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美好發展集團

MH DEVELOPMENT

**MH Development Limited**

美好發展集團有限公司

*(formerly known as “Camsing International Holding Limited 承興國際控股有限公司”)*

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

**(Stock Code: 2662)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2020**

The Board (the “Board”) of Directors (the “Directors”) of MH Development Limited (formerly known as “Camsing International Holding Limited”) (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2020 (the “Year”) together with comparative figures for the previous year as follows:

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

*For the year ended 30 June 2020*

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>9,732</b>	2,662,267
Cost of sales		<b>(8,632)</b>	(2,400,317)
Gross profit		<b>1,100</b>	261,950
Other income		<b>2,166</b>	10,580
Other gains and losses, net		<b>(51,080)</b>	(809,470)
Distribution costs		<b>(1,993)</b>	(14,904)
General and administrative expenses		<b>(26,346)</b>	(60,096)
Finance costs		<b>(1,548)</b>	(1,149)

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before income tax		<b>(77,701)</b>	(613,089)
Income tax credit/(expense)	5	<u>2,110</u>	<u>(61,860)</u>
<b>Loss for the year from continuing operations</b>		<b>(75,591)</b>	(674,949)
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	7(a)	<u>–</u>	<u>40,461</u>
<b>Loss for the year</b>	6	<u><b>(75,591)</b></u>	<u>(634,488)</u>
<b>Other comprehensive income/(expense)</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<u>13,220</u>	<u>10,598</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>(2,114)</b>	(9,555)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		<u>–</u>	<u>(10,369)</u>
		<u><b>(2,114)</b></u>	<u>(19,924)</u>
Total other comprehensive income/(expense) for the year		<u><b>11,106</b></u>	<u>(9,326)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(64,485)</b></u>	<u>(643,814)</u>

	<i>Notes</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
(Loss)/profit for the year attributable to:			
Owners of the Company			
— from continuing operations		<b>(70,154)</b>	(664,006)
— from discontinued operations		—	40,461
		<u><b>(70,154)</b></u>	<u>(623,545)</u>
Non-controlling interests			
— From continuing operations		<u><b>(5,437)</b></u>	<u>(10,943)</u>
		<u><b>(75,591)</b></u>	<u>(634,488)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		<b>(59,083)</b>	(632,882)
Non-controlling interests		<u><b>(5,402)</b></u>	<u>(10,932)</u>
		<u><b>(64,485)</b></u>	<u>(643,814)</u>
Basic and diluted (loss)/earnings per share			
	9		
— from continuing and discontinued operations		<b>HK\$(0.07)</b>	HK\$(0.58)
— from continuing operations		<b>HK\$(0.07)</b>	HK\$(0.62)
— from discontinued operations		<u><b>N/A</b></u>	<u>HK\$0.04</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>192</b>	14,144
Right-of-use assets		<b>3,795</b>	–
Interest in an associate		–	886
Intangible assets		<b>36,368</b>	45,135
Goodwill		<b>768</b>	774
		<u><b>41,123</b></u>	<u>60,939</u>
<b>Current assets</b>			
Inventories		–	9,956
Trade and other receivables	<i>10</i>	<b>2,936</b>	12,044
Bank balances and cash		<b>752</b>	12,349
		<u><b>3,688</b></u>	<u>34,349</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>155,356</b>	144,456
Tax liabilities		<b>46,504</b>	47,969
Lease liabilities		<b>931</b>	–
Bank borrowings		<b>1,598</b>	–
Bonds		<b>11,031</b>	9,776
		<u><b>215,420</b></u>	<u>202,201</u>
<b>Net current liabilities</b>		<u><b>(211,732)</b></u>	<u>(167,852)</u>
<b>Total assets less current liabilities</b>		<u><b>(170,609)</b></u>	<u>(106,913)</u>
<b>Non-current liabilities</b>			
Lease liabilities		<b>2,981</b>	–
Deferred tax liabilities		<b>9,092</b>	11,284
		<u><b>12,073</b></u>	<u>11,284</u>
<b>NET LIABILITIES</b>		<u><u><b>(182,682)</b></u></u>	<u><u>(118,197)</u></u>
<b>Capital and reserves</b>			
Share capital		<b>107,712</b>	107,712
Reserves		<b>(289,183)</b>	(230,100)
Equity attributable to owners of the Company		<u><b>(181,471)</b></u>	<u>(122,388)</u>
Non-controlling interests		<b>(1,211)</b>	4,191
<b>TOTAL DEFICIT</b>		<u><u><b>(182,682)</b></u></u>	<u><u>(118,197)</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2020*

