HUISHENG INTERNATIONAL HOLDINGS LIMITED
惠 生 國 際 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1340)

ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of Huisheng International Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 31 March 2020 in relation to the unaudited annual results of the Group for the year ended 31 December 2019 (the "**Unaudited Annual Results Announcement**").

AUDITED ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that the auditing process of the annual results of the Group for the year ended 31 December 2019 has been completed. As certain adjustments have been made to the Group as contained in the Unaudited Annual Results Announcement, the differences between the unaudited annual results and the audited annual results contained in this announcement are set out in the section headed "**Material Differences between 2019 Unaudited and Audited Annual Results**" in accordance with Rule 13.49(3)(ii)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The audited consolidated financial results for the year ended 31 December 2019 together with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Revenue	5	**5,655**	382,016
Cost of sales		**(5,570)**	(389,254)
Gross profit/(loss)		**85**	(7,238)
Other income	5	**27,405**	16,539
Other gain or loss, net	7	**1,171**	(57,684)
Gain arising from change in fair value of investment properties		**—**	2,110
Loss arising in change in fair value of financial assets at fair value through profit or loss	10	**(5,759)**	(18,715)
Impairment loss of property, plant and equipment		**(94,674)**	(207,640)
Impairment loss of right-of-use assets		**(6,204)**	—
Impairment loss of deposits and prepayments for property, plant and equipment		**(43,979)**	—
Impairment loss of deposits and prepayments for biological assets		**(28,000)**	—
Allowance for expected credit losses, net		**(12,111)**	(802)
Selling and distribution expenses		**—**	(6,310)
Administrative expenses		**(22,007)**	(58,328)
Finance costs	8	**(1,256)**	(8,346)
Loss before taxation		**(185,329)**	(346,414)
Taxation	9	**(6,240)**	3,449
Loss for the year	10	**(191,569)**	(342,965)

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Other comprehensive (loss)/income for the year:			
Items that will not be reclassified to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income		**(1,000)**	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4,275)**	3,469
Items that were reclassified to profit or loss:			
Reclassification adjustment of exchange differences upon disposal of subsidiaries	*16*	**1,002**	—
Other comprehensive (loss)/income for the year, net of income tax		**(4,273)**	3,469
Total comprehensive loss for the year		**(195,842)**	(339,496)
Loss for the year attributable to:			
Owners of the Company		**(191,516)**	(342,953)
Non-controlling interests		**(53)**	(12)
		(191,569)	(342,965)
Total comprehensive loss attributable to:			
Owners of the Company		**(195,789)**	(339,484)
Non-controlling interests		**(53)**	(12)
		(195,842)	(339,496)
Loss per share attributable to owners of the Company			
Basic and diluted (RMB cents per share)	*11*	**(21.74)**	(39.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment	13	**158,161**	261,733
Right-of-use assets		**11,695**	—
Prepaid lease payments		**—**	16,397
Deposits and prepayments for property, plant and equipment		**72,259**	116,238
Deposits and prepayments for biological assets		**92,000**	120,000
Loan receivables		**257,998**	259,735
Investment properties		**—**	17,121
Financial assets at fair value through other comprehensive income		**500**	1,500
		592,613	792,724
Current assets			
Financial assets at fair value through profit or loss	14	**12,759**	35,124
Prepaid lease payments		**—**	455
Trade receivables	15	**—**	5,669
Loan receivables		**13,921**	—
Prepayments, deposits and other receivables		**79,058**	52,508
Tax recoverable		**—**	12
Bank balances and cash		**3,523**	8,168
		109,261	101,936
Current liabilities			
Accruals and other payables		**46,042**	36,911
Borrowing		**—**	22,690
Lease liabilities		**464**	—
Deferred revenue		**25**	25
Tax payable		**6,240**	—
		52,771	59,626
Net current assets		**56,490**	42,310
Total assets less current liabilities		**649,103**	835,034

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Non-current liabilities			
Note payable		**8,886**	—
Lease liabilities		**1,050**	—
Deferred revenue		**277**	302
		10,213	302
Net assets		**638,890**	834,732
Equity			
Share capital		**7,308**	7,308
Reserves		**628,168**	823,957
Equity attributable to owners of the Company		**635,476**	831,265
Non-controlling interests		**3,414**	3,467
Total equity		**638,890**	834,732

1. GENERAL INFORMATION

Huisheng International Holdings Limited (the "**Company**") is an investment holding company incorporated as an exempted company with limited liability in the Cayman Islands, whose registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Unit 8A, 8/F., Aubin House, 171–172 Gloucester Road, Wan Chai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the production and sale of daily consumption pork and related meat food products for domestic market in the People's Republic of China (the "**PRC**"), selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation.

The consolidated financial statements are presented in Renminbi ("**RMB**").The functional currency of the Company is Hong Kong dollars ("**HK$**"). The directors of the Company considered that it is more appropriate to present the consolidated financial statements in RMB as the functional currency of the most principal operating subsidiaries of the Group is RMB. The consolidated financial statements are presented in thousands ("**RMB'000**"), unless otherwise stated.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value or revalued amounts at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

Going concern

For the year ended 31 December 2019, the Group incurred a net loss of approximately RMB191,569,000 (2018: approximately RMB342,965,000), and as of that date, bank balances and cash was approximately RMB3,523,000 (2018: approximately RMB8,168,000). The directors of the Company adopted the going concern basis in the preparation of consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group.

