China International Development Corporation Limited
中聯發展控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 264)

FURTHER ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of China International Development Corporation Limited (the "**Company**") dated 30 March 2020 announcing the unaudited annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2019 (the "**Unaudited Annual Results Announcement**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR'S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

As disclosed in the Unaudited Annual Results Announcement, as at 30 March 2020, the unaudited annual results of the Group for the year ended 31 December 2019 (the "**Unaudited Annual Results**") contained therein had not been agreed with the Group's auditor, BDO Limited, in accordance with the requirement under Rule 13.49(2) of the Listing Rules due to the outbreak of the COVID-19 epidemic.

The board of directors (the "**Board**") of the Company is pleased to announce that BDO Limited has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the "**Audited Annual Results**") and the Audited Annual Results have been agreed by BDO Limited in accordance with the requirement under Rule 13.49(2) of the Listing Rules as set out below. Save as the amendments made to the disclosures in note 3(d), note 5(b) and note 6 to the Group's consolidated financial statements for the year ended 31 December 2019 (the "**2019 Consolidated Financial Statements**"), the figures in respect of the Audited Annual Results remain the same as the Unaudited Annual Results as set out in the Unaudited Annual Results Announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
Revenue	4	**61,202**	63,900
Cost of sales		**(32,415)**	(41,925)
Gross profit		**28,787**	21,975
Other income and gains		**518**	1,764
Selling and distribution costs		**(12,171)**	(14,643)
Administrative and other operating expenses		**(34,956)**	(38,278)
Reversal of impairment/(impairment loss) on trade receivables, net		**25**	(211)
Finance costs		**(528)**	(87)
Share of loss of a jointly controlled entity		**—**	(1,986)
Loss before income tax expense	6	**(18,325)**	(31,466)
Income tax expense	7	**(2)**	—
Loss for the year attributable to owners of the Company		**(18,327)**	(31,466)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of operations outside Hong Kong		**(225)**	(2,003)
Other comprehensive income for the year		**(225)**	(2,003)
Total comprehensive income for the year attributable to owners of the Company		**(18,552)**	(33,469)
Loss per share attributable to owners of the Company			
— Basic and diluted	8	**HK(4.79) cents**	HK(8.22) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**307**	506
Deposits paid		**1,198**	584
Right-of-use assets	2a	**4,241**	—
		5,746	1,090
Current assets			
Inventories		**13,301**	14,096
Trade receivables	9	**11,643**	7,074
Other receivables, deposits and prepayments		**2,209**	3,965
Amounts due from former fellow subsidiaries		**8**	8
Tax recoverable		**265**	268
Bank balances and cash		**15,470**	25,729
		42,896	51,140
Current liabilities			
Trade payables	10	**2,963**	2,643
Other payables and accrued charges		**7,105**	7,769
Amounts due to former fellow subsidiaries		**8,171**	8,171
Amount due to a former intermediate holding company		**5,590**	5,590
Amount due to a director		**8,000**	—
Lease liabilities	2a	**5,781**	—
		37,610	24,173
Net current assets		**5,286**	26,967
Total assets less current liabilities		**11,032**	28,057

	Notes	**2019** HK$'000	2018 HK$'000
Non-current liabilities			
Lease liabilities	2a	**1,527**	—
Net assets		**9,505**	28,057
Capital and reserves attributable to owners of the Company			
Share capital	11	**3,827**	3,827
Reserves		**5,678**	24,230
Total equity		**9,505**	28,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

China International Development Corporation Limited (formerly known as Ascent International Holdings Limited) (the "**Company**") was incorporated in the Cayman Islands on 12 April 2002 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Group, comprising the Company and its subsidiaries, is engaged in manufacturing and distribution of leather products and retail of fashion apparel, footwear and leather accessories.

As at 31 December 2019, the directors of the Company consider the Company's immediate and ultimate holding company was Waterfront Holding Group Co., Ltd. ("**Waterfront**"), a company incorporated in the British Virgin Islands (the "**BVI**") and its ultimate controlling party was Mr. Zhao Jingfei ("**Mr. Zhao**").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 January 2019

During the year, the Group has adopted the following new/revised HKFRSs that are relevant to its operations and effective for the current accounting period.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Annual Improvements in HKFRSs	Annual Improvements 2015–2017 cycle

Other than HKFRS 16, the adoption of the above new/revised HKFRSs has no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The impacts of adoption of HKFRS 16 are set out below.