### 1. GENERAL INFORMATION

MH Development Limited (formerly known as “Camsing International Holding Limited”) (the “Company”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2001 Second Revision) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Referring to the announcements of the Company dated 5 July 2019, 9 July 2019, 16 July 2019 and 18 July 2019, the Company has, among others, clarified certain statements made by the media with regard to the criminal custody of Ms. Lo Ching (“Ms. Lo”), a former executive director and the chairman (the “Chairman”) of the board (the “Board”) of directors of the Company. Referring to the announcement of the Company dated on 19 July 2019, the trading of ordinary shares of the Company on the Stock Exchange has been halted since 19 July 2019 pending the release of a clarification announcement.

Referring to the announcement of the Company dated on 29 July 2019, the Board has resolved on 24 July 2019 to suspend all administrative and executive duties and powers of Ms. Lo as the Chairman and executive director with immediate effect until further notice.

Referring to the announcement of the Company dated on 15 August 2019, the Company has been notified by the Stock Exchange of the resumption guidance (the “Initial Resumption Guidance”) for the Company including (i) to disclose details of the criminal custody of Ms. Lo, (ii) to demonstrate that there is no reasonable regulatory concern about management integrity and/or any persons with substantial influence over the Company’s management and operations which will pose a risk to investors and damage market confidence, (iii) to demonstrate its compliance with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) to warrant the continued listing of the Company’s shares, (iv) to clarify the Company’s current shareholding structures, and (v) to announce all material information for the Company’s shareholders and investors to appraise its position.

Referring to the announcement of the Company dated on 4 September 2019, the Board announced that special committee was formed and professional adviser was appointed for the purpose of, among other things, taking active steps to remedy the issues causing the trading suspension.

Referring to the announcement of the Company dated on 10 October 2019, the Company received additional resumption guidance from the Stock Exchange that, in addition to the Initial Resumption Guidance, the Company is required to publish all outstanding financial results and address any audit modification (with the Initial Resumption Guidance, together “Resumption Guidance”).

Referring to the announcement of the Company dated on 25 September 2020, having considered that Ms. Lo has not been able to discharge her duties as the Chairman and an executive director and has been absent from the meetings of the Board for more than six consecutive months, the Board resolved on 22 September 2020 that the office of Ms. Lo as the Chairman and an executive director shall be vacated with immediate effect. As such, Ms. Lo shall cease to be a member of the nomination committee of the Board with effect from 22 September 2020.

Referring to the announcement of the Company dated on 13 January 2021, the name of the Company was changed from Camsing International Holding Limited to MH Development Limited.

The functional currency of the Company is Renminbi (“RMB”). The directors (the “Directors”) of the Company selected Hong Kong dollars (“HK\$”) as the presentation currency because the shares of the Company are listed on the Stock Exchange and HK\$ has been adopted as presentation currency in the Group’s consolidated financial statements for years. These consolidated financial statements are presented in thousands of Hong Kong Dollars (“HK\$’000”), unless otherwise stated.

## **2. GOING CONCERN BASIS**

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

The Company and its subsidiaries (the “Group”) incurred a loss attributable to owners of the Company, from continuing operations of approximately HK\$70,154,000 for the year ended 30 June 2020; and as at 30 June 2020, the Group had net current liabilities and net liabilities of approximately HK\$211,732,000 and approximately HK\$182,682,000 respectively. Also, the Group recorded net cash outflows in operating activities of approximately HK\$7,444,000 for the year ended 30 June 2020. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the consolidated financial statements based on going concern on the assumptions and measures that:

- (a) The Group applies cost control measures in cost of sales, administrative expenses and capital expenditures.
- (b) The Group is also maximising its sales effort, including seeking new customers and sales orders and implementing comprehensive policies to improve operating cash flows.
- (c) The Group may conduct fund raising activities (including debt and/or equity financing) as and when necessary. Referring to the announcements of the Company dated on 18 September 2020, 16 October 2020 and 1 December 2020, total amount of HK\$2,000,000 of unsecured loan facility with terms of interest rate of 10% p.a. and repayable on 31 May 2021 and total amount of HK\$18,000,000 of secured loan facility with terms of interest rate of 10% p.a. and repayable on 15 June 2021 have been granted by a then independent third party, namely Runjing Holdings Limited, a company wholly-owned by Mr. Shen Yang who had become an executive director since 16 October 2020. Up to the reporting date, the unsecured loan of HK\$2,000,000 and the secured loan of HK\$18,000,000 were drawn down by the Company.