These conditions indicate the existence of a material uncertainty that might cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise the Group's assets and discharge the Group's liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and finance requirements. Certain measures have been and will be taken to manage its liquidity need and to improve its financial position which include, but are not limited to, the following:

(i) The Group will implement operational plans to control costs and generate adequate cash flows from the Group's operations.

    The directors of the Company are of the view that the slaughtering and trading of pork products segment is expected to resume operations in the second half of 2020 or any later possible date, is able to contribute and generate a positive operating cash inflow to the Group;

    The Group will manage and operate pipe business in a cautious manner and the directors of the Company are of the view that pipe business is able to contribute and generate a positive operating cash inflow to the Group.

(ii) The Group is taking measures to tighten cost control over various costs with an aim to attain profitable and positive cash flow operations;

(iii) The management will continuously seek any potential investment/business opportunities, including but not limited to slaughterhouse and/or breeding farms, which would be in order to further diversify of our business risks; and

(iv) The Group may consider to dispose financial assets if required.

The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from the end of the reporting period. The directors of the Company are of the opinion that, taking into account the above mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the end of the reporting period. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2019 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

4. APPLICATION OF NEW AND AMENDMENTS TO 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 HKICPA for the first time in the current year:

HKFRS 16	Leases
HKFRS 9 (Amendments)	Prepayment Features with Negative Compensation
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
HKAS 19 (Amendments)	Plan Amendment, Curtailment or Settlement
HKAS 28 (Amendments)	Long-term Interests in Associates and Joint Ventures
HKFRSs (Amendments)	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 performance and positions 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.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits 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 from the date of initial application;

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

(iii) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis;

(iv) used hindsight based on facts and circumstances as at the date of initial application in determining the lease term for the Group's leases with extension and termination options; and

(v) relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities is 7.64%.

	RMB'000
Operating lease commitment at 31 December 2018	658
Less: total future interest expenses	(175)
Lease liabilities as at 1 January 2019	483
Analysis as:	
Non-current	381
Current	102
	483

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

	RMB'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	483
Add: reclassification from prepaid lease payments in non-current portion *(note)*	16,397
Add: reclassification from prepaid lease payment in current portion *(note)*	455
	17,335

	Right-of-use assets *RMB'000*
By class:	
Land use rights	16,852
Office premises	483
	17,335

Note:

Upfront payments for land use rights in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to approximately RMB455,000 and approximately RMB16,397,000 respectively were reclassified to right-of-use assets.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	**Reclassification**	**Recognition of lease**	**Carrying amount under HKFRS16 at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16				
Right-of-use assets	—	16,852	483	17,335
Prepaid lease payments	16,397	(16,397)	—	—
Total non-current assets	**792,724**	**455**	**483**	**793,662**
Prepaid lease payments	455	(455)	—	—
Total current assets	**101,936**	**(455)**	**—**	**101,481**
Lease liabilities (current)	—	—	381	381
Total current liabilities	**59,626**	**—**	**381**	**60,007**
Net current assets	**42,310**	**(455)**	**(381)**	**41,474**
Total assets less current liabilities	**835,034**	**—**	**102**	**835,136**
Lease liabilities (non-current)	—	—	102	102
Total non-current liabilities	**302**	**—**	**102**	**404**

New and amendments to HKFRSs that have been issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material[1]
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform[1]
HKFRS 3 (Amendments)	Definition of a Business[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 17	Insurance Contracts[3]

1 Effective for annual periods beginning on or after 1 January 2020.
2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the *Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

5. REVENUE AND OTHER INCOME

The reconciliation of revenue from contracts with customers for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Recognition at a point in time		
Sale of pork products	**—**	378,874
Sale of pipe system products	**5,655**	—
Others	**—**	3,142
	5,655	382,016

	2019	2018
	RMB'000	*RMB'000*
Other income		
Interest income on:		
Bank deposits	**20**	1,120
Loan receivables	**25,909**	13,385
Amortisation of deferred revenue	**25**	25
Total interest income	**25,954**	14,530
Government grants *(note)*	**1,450**	1,371
Sundry income	**1**	638
	27,405	16,539

Note: Government grants mainly represent incentive subsidies granted by the PRC government authorities. There are no conditions or limitations attached to these subsidies by the respective PRC government authorities.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision makers ("**CODMs**"), being the executive directors of the Company, in order to allocate resources to segments and to assess their performance.

The Group is principally engaged in slaughtering and trading of pork products, and pipe system products.

The two reportable segments of the Group under HKFRS 8 are as follows:

(a) Slaughtering and trading of pork products — slaughtering and trading of pork products

(b) Pipe system products — selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation

Segment revenue and results

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

	Slaughtering and trading of pork products *RMB'000*	Pipe system products *RMB'000*	Total *RMB'000*
Year ended 31 December 2019			
Segment revenue	**—**	**5,655**	**5,655**
Segment results	**(15,599)**	**(176)**	**(15,775)**
Other gain or loss, net			**1,171**
Loss arising in change in fair value of financial assets at fair value through profit or loss			**(5,759)**
Impairment loss of property, plant and equipment			**(94,674)**
Impairment loss of right-of-use assets			**(6,204)**
Impairment loss of deposits and prepayments for property, plant and equipment			**(43,979)**
Impairment loss of deposits and prepayments for biological assets			**(28,000)**
Allowance for expected credit losses			**(12,111)**
Unallocated corporate income			**25,910**
Unallocated corporate expenses			**(4,652)**
Finance costs			**(1,256)**
Loss before taxation			**(185,329)**