HKFRS 16 — Leases ("HKFRS 16")

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("**HKAS 17**"), HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" ("**HK(IFRIC)-Int 4**"), HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. The details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, are set out in sections (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16, if any, as an adjustment to the opening balance of accumulated losses at the date of initial application. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provisions in HKFRS 16.

The financial impacts on the consolidated financial statements for the year ended 31 December 2019 are set out below:

Line items of the consolidated statement of financial position as at 1 January 2019:

	HK$'000
Assets	
Increase in right-of-use assets	**8,285**
Increase in total assets	**8,285**
Liabilities	
Increase in lease liabilities (non-current)	**4,446**
Increase in lease liabilities (current)	**3,839**
Increase in total liabilities	**8,285**

Line items of the consolidated statement of comprehensive income for the year ended 31 December 2019:

	HK$'000
Decrease in operating lease charges	**(5,785)**
Increase in depreciation of right-of-use assets	**5,643**
Increase in interest on lease liabilities	**528**
Increase in loss before income tax expense	**386**

Line items of the consolidated statement of cash flows for the year ended 31 December 2019:

	HK$'000
Decrease in net cash used in operating activities	
— Decrease in operating lease charges	**5,785**
Decrease in net cash generated from financing activities	
— Payments of capital element of lease liabilities	**5,257**
— Payments of interest element of lease liabilities	**528**
	5,785

The following reconciliation explains how the operating lease commitments disclosed by applying HKAS 17 at 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

Reconciliation of operating lease commitments to lease liabilities:

	HK$'000
Operating lease commitments as at 31 December 2018	**10,842**
Less: Short-term lease ends within 31 December 2019	**(1,912)**
Less: Future interest expenses	**(645)**
Total lease liabilities as at 1 January 2019	**8,285**

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 7.0%.

(ii) *The new definition of a lease*

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset; and (b) the right to direct the use of the identified asset.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or; (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases, if any, have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable: (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) *Transition*

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised all the cumulative effect of initially applying HKFRS 16, if any, as an adjustment to the opening balance of accumulated losses at the date of initial application (i.e. 1 January 2019). The comparative information presented for the year ended 31 December 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provisions in HKFRS 16.

The Group has recognised the lease liabilities at 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified as operating leases under HKAS 17 at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position at 1 January 2019. For all these right-of-use assets, the Group has relied on the previous assessment for the provision for onerous contract as at 31 December 2018 as an alternative to performing an impairment review at 1 January 2019.

The Group has also applied the following practical expedients: (i) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application (i.e. 1 January 2019) and accounted for those leases as short-term leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]

[1] Effective for annual periods beginning on or after 1 January 2020

Amendments to HKFRS 3 — Definition of a Business

The amendments to HKFRS 3 clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions. An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 and HKAS 8 — Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 — Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments are not expected to have any significant impact on the Group's financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Int**") issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

(d) Going concern basis

The Group has continued to sustain a loss of approximately HK$18,327,000 for the year ended 31 December 2019 and its net current assets and the net assets decreased to approximately HK$5,286,000 and HK$9,505,000, respectively, as at 31 December 2019. In addition, the Group had amounts due to former fellow subsidiaries and a former intermediate holding company of approximately HK$8,171,000 and HK$5,590,000, respectively as at 31 December 2019, which are all due for repayment while the Group only maintained bank balances and cash of approximately HK$15,470,000. Furthermore, the worldwide outbreak of COVID-19 since January 2020 as mentioned in note 32 to the consolidated financial statements gives rise to increasing uncertainties to the global economy. 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.

In view of the above circumstances, the directors have prepared a cash flow forecast of the Group covering a period up to 31 December 2021 (the "**Forecasted Period**") and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within 24 months from 31 December 2019 after taking into account of the following:

(i) The Group will undertake certain measures to reduce operating expenses so as to reduce the Group's operating loss during the Forecasted Period;

(ii) The Company obtained a letter of undertaking from Mr. Qin Bohan, a director of the Company, that he would not demand repayment of the amount due to him of HK$8 million as at 31 December 2019 until the Company has excess cash to repay and the repayment date is no earlier than 31 December 2020; and

(iii) The Company obtained a letter of support from its ultimate controlling shareholder, Mr. Zhao to provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its business without a significant curtailment of the operations for at least 24 months from 31 December 2019, including (but not limited to) not calling for repayment of the amounts to be drawn by the Group under the financial support until the Group has excess financial resources.