The Directors have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2020. After taking into account the above assumptions and measures, the Directors consider 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 twelve months from 30 June 2020 and believe that the Group will continue as a going concern and consequently have prepared the consolidated financial statements on a going concern basis.

### 3. ADOPTION OF NEW AND REVISED HKFRSs

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2019. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years except as stated below.

#### HKFRS 16 “Leases”

The Group was initially applied HKFRS 16 “Leases” with effect from 1 July 2019 and has taken transitional provisions and methods not to restate comparative information for prior period.

On adoption of HKFRS 16, the Group recognised right-of-use assets and lease liabilities in relation to leases which had previously been classified as “operating leases” under HKAS 17 “Leases”, resulted in changes in the consolidated amounts reported in the consolidated financial statements as follows:

	1 July 2019 <i>HK\$’000</i>
Increase in right-of-use assets	17,678
Increase in lease liabilities	<u>17,678</u>
	1 July 2019 <i>HK\$’000</i>
Operating lease commitment at 30 June 2019	20,281
Less:	
Discounting at 4.01%	(813)
Recognition exemption for leases with less than 12 months of lease term at transition	<u>(1,790)</u>
Lease liabilities as at 1 July 2019	<u>17,678</u>

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and consolidated financial position.

#### 4. REVENUE AND SEGMENT INFORMATION

##### (a) Revenue

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue from contracts with customers:</b>		
Sales of goods	–	2,538,102
Rendering of services	–	280,351
Licensing fee income	<u>9,732</u>	<u>31,146</u>
	<u><u>9,732</u></u>	<u><u>2,849,599</u></u>
 Representing:		
Continuing operations	<u>9,732</u>	2,662,267
Discontinued operations ( <i>note 7(a)</i> )	<u>–</u>	<u>187,332</u>
	<u><u>9,732</u></u>	<u><u>2,849,599</u></u>

##### *Sales of goods*

Sales of goods mainly derived from sales and distribution of intellectual properties (“IP”) derived products and mobile devices to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered to a customer, there is no unfulfilled obligation that could affect the customer’s acceptance of the products and the customer has obtained legal titles to the products.

##### *Rendering of services*

Rendering of services mainly comprised of (i) procurement and assembly services; (ii) theme events services and (iii) marketing services. Service fee income is recognised when the services are rendered and there is no unfulfilled obligation that could affect the customer’s acceptance of the services.

##### *Licensing fee income*

Licensing fee income mainly comprised of (i) IP licensing fee income and (ii) IP licensing-content creation income.

##### (i) *IP licensing fee income*

IP licensing fee income is recognised on an accrual basis in accordance with the substance of the relevant agreements. IP licensing fee income determined on a time basis are recognised on a straight line basis over the period of the agreements.



(ii) *IP licensing — content creation income*

The Group provides content creation income service to the customers. When the progress towards complete satisfaction of the performance obligations of a content creation service contract can be measured reasonably, revenue from the contract and the contract costs are recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract. This method provides the most reliable estimate of the percentage of completion.

When the progress towards complete satisfaction of the performance obligations of a content creation income contract cannot be measured reasonably, revenue is recognised only to the extent of contract costs incurred that is expected to be recoverable.

The customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

**(b) Segment information**

The Group has three reportable segments as follows:

- Sales and distribution of IP derived products and mobile devices;
- IP licensing and comprehensive services; and
- Pure assembly services and procurement and assembly services (this segment had been disposed during the year ended 30 June 2019. Details are referred to note 7(a) to the consolidated financial statements)

During the year ended 30 June 2019, the Group entered into an agreement for the First Disposal Transaction (as defined in note 7(a)). Upon completion of the First Disposal Transaction, the Group will cease to operate the pure assembly services and procurement and assembly services.

The information being reported to the chief operating decision makers (“CODM”) (i.e. the executive directors) in respect of the Group’s business is based on the operating and reportable segments mentioned above. These divisions are the basis on which information reported to the CODM to allocate resources and to assess performance.