	Slaughtering and trading of pork products *RMB'000*	Pipe system products *RMB'000*	Total *RMB'000*
Year ended 31 December 2018			
Segment revenue	382,016	—	382,016
Segment results	(61,004)	—	(61,004)
Other gain or loss, net			(57,684)
Gain arising from change in fair value of investment properties			2,110
Loss arising in change in fair value of financial assets at fair value through profit or loss			(18,715)
Impairment loss of property, plant and equipment			(207,640)
Allowance for expected credit losses, net			(802)
Unallocated corporate income			13,906
Unallocated corporate expenses			(8,239)
Finance costs			(8,346)
Loss before taxation			(346,414)

Segment results represent the profit earned by or loss from each segment without allocation of unallocated corporate expenses, unallocated corporate income, other gain or loss, net, gain arising from change in fair value of investment properties, loss arising in change in fair value of financial assets at fair value through profit or loss, impairment loss of property, plant and equipment, impairment loss of deposits and prepayments for property, plant and equipment, impairment loss of deposits and prepayments for biological assets, impairment loss of right-of-use assets, allowance for expected credit losses, net and finance costs. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

	Slaughtering and trading of pork products *RMB'000*	**Pipe system products** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2019			
Segment assets	**371,878**	**2,074**	**373,952**
Segment liabilities	**(30,544)**	**(499)**	**(31,043)**

	Slaughtering and trading of pork products *RMB'000*	Pipe system products *RMB'000*	Total *RMB'000*
Year ended 31 December 2018			
Segment assets	568,087	—	568,087
Segment liabilities	(20,504)	—	(20,504)

Reconciliation of reportable segments' assets and liabilities:

	2019	2018
	RMB'000	*RMB'000*
Assets		
Total assets of reportable segments	**373,952**	568,087
Unallocated and other corporate assets:		
Right-of-use assets	**2,024**	—
Loan receivables	**271,919**	259,735
Investment properties	**—**	17,121
Property, plant and equipment	**258**	378
Financial assets at fair value through profit of loss	**12,759**	35,124
Prepayments, deposits and other receivables	**39,089**	13,938
Tax recoverable	**—**	12
Bank balances and cash	**1,873**	265
Consolidated total assets	**701,874**	894,660
Liabilities		
Total liabilities of reportable segments	**31,043**	20,504
Unallocated and other corporate liabilities:		
Accruals and other payables	**15,403**	16,734
Note payable	**8,886**	—
Borrowing	**—**	22,690
Lease liabilities	**1,412**	—
Tax payable	**6,240**	—
Consolidated total liabilities	**62,984**	59,928

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than unallocated and other corporate assets (mainly comprising right-of-use assets, loan receivables, investment properties, property, plant and equipment, financial assets at fair value through profit of loss, prepayments, deposits and other receivables, tax recoverable and bank balances and cash); and

- all liabilities are allocated to operating segments other than unallocated and other corporate liabilities (mainly comprising accruals and other payables, lease liabilities, borrowing, note payable and tax payable).

Other segment information

	Slaughtering and trading of pork products *RMB'000*	Pipe system products *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Year ended 31 December 2019				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure *(Note (a))*	**—**	**—**	**1,487**	**1,487**
Depreciation of property, plant and equipment	**8,778**	**—**	**126**	**8,904**
Depreciation of right-of-use assets	**459**	**—**	**464**	**923**
Year ended 31 December 2018				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital expenditure *(Note (b))*	57	—	—	57
Bad debts written-off	350	—	—	350
Amortisation of prepaid lease payment	505	—	—	505
Depreciation of property, plant and equipment	35,018	—	121	35,139

Notes:

(a) During the year ended 31 December 2019, capital expenditure consists of additions of right-of-use assets.

(b) During the year ended 31 December 2018, capital expenditure consists of additions of property, plant and equipment.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2019 *RMB'000*	2018 *RMB'000*
Slaughtering and trading of pork products	**—**	382,016
Pipe system products	**5,655**	—
	5,655	382,016

Information about geographical areas

During the year, the Group was mainly operating in the PRC and Japan (2018: the PRC). The Group's revenue from external customers based on the location of the operation by geographical location are presented below:

	2019	2018
	RMB'000	*RMB'000*
Revenue		
— The PRC	**—**	382,016
— Japan	**5,655**	—
	5,655	382,016

The Group's non-current assets are principally attributable to a single geographical region, which is the PRC and accordingly, no further geographical segment information is presented.

The Group's geographical concentration risk is mainly in Japan, which accounted for 100% of the total revenue during the year ended 31 December 2019 (2018: 100% in the PRC).

Information about major customers

For the year ended 31 December 2019, revenue generated from one (2018: one) customer of the Group which has individually accounted for over 10% of the Group's total revenue. No other single customer contributed 10% or more to the Group's revenue for the year ended 31 December 2019 (2018: none).

Revenue from major customer, which contribute to 10% or more of the Group's revenue is set out below:

	2019	2018
	RMB'000	*RMB'000*
Customer A *(note)*	**—**	52,047
Customer B *(note)*	**5,655**	—

Note: The revenue contributed by Customer A during the year ended 31 December 2019 and Customer B during the year ended 31 December 2018 was less than 10% of the Group's revenue.