There is a material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

4. REVENUE

The principal activities of the Group are manufacturing and distribution of leather products, and retail of fashion apparel, footwear and leather accessories.

The amount of each significant category of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
Sale of goods		
Manufacturing and distribution of leather products	**50,190**	43,099
Retail of fashion apparel, footwear and leather accessories	**11,012**	20,801
	61,202	63,900

Revenue from sale of goods is recognised at a point in time when the control of goods has been passed to customers.

The following table provides information about trade receivables and contract liabilities from contracts with customers:

	2019	2018
	HK$'000	*HK$'000*
Trade receivables *(note 9)*	**11,643**	7,074
Contract liabilities	**146**	283

The contract liabilities represent advanced considerations received from customers before goods sold to customers. The contract liabilities are expected to be recognised as revenue within one year from date of inception of respective contracts. The movements in contract liabilities are set out below:

Movements in contract liabilities

	2019	2018
	HK$'000	*HK$'000*
Balance as at 1 January	**283**	227
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(283)**	(227)
Increase in contract liabilities as a result of receipts in advance from customers during the year	**146**	283
Balance as at 31 December	**146**	283

5. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing business	—	Manufacturing and distribution of leather products
Retail business	—	Retail of fashion apparel, footwear and leather accessories

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision makers for assessment of segment performance.

(a) Reportable segments

	Manufacturing business		Retail business		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**50,190**	43,099	**11,012**	20,801	**61,202**	63,900
Inter-segment revenue	**1,935**	4,321	**—**	—	**1,935**	4,321
Reportable segment revenue	**52,125**	47,420	**11,012**	20,801	**63,137**	68,221
Reportable segment profit/(loss)	**3,128**	(11,697)	**(9,275)**	(1,899)	**(6,147)**	(13,596)
Depreciation of property, plant and equipment	**74**	95	**225**	32	**299**	127
Depreciation of right-of-use assets	**4,020**	—	**1,623**	—	**5,643**	—
Impairment of property, plant and equipment and right-of-use assets	**—**	—	**3,157**	—	**3,157**	—
(Reversal of write-down)/write-down of inventories	**(2,142)**	4,882	**169**	1,245	**(1,973)**	6,127
Additions to non-current assets *(note)*	**28**	—	**4,892**	—	**4,920**	—
Reportable segment assets	**40,964**	39,209	**5,220**	7,905	**46,184**	47,114
Reportable segment liabilities	**11,177**	7,537	**3,825**	674	**15,002**	8,211

Note: Including additions of property, plant and equipment and right-of-use assets.

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**63,137**	68,221
Elimination of inter-segment revenue	**(1,935)**	(4,321)
Consolidated revenue	**61,202**	63,900
Loss before income tax expense		
Reportable segment loss	**(6,147)**	(13,596)
Elimination of inter-segment losses	**355**	852
Interest income	**205**	78
Unallocated corporate expenses *(note (i))*	**(12,738)**	(18,800)
Consolidated loss before income tax expense	**(18,325)**	(31,466)
Depreciation of property, plant and equipment		
Reportable segment depreciation	**299**	127
Unallocated depreciation of property, plant and equipment	**201**	38
Consolidated depreciation of property, plant and equipment	**500**	165
Additions to non-current assets *(note (ii))*		
Reportable segment additions	**4,920**	—
Unallocated additions	**782**	19
Consolidated additions to non-current assets	**5,702**	19
Assets		
Reportable segment assets	**46,184**	47,114
Tax recoverable	**265**	268
Unallocated corporate bank balances and cash	**1,224**	3,898
Other unallocated corporate assets	**969**	950
Consolidated total assets	**48,642**	52,230
Liabilities		
Reportable segment liabilities	**15,002**	8,211
Amounts due to a former fellow subsidiaries	**8,171**	8,171
Amount due to a former intermediate holding company	**5,590**	5,590
Amount due to a director	**8,000**	—
Unallocated corporate liabilities *(note (iii))*	**2,374**	2,201
Consolidated total liabilities	**39,137**	24,173

Notes:

(i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses.