Disaggregation of revenue from contracts with customers:

Segments	<b>Continuing operations</b>	<b>Total</b>
	<b>IP licensing and comprehensive services</b>	<b>HK\$'000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>

**For the year ended 30 June 2020**

Major service

*Licensing fee income*

IP licensing fee income	9,732	9,732
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For the year ended 30 June 2020, all the revenue are recognised over time.

Segments	Continuing operations		Sub-total	Discontinued operations (Note 7(a))	Total
	Sales and distribution of IP derived products and mobile devices	IP licensing and comprehensive services	HK\$'000	Pure assembly services and procurement and assembly services	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

**For the year ended 30 June 2019**

Major products/services

*Sales of goods*

IP derived products and mobile devices

2,492,473	–	2,492,473	–	2,492,473
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Pure assembly related products

–	–	–	45,629	45,629
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*Rendering of services*

Procurement and assembly services

–	–	–	141,703	141,703
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Theme events services

–	95,849	95,849	–	95,849
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Marketing services

–	42,799	42,799	–	42,799
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*Licensing fee income*

IP licensing-content creation income

–	6,966	6,966	–	6,966
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IP licensing fee income

–	24,180	24,180	–	24,180
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2,492,473	169,794	2,662,267	187,332	2,849,599
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Timing of revenue recognition

At a point in time	2,492,473	–	2,492,473	45,629	2,538,102
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Over time	–	169,794	169,794	141,703	311,497
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Total	2,492,473	169,794	2,662,267	187,332	2,849,599
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*Geographical information*

	Revenue by external customers	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
The People's Republic of China (the "PRC")	–	2,780,448
Hong Kong	–	59,021
The United States of America (the "US")	<b>9,732</b>	10,130
	<u>9,732</u>	<u>2,849,599</u>

Reconciliations of reportable segment revenue and profit or loss:

	Continuing operations		Total
	Sales and distribution of IP derived products and mobile devices	IP licensing and comprehensive services	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>For the year ended 30 June 2020</b>			
Revenue from external customers	–	9,732	9,732
Segment loss	(28,797)	(36,081)	(64,878)
Unallocated operating expenses			(1,884)
Unallocated other income and gains and losses, net			(9,391)
Finance costs			<u>(1,548)</u>
Consolidated loss before income tax			<u><u>(77,701)</u></u>

	Continuing operations			Discontinued operations <i>(Note 7(a))</i>	
	Sales and distribution of IP derived products and mobile devices <i>HK\$'000</i>	IP licensing and comprehensive services <i>HK\$'000</i>	Sub-total <i>HK\$'000</i>	Pure assembly services and procurement and assembly services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the year ended 30 June 2019</b>					
Revenue from external customers	2,492,473	169,794	2,662,267	187,332	2,849,599
Segment (loss)/profit	(488,774)	(74,685)	(563,459)	40,461	(522,998)
Unallocated operating expenses					(39,207)
Unallocated other income and gains and losses, net					(9,189)
Finance costs					(1,149)
Share of results of an associate					(85)
Less:					
Profit before income tax for the year from discontinued operations <i>(note 7(a))</i>					<u>(40,461)</u>
Consolidated loss before income tax					<u><u>(613,089)</u></u>

The segment revenue is all from external customers and there are no inter-segment sales for both years.

Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, net, share of results of an associate, distribution costs, general and administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Analysis of segment assets and liabilities has not been presented as it is not regularly reviewed by CODM.

Revenue from major customers:

	<b>2020</b> <b><i>HK\$'000</i></b>	2019 <i>HK\$'000</i>
Sales and distribution of IP derived products and mobile devices		
Customer A	–	1,324,256
Customer B	–	374,004
	<u>–</u>	<u>1,700,000</u>

## 5. INCOME TAX (CREDIT)/EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Current tax</b>		
PRC enterprise income tax (the "EIT")	–	61,486
PRC withholding tax on licensing fee income	–	346
	<u>–</u>	<u>61,832</u>
<b>Deferred tax</b>	<b>(2,110)</b>	28
	<u><b>(2,110)</b></u>	<u>61,860</u>
Representing:		
Continuing operations	<u><b>(2,110)</b></u>	<u>61,860</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 30 June 2020 and 2019. No provision for Hong Kong Profits Tax has been made for the years ended 30 June 2020 and 2019 as the Group did not generate any assessable profits arising in Hong Kong during the years ended 30 June 2020 and 2019.