7. OTHER GAIN OR LOSS, NET

An analysis of the Group's other gain or loss for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries	**1,171**	8,069
Write-off of inventories	**—**	(32,476)
Write-off of biological assets	**—**	(33,277)
	1,171	(57,684)

8. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on:		
— Borrowings wholly repayable within five years	**1,224**	8,346
— Lease liabilities	**32**	—
	1,256	8,346

9. TAXATION

	2019	2018
	RMB'000	*RMB'000*
Current tax – Hong Kong		
Charge for the year	**—**	—
Over-provision in prior years	**—**	(3,449)
	—	(3,449)
Current tax – PRC		
Charge for the year	**6,240**	—
Income tax charge/(credit)	**6,240**	(3,449)

Hong Kong

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 gazette 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% (2018: 8.25%), and profits above HK$2 million will be taxed at 16.5% (2018: 16.5%). The profits of group entities not qualifying for the two-tiered profits tax rates regime will be continue to be taxed at a flat rate of 16.5%.

PRC

The PRC Enterprise Income Tax (the "**PRC EIT**") is calculated at the applicable tax rates in accordance with the relevant laws and regulations in the PRC.

Under the PRC Enterprise Income Tax Law (the "**EIT Law**") and Implementation Regulations of the EIT Law, the tax rate of a PRC subsidiary is 25% from 1 January 2008 onwards.

Meat processing of primary produce is on the list of The Range of Processing of Primary Agricultural Produces to Be Given Preferential Enterprise Income Tax Treatment (Trial Implementation) (2008 version) (享受企業所得稅優惠政策的農產品初加工範圍（試行）(2008年版)) promulgated by the Ministry of Finance (財政部) and the State Administration of Taxation (國家稅務總局) on 20 November 2008. Hunan Huisheng Meat Products Company Limited ("**Hunan Huisheng**") (湖南惠生肉業有限公司) meets the required standard for preferential PRC EIT treatment.

According to the prevailing tax rules and regulations, Hunan Huisheng is operating in the business of primary processing of agricultural products was exempted from the PRC EIT during the years ended 31 December 2018 and 2019.

According to the prevailing tax rules and regulations, the Group is operating in agricultural business, which is exempted from the PRC EIT, and no deferred taxation impact was considered for each of the reporting periods.

Other Jurisdictions

Taxation of overseas subsidiaries (other than Hong Kong and the PRC) are calculated at the applicable rates prevailing in the jurisdictions in which the subsidiary operates.

10. LOSS FOR THE YEAR

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

	2019	2018
	RMB'000	*RMB'000*
Directors' emoluments:		
Directors' fee	**294**	378
Salaries, allowances and benefits in kind	**1,168**	1,117
Retirement scheme contributions	**59**	60
Equity-settled share-based payment	**—**	260
	1,521	1,815
Other staff costs:		
Salaries and other benefits	**2,545**	14,243
Retirement scheme contributions	**270**	3,033
Equity-settled share-based payment	**—**	1,488
Total staff costs	**4,336**	20,579
Auditors' remuneration		
— Audit service	**1,000**	1,000
Bad debts written-off	**—**	350
Depreciation of property, plant and equipment	**8,904**	35,139
Depreciation of right-of-use assets	**923**	—
Amortisation of prepaid lease payments	**—**	505
Equity-settled share-based payment in respect of consultants	**—**	1,489
Cost of inventories recognised as expenses	**—**	385,447
Operating lease rental expenses in respect of rented premises	**—**	628
An analysis of the loss arising in change in fair value of financial assets at FVPL classified as held for trading investments is as follows:		
Realised gain on disposal of financial assets at FVPL	**(3,791)**	(7,817)
Unrealised loss on financial assets at FVPL	**9,550**	26,532
	5,759	18,715

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2019	2018
	RMB'000	*RMB'000*
Loss		
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(191,516)**	(342,953)

	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**880,838**	872,726

The calculation of basic loss per share is based on the loss attributable to owners of the Company for the year of approximately RMB191,516,000 (2018: approximately RMB342,953,000) and the weighted average number of 880,838,000 (2018: 872,726,000) ordinary shares in issue during the year ended 31 December 2019.

Basic and diluted loss per share for the years ended 31 December 2019 and 2018 were the same because exercise of share options would decrease the loss per share for the years ended 31 December 2019 and 2018 and, therefore, be anti-dilutive.

12. DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2019, no addition for property, plant and equipment (2018: RMB57,000).

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	RMB'000	*RMB'000*
Held-for-trading investments:		
Equity securities listed in Hong Kong *(note)*	**12,759**	35,124

Note:

At 31 December 2019, the fair value of the listed equity securities, amounting to approximately RMB12,759,000 (2018: approximately RMB35,124,000), was determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited.

15. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**5,743**	5,743
Less: Allowances for expected credit losses	**(5,743)**	(74)
	—	5,669

The Group offered credit period on sale of pork products of within 80 days. The aging analysis of trade receivables, net of allowances for expected credit losses, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
61 days to 80 days	**—**	5,669

Movement in the allowances for expected credit losses on trade receivables, is as follow:

	2019	2018
	RMB'000	*RMB'000*
Balance at the beginning of the year	**74**	—
Allowances for credit losses recognised	**5,669**	74
Balance at the end of the year	**5,743**	74

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the Group management on the collectability of overdue balances.

16. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2019, the Group disposed of its entire equity interests in subsidiaries, Simple Rise Inc and its subsidiary ("**Disposed Subsidiaries**") to an independent third party. The Disposed Subsidiaries are incorporated in BVI and Hong Kong which are engaged in property investment. The disposal was completed on 6 August 2019.

The net assets of the Disposed Subsidiaries at the date of disposal were as follow:

Consideration received:

	RMB'000
Cash received	**17,521**

Analysis of assets and liabilities over which control was lost:

	RMB'000
Investment properties	**17,521**
Other receivables, prepayment and deposit paid	**5**
Accruals and other payables	**(6)**
Cash and bank balances	**—***
Amount due to the immediate holding company	**(168)**
Net assets disposed of	**17,352**

* The balance represents an amount less than RMB1,000.

Gain on disposal of subsidiaries:

	RMB'000
Consideration received	**17,521**
Net assets disposed of	**(17,352)**
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	**1,002**
Gain on disposal *(note 7)*	**1,171**
Net cash inflow arising on disposal	**17,521**

17. COMPARATIVES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 4.

In addition, certain comparative figures have been reclassified to be consistent with the current year's presentation.

MATERIAL DIFFERENCES BETWEEN 2019 UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 December 2019 had not been completed as at the date of publication of Unaudited Annual Results Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Unaudited Annual Results Announcement and the audited annual results of the Group in this announcement. Set out as below are principal details and reasons for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

The main details and reasons for the significant differences in the financial information are set out below.

	Year ended 31 December 2019		
	Disclosure in this announcement	**Disclosure in the Unaudited Annual Results Announcement**	**Difference**
	RMB'000	*RMB'000*	*RMB'000*
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Impairment loss of property, plant and equipment	(94,674)	—	(94,674)
Impairment loss of right-of-use assets	(6,204)	—	(6,204)
Impairment loss of deposits and prepayments for property, plant and equipment	(43,979)	—	(43,979)
Impairment loss of deposits and prepayments for biological assets	(28,000)	—	(28,000)
Allowance for expected credit losses, net	(12,111)	—	(12,111)
Administrative expenses	(22,007)	(22,092)	85
Finance costs	(1,256)	(1,337)	81
Loss before taxation	(185,329)	(527)	(184,802)
Taxation	(6,240)	—	(6,240)
Loss for the year	(191,569)	(527)	(191,042)
Loss for the year attributable to owners of the Company	(191,516)	(474)	(191,042)
Other comprehensive (loss)/income for the year	(4,273)	7,155	(11,428)
Total comprehensive (loss)/income for the year	(195,842)	6,628	(202,470)
Total comprehensive (loss)/income attributable to owners of the Company	(195,789)	6,681	(202,470)
Loss per share attributable to owners of the Company			
Basic and diluted (RMB cents per share)	(21.74)	(0.05)	(21.69)

	Year ended 31 December 2019		
	Disclosure in this announcement	Disclosure in the Unaudited Annual Results Announcement	Difference
	RMB'000	*RMB'000*	*RMB'000*
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Non-current assets			
Property, plant and equipment	158,161	252,191	(94,030)
Right-of-use assets	11,695	17,965	(6,270)
Deposits and prepayments for property, plant and equipment	72,259	116,238	(43,979)
Deposits and prepayments for biological assets	92,000	120,000	(28,000)
Loan receivables	257,998	259,735	(1,737)
Financial assets at fair value through other comprehensive income	500	1,500	(1,000)
Current assets			
Financial assets at fair value through profit or loss	12,759	12,760	(1)
Trade receivables	—	5,669	(5,669)
Loan receivables	13,921	—	13,921
Prepayments, deposits and other receivables	79,058	98,030	(18,972)
Bank balances and cash	3,523	3,525	(2)
Current liabilities			
Accruals and other payables	(46,042)	(35,347)	(10,695)
Lease liabilities	(464)	(494)	30
Tax payable	(6,240)	—	(6,240)
Non-current liabilities			
Lease liabilities	(1,050)	(1,125)	75
Note payable	(8,886)	(8,985)	99
Equity			
Reserves	628,168	830,638	(202,470)

These differences are mainly due to:

— the adjustments to the expected credit losses with respect to trade receivables and prepayments, deposits and other receivables;

— the adjustments for provision of impairment in relation to the net carrying values of property, plant and equipment, right-of-use assets, deposits and prepayments for property, plant and equipment, deposits and prepayments for biological assets and financial assets at fair value through other comprehensive income;

— the adjustments for provision of income tax; and

— the adjustment for reclassification of certain amounts and balances.

EXTRACT OF INDEPENDENT AUDITORS' REPORT

OPINION

We have audited the consolidated financial statements of Huisheng International Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certificated Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Group incurred a loss of approximately RMB191,569,000 for the year ended 31 December 2019 and, as of that date the Group had bank balances and cash of approximately RMB3,523,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group is engaged in the production and sale of daily consumption pork and related meat food products for domestic market as well as hog breeding and hog farming in Changde, Hunan Province, the People's Republic of China (the "**PRC**"). Moreover, the Group is also engaged in selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation during the late of 2019.

Last year, the African Swine Fever ("**ASF**") was exploded throughout the PRC. The Group has never been facing for such challenge of a difficult and catastrophic environment. On 24 October 2018, our PRC subsidiaries received the quarantine order from the Agriculture Committee of Changde City* which ordered to kill all hogs and suspended of our operations in Hunan Province, our operations were eventually affected in such circumstances.