(ii) Including additions of property, plant and equipment and right-of-use assets.

(iii) The amount represented unallocated accrued head office expenses including professional fees and employee costs.

(c) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments, i.e. property, plant and equipment and right-of-use assets.

	Revenue from external customers (note)		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**13,511**	23,179	**367**	262
Europe	**10,134**	14,343	**—**	—
The People's Republic of China (“**PRC**”)	**1,566**	2,143	**4,181**	244
The United States of America	**28,095**	15,231	**—**	—
Other countries	**7,896**	9,004	**—**	—
Total	**47,691**	40,721	**4,181**	244
	61,202	63,900	**4,548**	506

Note: Revenues are attributed to countries on the basis of the customers' location.

(d) Information about major customers

Revenue from a customer of the Group's manufacturing business segment accounting for 10% or more of the Group's revenue is set out below:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**26,380**	11,175

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**860**	800
Cost of inventories	**32,415**	41,925
Employee costs, excluding directors' emoluments	**26,334**	30,753
Depreciation of property, plant and equipment	**500**	165
Depreciation of right-of-use assets	**5,643**	—
Impairment loss on property, plant and equipment	**234**	—
Impairment loss on right-of-use assets	**2,923**	—
Gain on disposal of property, plant and equipment	**(31)**	—
(Reversal of impairment)/impairment loss on trade receivables, net	**(25)**	211
(Reversal of write-down)/write-down of inventories, net (included in cost of sales)	**(1,973)**	6,127
Write-back of long outstanding other payables	**—**	(912)
Loss of disposal of a jointly controlled entity	**—**	204
Provision for termination of a tenancy agreement	**446**	—
Foreign exchange gains, net	**(29)**	(537)
Interest income	**(205)**	(78)

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as the Group has sustained estimated tax losses for the years ended 31 December 2019 and 2018.

PRC Enterprise Income Tax rate for the Company's subsidiaries in the PRC is 25% (2018: 25%).

In February 2018, the Hong Kong Inland Revenue Department ("**IRD**") initiated a tax audit on certain subsidiaries of the Company. As the year of assessment 2011/12 would be statutorily time-barred after 31 March 2018, the IRD issued assessment/additional assessments amounting to HK$648,000 to these subsidiaries to keep the year of assessment 2011/12 open for review. Objection against these assessment/additional assessment has been duly lodged by the subsidiaries and no additional payment is required to be made by the subsidiaries up to 31 December 2019.

In March 2019, the IRD issued additional assessments amounting to HK$485,000 to these subsidiaries for the year of assessment 2012/13. Objection against these additional assessments has been duly lodged by the subsidiaries and no additional payment is required to be made by the subsidiaries up to 31 December 2019.

In January 2020, the IRD issued additional assessments amounting to HK$465,000 to these subsidiaries for the year of assessment 2013/14. Objection against these additional assessments has been duly lodged by the subsidiaries in February 2020 and a tax reserve certificate of HK$155,000 for conditional holdover order of objection against these additional assessments was purchased by the Group in April 2020.

Up to the date of approval of these financial statements, tax audit commenced by the IRD was at a preliminary stage pending fact-finding with different views to be exchanged with the IRD, and the outcome of the tax audit cannot be readily ascertained with reasonable certainty. Nevertheless, management has performed an assessment based on existing facts and circumstances, and considers that the aforementioned subsidiaries have properly prepared and filed their Hong Kong Profits Tax returns in prior years. Therefore, no additional provision of Hong Kong Profits Tax is required to be made in the consolidated financial statements for the year ended 31 December 2019 in respect of prior years. Management have already sought assistance from tax specialists in handling the tax audit.

8. LOSS PER SHARE

The calculations of basic and diluted loss per share is based on the Group's loss for the year ended 31 December 2019 of approximately HK$18,327,000 (2018: approximately HK31,466,000) attributable to owners of the Company and the weighted average number of 382,704,000 ordinary shares (2018: 382,704,000) in issue during the year ended 31 December 2019.

For the years ended 31 December 2019 and 2018, basic and diluted loss per share are the same as there are no potential dilutive ordinary shares in issue for both years.

9. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**12,590**	8,046
Less: impairment loss	**(947)**	(972)
	11,643	7,074

No credit term is granted to customers from the Group's retail business. Other customers are generally granted with credit terms of 30 to 90 days from the date of billing.