Other jurisdictions mainly included the US. Taxation arising in other jurisdictions of which the US is at 21% (2019: 21%) is calculated at the rates prevailing in the respective jurisdictions.

Under the Enterprise Income Tax Law of the PRC, the EIT rate for the Company's subsidiaries established in the PRC was 25% for the years ended 30 June 2020 and 2019.

## 6. (LOSS)/PROFIT FOR THE YEAR

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
Directors' emoluments	1,948	2,010
Other staff costs	1,228	26,935
Retirement benefit scheme contributions (excluding contributions in respect of Directors)	44	1,627
	<u>3,220</u>	<u>30,572</u>
Auditors' remuneration		
— audit services	1,880	2,280
— non-audit services	260	80
Depreciation of property, plant and equipment	47	768
Depreciation of right-of-use assets	2,386	—
Amortisation of intangible assets (included in cost of sales)	8,441	8,480
Cost of inventories recognised as an expense (included in cost of sales)	—	2,400,317
Impairment loss on inventories	9,694	—
Interest income	(5)	(71)
	<u>(5)</u>	<u>(71)</u>

### Discontinued operations

	Period from 1 July 2018 to 19 November 2018 <i>HK\$'000</i>
Total staff costs	18,177
Depreciation of property, plant and equipment	1,611
Loss on disposals of property, plant and equipment	63
Cost of inventories recognised as an expense (included in cost of sales under discontinued operations)	172,425
Impairment loss on inventories	8
Interest income	(19)
	<u>(19)</u>

## 7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

### (a) Discontinued operations — Disposal of Fittec (BVI) Limited and its subsidiaries

On 11 April 2018, a direct wholly-owned subsidiary of the Company entered into a sale and purchase agreement with a company (the “First Disposal Transaction Purchaser”) which is wholly owned by Mr. Lam Chi Ho, who is a director of the Disposal Group (as defined below) and was a former executive director. The Group has agreed to sell and the First Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Fittec (BVI) Limited (“Fittec BVI”) and its subsidiaries (collectively referred to as the “Disposal Group”) from the Group at a cash consideration of HK\$140,000,000 (the “First Disposal Transaction”).

The First Disposal Transaction was completed on 19 November 2018 (the “First Completion Date”).

The Disposal Group is engaged in the business of pure assembly services and procurement and assembly services which has been discontinued by the Group after completion of the disposal. The Disposal Group had been classified as disposal group held for sale for the year ended 30 June 2018.

#### (i) Analysis of the profit from the discontinued operations:

	Period from 1 July 2018 to 19 November 2018 <i>HK\$'000</i>
Profit from discontinued operations	2,803
Gain on disposal of discontinued operations	37,658
	<u>40,461</u>
	Period from 1 July 2018 to 19 November 2018 <i>HK\$'000</i>
Revenue	187,332
Cost of sales	<u>(172,425)</u>
Gross profit	14,907
Other income	537
Other gains and losses	450
Distribution costs	(2,975)
General and administrative expenses	<u>(10,116)</u>
Profit before tax	2,803
Income tax expense	<u>—</u>
Profit for the period from discontinued operations	<u><u>2,803</u></u>

No tax charge or credit arose on gain on disposal of the Disposal Group.

- (ii) The major classes of assets and liabilities of the Disposal Group as at 30 June 2018, which had been presented separately in the consolidated statement of financial position, are as follows:

	2018 <i>HK\$'000</i>
Property, plant and equipment	25,008
Inventories	33,749
Trade and other receivables	130,581
Bank balances and cash	<u>17,534</u>
 Total assets classified as held for sale	 <u><u>206,872</u></u>
 Trade and other payables	 89,935
Tax liabilities	<u>1,981</u>
 Total liabilities associated with assets classified as held for sale	 <u><u>91,916</u></u>

- (iii) Disposal of Disposal Group:

	As at First Disposal Completion Date <i>HK\$'000</i>
Net assets disposed of	
Property, plant and equipment	23,156
Inventories	29,106
Trade and other receivables	107,997
Bank balances and cash	21,235
Trade and other payables	(68,936)
Tax liabilities	<u>(1,981)</u>
 Net assets disposed of	 110,577
Release of exchange reserve upon disposal	(10,369)
Gain on disposal of subsidiaries	37,658
Transaction costs and expenses directly attributable to the First Disposal Transaction	 <u>2,134</u>
 Total consideration	 <u><u>140,000</u></u>