During the year of 2019 and until now, we are taking cautious manner in performing disinfection and harmless treatment in order to prevent the ASF infection among our slaughterhouse and breeding farms. The whole operations of the production and sale of daily consumption pork and related meat food products for domestic market are still in suspension. Following on the suspension, we had taken steps for the implementation of disinfection treatment to avoid any hogs being infected again when resuming of our operations. However, the outbreak of ASF is still affecting the other countries, and especially, such outbreak has never been stopped in the PRC.

In 2019, the PRC pork industry experienced unprecedented volatility due to the spread of ASF, a severe viral disease communicable amongst domestic and wild hogs. According to the Ministry of Agriculture and Rural Affairs of the People's Republic of China (中華人民共和國農業農村部) ("**MOA**"), 63 cases of ASF were reported and 390 thousand heads of hogs were culled nationwide throughout the year.

In April 2020, MOA has reported that various infection cases are still exist in some provinces of the PRC and all the infected hogs were culled and even restricted the transfer of live hogs and meat products out of the restricted area, which indicate that such outbreak of that natural disaster is still severely affected to the livestock industry.

The ASF has polluted a relatively large portion of the PRC ever since its introduction into the country in August 2018. Due to the complicated ways of transmission of the epidemic while vaccines are still under research and development, the prevention and control of the ASF will be a prolonged battle.

Such outbreak would have a profound impact on our slaughtering and breeding business of live hogs which would be affected to our core business as well as the entire livestock industry in the PRC will still be suffering of those unpredictable impact. It resulted to our Pork Business that no revenue was recorded during the year ended 31 December 2019.

In respect to the outbreak of ASF, the directors have reviewed the Group's business model and considered that operating a sole business segment in Pork Business is susceptible to change in environment, regulatory and public health factors. The directors are of the view that there is a concentration risk of single revenue stream. Without other revenue source, the Group's business and financial performance might encounter other difficulties like current situation due to the outbreak of ASF. Therefore, the directors explored way to achieve diversification, among others, such as renting out part of our breeding farms to generate other new and stable income for sustaining and strengthening of our financials, at least cover of our administrative costs, while keeping capacities for resuming the Pork Business in the future.

In the meantime, the Group is monitoring status of the ASF as well as hog price trend in the PRC. Because there were still ASF cases reported and in addition of the outbreak of the novel coronavirus ("**COVID-19**"), it took time for resumption of capacity. Tightened domestic supply of piglets will be expected to persist in 2020, which in turn the high piglet price due to limited supply of piglets.

The Company considers that the risk to resume breeding of hog at this moment is still high due to following reasons: (i) If the Company resumes breeding of hogs at this moment, there might be a chance for all new hogs in the breeding farms would have been re-infected, eventually will incur a huge loss. (ii) There might be loss as a result of high piglet cost at this moment and potential drop in pork price after breeding time of around nine months, in view of volatile price movement of pork. At such, the Company intends to closely monitor the price trend and development of ASF and will conduct the plan for resuming breeding of hog in a cautious manner.

To make things worse, the COVID-19 epidemic (the "**Coronavirus**") erupted in mid of January 2020, a number of provinces and municipalities in the PRC have taken emergency public health measures and various actions to prevent the spread of the Coronavirus, including imposing restriction on the mobility of citizen and the resumption date of production after the Chinese New Year Holidays. Due to the suspension or limited service of transportation facilities in various cities in the PRC to prevent the spread of the Coronavirus, certain workers in the affected provinces and municipalities are unable to resume work. Therefore, the Group expects that there will be a further delay on the resumption of our Pork Business.

Because of the natural disaster of ASF, the Pork Business had no alternative but enforced to be suspended since late of 2018 and this situation could not be avoided but only to suffer by the Group, which eventually has seriously affected the operation of Pork Business and leading to the outcome of zero revenue of Pork Business during the year of 2019. Misfortunes never come along, another natural disaster of Coronavirus was erupted in mid of January 2020 in the PRC and finally erupted throughout the world, which inevitably further delay the schedule of resumption of Pork Business. Facing these two natural disasters, the management of the Group has to take serious measure in coping with these unprecedented global difficulties and at no choice to explore more potential business opportunities.

Despite of the difficulties the management had taken a few moves in order to improve our current financial position and performance, during the late of 2019, we commenced a new business in selling and distributing of pipe system products, and conducting in the provision of technical advisory services on the design, application, implementation and installation (the "**New Business**"). Such New Business had recorded a revenue of approximately RMB5.7 million during the year ended 31 December 2019. The Group not only had a good start of the New Business but also obtained a distribution right for the sale of pipe system products in Japan and Singapore in March 2020. The management will actively take cautious approach in assessing and monitoring the performance of the New Business and expects that the New Business would enhance our new income source in the future. In fact, it can diversify our business concentration risk and reduce of the risk when facing of any new challenge. This would strengthen our new income stream as well as to maximise the shareholder's value as a whole. The management will continue to seek any potential investment/business opportunities, which would be in order to further diversify of our business risks.

In order to minimise of our risks for facing of a sudden temporary downturn of the Pork Business and to sustain our routine operating cost, in March 2020, the management of the Group has moved steps for leasing part of our slaughterhouse and breeding farm to an independent party for a term of 5 years, at a monthly rent of RMB760,000. Such that the Group would therefore generate a stable income source which can assure that we can have positive cash flow to sustain and strengthen our financial situation, while keeping capacities for resuming the Port Business in the future.

