the following members:*

*Executive Directors*

Mr. Qian Feng

Mr. Li Xiaoguang

*Independent Non-executive Directors*

Mr. Chin Hon Siang

Mr. Chan Tsang Mo

Mr. Su Jiang

\* *For identification purpose only*