Net cash inflow arising from the disposal:

	<i>HK\$'000</i>
Bank balances and cash disposed of	(21,235)
Cash paid for direct cost	(2,134)
Cash consideration received during the year ended 30 June 2019	40,000
	<u>16,631</u>

Deposits of HK\$100,000,000 for the First Disposal Transaction was received from the First Disposal Transaction Purchaser during the year ended 30 June 2018.

**(b) Disposal of 廣州秉迅體育發展有限公司 (Guangzhou Bingxun Sports Development Company Limited) (“Bingxun”)**

On 13 December 2018, First Creative International Limited (“First Creative”), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party (the “Second Disposal Transaction Purchaser”). The Group has agreed to sell and the Second Disposal Transaction Purchaser has agreed to purchase the entire issued share capital of Bingxun from the Group at a cash consideration of RMB1,260,000 (equivalent to approximately HK\$1,437,000) and loan assignment of RMB780,000 (equivalent to approximately HK\$891,000) due from First Creative. Bingxun is principally engaged in sports events organising business. The transaction was completed on 13 December 2018 (the “Second Disposal Completion Date”).

(i) Disposal of Bingxun:

	As at Second Disposal Completion Date <i>HK\$'000</i>
Net assets disposed of	
Trade and other receivables	2,931
Amount due from First Creative	891
Trade and other payables	(1,499)
	<u>2,323</u>
Net assets disposed of	2,323
Loan assignment	(891)
Gain on disposal of subsidiary	5
	<u>1,437</u>
Total consideration	<u>1,437</u>

Included in the loss for the year from continuing operation is loss of approximately HK\$260,000 attributable to Bingxun and no revenue for the period is attributable to Bingxun.

As at 30 June 2019, consideration receivables of HK\$1,437,000 were included in other receivables.

## 8. DIVIDEND

No dividend had been paid or proposed for the year ended 30 June 2020. The Directors do not recommend a dividend in respect of the year ended 30 June 2020.

During the year ended 30 June 2019, a final dividend of HK1.2 cents per ordinary share out of the share premium account of the Company in respect of the year ended 30 June 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid during the year ended 30 June 2019 amounted to approximately HK\$12,926,000.

No interim dividend was proposed during the years ended 30 June 2020 and 2019.

## 9. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share are as follows:

	2020			2019		
	Loss for the year attributable to owners of the Company <i>HK\$'000</i>	Weighted average number of ordinary shares '000	Basic loss earnings per share <i>HK\$</i>	Loss for the year attributable to owners of the Company <i>HK\$'000</i>	Weighted average number of ordinary shares '000	Basic (loss)/ earnings per share <i>HK\$</i>
From continuing operations	(70,154)	1,077,128	(0.07)	(664,006)	1,077,128	(0.62)
From discontinued operations	N/A	N/A	N/A	40,461	1,077,128	0.04
From continuing and discontinued operations	<u>(70,154)</u>	<u>1,077,128</u>	<u>(0.07)</u>	<u>(623,545)</u>	<u>1,077,128</u>	<u>(0.58)</u>

### Diluted (loss)/earnings per share

Diluted (loss)/earnings per share are not presented for the years ended 30 June 2020 and 2019 as there is no potential ordinary share outstanding during both years or at the end of the reporting period.

## 10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	15,609	16,384
Less: allowance for doubtful debts	<u>(14,486)</u>	<u>(14,483)</u>
	1,123	1,901
Prepayments	418	1,130
Deposits and other receivables	<u>1,395</u>	<u>9,013</u>
	<u><u>2,936</u></u>	<u><u>12,044</u></u>

The Group allows credit periods ranging from 30 to 180 days (2019: from 30 to 180 days) to its trade customers. The following is an aged analysis of the Group's trade receivables, net of allowance for doubtful debts presented based on the dates of delivery of goods/dates of rendering services at the end of the reporting period which approximated the respective revenue recognition dates:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0-30 days	646	1,516
91-180 days	39	–
181- 365 days	438	–
Over 365 days	<u>–</u>	<u>385</u>
	<u><u>1,123</u></u>	<u><u>1,901</u></u>