During the year, the Company disposed of its entire equity interest in a wholly-owned subsidiary, Simple Rise Inc. ("**Simple Rise**"). Simple Rise and its wholly owned subsidiary own investment properties for renting purposes (the "**Disposal**"). The consideration for such Disposal was HK$19.5 million (equivalent to approximately RMB17.5 million) and recognised a disposal gain of approximately RMB1.2 million during the year ended 31 December 2019. Details of the Disposal was set out in the Company's announcement dated 11 March 2019 and 6 August 2019.

In December 2016, the Company conducted a fundraising activity for raising of approximately HK$144.75 million, before expenses, by way of the issuance of 289,490,000 rights shares at a subscription price of HK$0.50 per rights share (the "**Rights Issue**"). The Rights Issue was completed in February 2017. The gross proceeds and the net proceeds of the Right Issue were approximately HK$144.75 million and HK$140.53 million respectively. Details of the Rights Issue are set out in the announcements of the Company dated 15 December 2016, 28 December 2016 and 1 February 2017 and the prospectus of the Company dated 9 January 2017.

During the year ended 31 December 2019, the intended use of proceeds of the Rights Issue was fully utilised and the details are as follows:

Net proceeds raised (Approximately)		**Intended use of proceeds**	**Actual use of proceeds (Approximately)**
HK$87.82 million		For repayment of the borrowings of the Group	Fully used as intended
HK$52.71 million	HK$8.67 million	For payment of finance cost	Fully used as intended
	HK$3.24 million	For payment of legal and professional fee	Fully used as intended
	HK$2.45 million	For payment of staff and related cost	Fully used as intended
	HK$0.82 million	For payment of rental and office expenses	Fully used as intended
	HK$2.40 million	For payment of other administrative expenses	Fully used as intended
	HK$35.13 million	For future business opportunities	Fully used as intended

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded revenue of approximately RMB5.7 million, representing a decrease of approximately 98.5% as compared with the same period of last year. The reduction was mainly due to the outbreak of ASF in the PRC, which affected the operations in Pork Business was still suspending and no revenue generated during the year. However, the Group recorded revenue from the New Business of approximately RMB5.7 million during the year with an average gross profit margin of approximately 1.5%, while the operations in Pork Business was an average gross loss margin of approximately 1.9% in 2018.

During the late of 2019, the Group has generated revenue from New Business of approximately RMB5.7 million with minimal profit. At the beginning stage of New Business, the Directors are of the view that even though the monetary sum of the pilot sales was not significant but this signifies the successful outcome of the effort of our management and Japanese team in stepping in the new segment of pipe system products and clearing the legal and logistics route of importing pipe system products, and eventually the Group was recognised as official sale distributor and granted a distribution right for the sale of pipe system products in Japan and Singapore in March 2020.

The selling and distribution expenses of the Group for the year ended 31 December 2019 decreased from approximately RMB6.3 million to approximately RMBnil which was mainly due to the suspension of the operations in Pork Business during the year.

For the year ended 31 December 2019, the administrative expenses of the Group were approximately RMB22.0 million, while it was approximately RMB58.3 million in 2018. Such reduction was in line with the suspension of the operations in Pork Business.

The Group's finance costs were approximately RMB1.3 million in 2019, while it was approximately RMB8.3 million in 2018.

Loss attributable to owners of the Company in 2019 was approximately RMB191.6 million, while it was a loss of approximately RMB343.0 million in 2018. The reduction of loss was mainly due to (i) a decrease in impairment loss of property, plant and equipment of approximately RMB113.0 million; (ii) a decrease in net loss arising in change in fair value of financial assets at FVPL of approximately RMB13.0 million; and (iii) a decrease in administrative expenses of approximately RMB36.3 million, during the year ended 31 December 2019.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING AND TREASURY POLICY

The Group maintained cash and bank balances as at 31 December 2019 amounting to approximately RMB3.5 million (2018: approximately RMB8.2 million). The Group's current ratio as at 31 December 2019 was 2.1 (2018: 1.7). The total equity of the Group amounted to approximately RMB638.9 million (2018: approximately RMB834.7 million) as at 31 December 2019.

As at 31 December 2019, the Group had an outstanding borrowing with an amount of approximately RMB8.9 million (2018: approximately RMB22.7 million).

The Group intends to finance its operations and investment with its operating revenue, internal resources and bank facilities. The directors of the Company believe that the Group is in a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement.

Most of the trading transactions, assets and liabilities of the Group were denominated in Renminbi and Hong Kong dollars for the year ended 31 December 2019. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimise exposure to foreign exchange risks. As at 31 December 2019, the Group had no foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

CHARGE OF GROUP ASSETS

The Group had no charges on the Group's assets as at 31 December 2019 (2018: nil).

GEARING RATIO

As at 31 December 2019, the Group's gearing ratio (being its total debts, which is the borrowings, divided by its total equity and multiplied by 100%) was approximately 1.4% (2018: approximately 2.7%).

FOREIGN EXCHANGE EXPOSURE

Since almost all transactions of the Group were denominated either in Renminbi and Hong Kong dollars, and the exchange rates of such currencies were relatively stable over the year under review, the directors of the Company believe that foreign exchange exposure does not have any significant adverse effect to the Group. Therefore, the Group has not implemented any formal hedging or other alternative policies to deal with such exposure.