The ageing analysis of trade receivables based on invoice date (net of impairment loss) at the end of reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Less than 30 days	**1,294**	1,052
31 to 60 days	**8,909**	4,844
61 to 90 days	**937**	648
91 to 120 days	**288**	101
121 to 365 days	**95**	308
More than 365 days	**120**	121
	11,643	7,074

10. TRADE PAYABLES

The ageing analysis of trade payables at the end of reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Less than 30 days	**939**	1,268
31 to 60 days	**1,239**	570
61 to 90 days	**147**	103
91 to 120 days	**—**	23
121 to 365 days	**202**	307
More than 365 days	**436**	372
	2,963	2,643

11. SHARE CAPITAL

(a) Authorised and issued share capital

	Number of shares	**Amount** *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	**382,704,000**	**3,827**

(b) Capital management policy

The Group regards the share capital and reserves attributable to owners of the Company as its capital which amounted to approximately HK$9,505,000 (2018: approximately HK$28,057,000) as shown in the consolidated statement of financial position as at 31 December 2019. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may raise bank or other borrowings and adjust the amount of dividends paid to shareholders.

No changes were made in the objectives or policies during the year ended 31 December 2019.

12. DIVIDENDS

The directors of the Company do not recommend the payment of interim or final dividends for the years ended 31 December 2019 and 2018.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2019 as set out in the Audited Annual Results have been agreed by BDO Limited to the amounts set out in the 2019 Consolidated Financial Statements. The work performed by BDO 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 Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

AUDIT OPINION

BDO Limited has issued a disclaimer of opinion on the 2019 Consolidated Financial Statements. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" of this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the 2019 Consolidated Financial Statements:

DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter 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

Scope Limitation Relating to the Going Concern Basis of Preparing the Consolidated Financial Statements

As set out in note 3(d) to the consolidated financial statements, the Group continued to sustain a loss of approximately HK$18,327,000 for the year ended 31 December 2019 and its net current assets and the net assets decreased to approximately HK$5,286,000 and HK$9,505,000, respectively, as at 31 December 2019. These conditions, along with other matters as set out in note 3(d) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Group's ability to continue as going concern is dependent on the ongoing availability of financing to the Group, including the financial support from the ultimate controlling shareholder.

As further described in note 3(d) to the consolidated financial statements, the ultimate controlling shareholder of the Company has committed in writing to provide financial support to the Group as is necessary to enable the Group to meet its financial obligations as and when they fall due and to carry on its business without a significant curtailment of the operations for at least 24 months from 31 December 2019. However, the directors of the Company have not provided us with sufficient financial information of the ultimate controlling shareholder to enable us to understand how the directors have assessed and concluded that the ultimate controlling shareholder of the Company has the financial ability to provide the financial support to the Group.

Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in the consolidated financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed the Audited Annual Results and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held in Hong Kong on Monday, 22 June 2020 at 2 p.m. and the notice of the AGM will be published and issued to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 17 June 2020 to Monday, 22 June 2020, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 16 June 2020.

DELAY IN DESPATCH OF ANNUAL REPORT

As disclosed in the Unaudited Results Announcement and Reference is made to the Further Guidance on The Joint Statement In Relation to Results Announcements in Light of the COVID-19 Pandemic released on 16 March 2020 by The Securities and Futures Commission and The Stock Exchange, additional time is required to finalise and arrange bulk-printing of the annual report for the year ended 31 December 2019 after the completion of audit process given the outbreak of COVID-19 epidemic, the annual report of the Company for the year ended 31 December 2019 containing all the information required by the Appendix 16 to the Listing Rules is expected to be despatched to the shareholders of the Company and published on the websites of the Company (www.irasia.com/listco/hk/cidc/index.htm) and the Stock Exchange (www.hkex.com.hk) by no later than 15 May 2020.

By order of the Board
China International Development Corporation Limited
Zhao Jingfei
Chairman and Executive Director

Hong Kong, 11 May 2020

As at the date of this announcement, the executive Directors are Mr. Zhao Jingfei, Mr. Fan Xin and Mr. Qin Bohan; and the independent non-executive Directors are Ms. Han Yu, Ms. Jia Lixin and Mr. Rong Yi.