Reconciliation of loss allowance for trade receivables:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of the year	14,483	6,861
Impairment losses recognised during the year	514	14,779
Amounts written off as uncollectible	–	(6,861)
Exchange realignment	<u>(511)</u>	<u>(296)</u>
At end of the year	<u><u>14,486</u></u>	<u><u>14,483</u></u>

## 11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	20,486	20,932
Contract liabilities	45,694	44,577
Accruals and other payables ( <i>note</i> )	<u>89,176</u>	<u>78,947</u>
	<u><b>155,356</b></u>	<u>144,456</u>

*Note:* As at 30 June 2020, included in accruals and other payables, approximately HK\$50,500,000 (2019: HK\$53,398,000) was due to a related company in which Ms. Lo has significant influence, and approximately HK\$2,167,000 (2019: HK\$2,275,000) was due to a non-controlling shareholder of a subsidiary of the Company. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

## 12. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates in respect of the status of suspension of trading in the shares of the Company, and further details of which are stated in note 1 to the consolidated financial statements.

Further, subsequent to the reporting period, the Group obtained an unsecured loan facility and a secured loan facility of HK\$20,000,000 in aggregate, details of which are stated in note 2(c) to the consolidated financial statements.

## EXECUTIVE DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the results announcement of the Company for the year ended 30 June 2020 ("FY2020").

FY2020 is a year of change for the Group. As stated in the announcement of the Company dated 5 July 2019 in relation to the holding of Ms. Lo, the former Chairman and an executive Director in criminal custody by the Yangpu Branch of the Shanghai Public Security Bureau\* (上海市公安局楊浦分局) in the PRC. The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. After making reasonable inquiries about this situation, the Company learned that most of the accounting records involved in the operations of the Group were seized by the police as well. In view of this, the statement was made with a prudent attitude.

### Results review

The Group's business shrank significantly as compared with the year ended 30 June 2019 ("FY2019"). As compared with continuing operations in FY2019, the Group recorded revenue of approximately HK\$9.7 million, a decline of approximately 99.6% year-on-year ("yoy") and gross profit of approximately HK\$1.1 million, a decline of 99.6% yoy. The sustained losses recorded for the Year were approximately HK\$75.6 million, and basic loss per share was approximately HK\$0.07. This is mainly because marketing services, theme events services, sales and distribution of IP derived products and mobile devices ceased operations and only IP licensing and content creation business remain in operations during the Year.

Since Ms. Lo's incident mainly affected operations in the PRC and Hong Kong. Pow! Entertainment, Inc ("Pow! Entertainment"), a subsidiary of the Group in the US still operating independently, the Group's revenue for the Year was generated all by Pow! Entertainment. During the Year, the Group's IP licensing business realised revenue of approximately HK\$9.7 million, a decrease of approximately HK\$21.4 million or approximately 68.8% yoy. As at the end of the Year, the Group's total assets amounted to approximately HK\$44.8 million, a decline of approximately 53.0% yoy; net liabilities amounted to approximately HK\$182.7 million, an increase of approximately 54.6% yoy; and the liabilities-to-assets ratio reached approximately 507.7%, yoy up approximately 283.6 percentage points.

## **Future outlook**

The Group's business shrank significantly during the Year due to Ms. Lo's incident. Notwithstanding, the Group remains optimistic about the prospects of the IP-centred pan-entertainment industry. The Group will seek progress while maintaining stability to promote business recovery and sustainable development in the coming year by focusing on the improvement of the existing businesses' operating efficiency and core competitiveness.

Finally, on behalf of the Board, I would like to express my sincere gratitude to our customers, shareholders, investors, business partners and each and every of our hardworking staff for their continuous support!

**Liu Hui**

*Executive Director*

Hong Kong, 14 January 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's principal businesses consist of IP driven pan-entertainment IP licensing and comprehensive services (including IP licensing and content creation, theme events services, and marketing services) and sales and distribution of IP derived products and mobile devices.

Reference is made to the announcement of the Company dated 5 July 2019 in relation to the holding of Ms. Lo, the former Chairman and an executive Director in criminal custody by the Yangpu Branch of the Shanghai Public Security Bureau in the PRC. The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. After making reasonable inquiries about this situation, the Company learned that most of the accounting records involved in the operation of the Group were seized by the police as well. In view of this, this section is about the discussion and analysis performed by the management with a prudent attitude.