CONTINGENT LIABILITIES

As at 31 December 2019, the directors of the Company were not aware of any material contingent liabilities.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed above, for the year ended 31 December 2019, the Group did not have any material acquisitions and disposal of subsidiaries, associates or joint ventures.

SIGNIFICANT INVESTMENT

During the year, there was no other significant investment.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2019 (2018: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group employed 42 staff and workers in Hong Kong, Japan and the PRC (2018: 245). The Group remunerates its directors based on the complexity of duties and responsibilities of each individual. The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include contributions to social security, medical insurance and retirement schemes and provision of appropriate training program. The Company adopted a share option scheme to enable it to grant share options to, among others, selected eligible employees as incentive or reward for their contributions.

CAPITAL STRUCTURE

As at 31 December 2019, the capital structure of the Company comprised of its issued share capital and reserves.

As at 31 December 2019 and the date of this announcement, there are a total of 880,838,000 issued shares of the Company.

OUTLOOK

Looking forward, we are expecting 2020 will continue to be a challenging year. The adverse impact on the Coronavirus and the epidemic of ASF remains uncertain, and makes it difficult to gauge on the industry recovery pace.

We will continuously, by utilising our gained experience in this industry, adopt a cautious approach to exploring any potential investment/business opportunities with respect to pork or related meat food industry, which can enhance our income source and further diversify of our business risks. Meanwhile, the management is closely monitoring the market situation and continuously evaluating the impact of the Coronavirus and the epidemic of ASF to the Group's operations, and will make adjustments to the Group's business plan and operations, if necessary, so as to minimise any impact on the Group. The operations of pork business is expected to resume in the second half of 2020 or any later possible date. Once materialised, we will keep our update developments to our shareholders as and when appropriate.

Apart from the above, in considering to minimise and diversify of our risks concerned, we expect that our New Business will have a steady increase in future so as to generate a new income source to the Group, and further improve of our operating cash flow.

EVENTS AFTER THE YEAR END DATE

(1) With effect from 17 February 2020, Dr. Liu Ta-pei has resigned as an executive director of the Company. Details of his resignation are set out in the Company's announcement dated 17 February 2020.

(2) Following to our New Business commenced during the late of 2019, in March 2020, a German company, as the licensor who specializes in manufacturing, marketing and selling of flexible walled pipe systems, granted to an indirect non-wholly owned subsidiary of the Company, as the licensee (the "**Operating Company**") a distribution right whereas the Operating Company has the right on the selling and distributing the pipe system products in Japan and Singapore. The powerful advantages of such walled pipe system are because of its interior pipe is made from corrugated stainless steel with an outer corrosion protection for use in industry application, constructions and internet & data infrastructure.

(3) Since January 2020, the outbreak on Coronavirus has impacted the global business environment. Up to the date of this announcement, Coronavirus has not resulted in material impact to the Group. Pending the development and spread of Coronavirus subsequent to the date of this announcement, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of Coronavirus and react actively to its impact on the financial position and operating results of the Group.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2019 and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIRECTORS' INTERESTS IN CONTRACTS

Save for the service contracts and letters of appointment entered into with the respective Directors, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director was or had been materially interested, whether directly or indirectly, subsisted at the end of the year under review or any time during the year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2019.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "**Code Provision(s)**") and certain recommended best practices contained in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules as the code of the Company. The Company had complied with the Code Provisions during the year ended 31 December 2019 except for the following:

Code Provision A.6.7

Code Provision A.6.7 stipulates that the independent non-executive Directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

There are three independent non-executive directors of the Company, Mr. Chan Hin Hang, Mr. Wong King Shiu, Daniel and Mr. Wong Yuk Lun, Alan. Mr. Chan Hin Hang and Mr. Wong King Shiu, Daniel are unable to attend annual general meeting on 28 June 2019 due to their engagement with their other commitments.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The audit committee of the Company (the "**Audit Committee**") is primarily responsible for reviewing the financial reporting process, risk management and internal control systems and monitoring the integrity of the financial statements and financial reports of the Company. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Chan Hin Hang, Mr. Wong Yuk Lun, Alan and Mr. Wong King Shiu, Daniel, with Mr. Chan Hin Hang as its chairman.

The Audit Committee has reviewed with the management the accounting policies adopted by the Group and the consolidated financial statements of the Group for the year ended 31 December 2019. It has also discussed the financial reporting process and the risk management and internal control systems of the Company with the management. The Audit Committee had also reviewed and discussed the audit, risk management, internal control and financial reporting matters of the Group, including review of the financial statements for the year ended 31 December 2019.

SCOPE OF WORK OF AUDITORS ON THE ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the annual results announcement of the Group for the year ended 31 December 2019 have been agreed by the Group's independent auditors, HLB Hodgson Impey Cheng Limited ("**HLB**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by HLB 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 HLB on the announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hsihl.com). The Company's annual report for the year ended 31 December 2019 will be despatched to the shareholders of the Company and will be available on the above websites in due course.

By order of the Board
HUISHENG INTERNATIONAL HOLDINGS LIMITED
Chan Chi Ching
Executive Director

Hong Kong, 5 June 2020

As at the date of this announcement, the Board comprises Mr. Chan Chi Ching and Mr. Suen Man Fung as executive Directors; and Mr. Chan Hin Hang, Mr. Wong Yuk Lun, Alan, and Mr. Wong King Shiu, Daniel as independent non-executive Directors.