### Income statement review

	<b>2020</b>	2019	<b>YoY Growth/Decline</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	%
<b>Revenue</b>	<b>9,732</b>	2,662,267	(2,652,535)	-99.6%
<b>Gross profit</b>	<b>1,100</b>	261,950	(260,850)	-99.6%
<b>Loss for the Year</b>	<b>(75,591)</b>	(634,488)	558,897	-88.1%
<b>Basic loss per share (HK\$)</b>	<b>(0.07)</b>	(0.58)	0.51	-87.9%

The Group's business shrank significantly due to Ms. Lo's incident. As compared with continuing operations in 2019, the Group recorded revenue of approximately HK\$9.7 million, a decline of approximately 99.6% yoy and gross profit of approximately HK\$1.1 million, a decline of approximately 99.6% yoy. The loss for the Year was approximately HK\$75.6 million, and negative basic loss per share was HK\$0.07.

	<b>2020</b>	2019	<b>YoY Decline</b>	
	<i>Revenue</i>	<i>Revenue</i>	<i>HK\$'000</i>	%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
IP licensing and content creation	<b>9,732</b>	31,146	(21,414)	-68.8%
Theme events services	-	95,849	(95,849)	-100.0%
Marketing services	-	42,799	(42,799)	-100.0%
Sales and distribution of IP derived products and mobile devices	-	2,492,473	(2,492,473)	-100.0%
<b>Total</b>	<b>9,732</b>	2,662,267	(2,652,535)	-99.6%

During the Year, marketing services, theme events services, sales and distribution of IP derived products and mobile devices remained stagnant and only IP licensing and content creation business still in operation. Since Ms. Lo's incident mainly affected operations in the PRC and Hong Kong. Pow! Entertainment, LLC ("Pow! Entertainment"), a subsidiary of the Group in the US still operated independently, the Group's revenue for the Year was generated all by Pow! Entertainment. During the Year, the Group's IP licensing and content creation business realised revenue of approximately HK\$9.7 million, a decrease of approximately HK\$21.4 million or approximately 68.8% yoy.

### **Balance sheet review**

As at the end of the Year, the Group's total assets amounted to approximately HK\$44.8 million, a decline of approximately 53.0% yoy; net liabilities amounted to approximately HK\$182.7 million, an increase of approximately 54.6% yoy; and the liabilities-to-assets ratio reached approximately 507.7%, yoy up approximately 283.6 percentage points.

### **Significant investment held**

Save as disclosed herein, during the Year, the Group did not hold any significant investment.

### **Foreign exchange risk exposure**

The Group's exposure to currency risk mainly arises from fluctuation of foreign currencies against the functional currency of the relevant group entities, including HK\$, US dollars and RMB.

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

During the Year, none of the assets of the Group was pledged or charged (2019: nil).

### **Contingent liabilities**

During the Year, the Group did not have any contingent liabilities (2019: nil).

### **Gearing ratio**

At the end of the Year, the gearing ratio of the Group was negative 0.07 (2019: negative 0.08) due to Company's negative equity position which was calculated based on the Group's total borrowing and bonds amounting to approximately HK\$12,629,000 (2019: approximately HK\$9,776,000) and the negative approximately equity attributable to owners of the Company amounting to negative approximately HK\$181,471,000 (2019: negative approximately HK\$122,388,000).



## **Staff**

As at 30 June 2020, the Group employed a total of 15 staff members, of which 7 were employed in the PRC, 2 were employed in Hong Kong and 6 were employed in the US. The Group has implemented remuneration package, bonus and share option scheme as part of the remuneration policy designed to motivate individual staff by linking part of the staff's compensation with their respective performance. In addition, fringe benefits such as insurance, medical allowance and pensions were provided to ensure the competitiveness of remuneration packages offered by the Group.

## **DIVIDEND**

The Board does not recommend the payment of any dividend for the Year (as of 30 June 2019: HK\$1.2 cents).

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

During the Year, the Group did not purchase, redeem or sell any of its listed securities.

## **EVENTS DURING AND AFTER THE YEAR**

1. References are made to the announcements of the Company dated 5 July 2019, 18 July 2019 and 19 July 2019 in relation to the holding of Ms. Lo Ching (“Ms. Lo”), the former chairwoman and an executive Director in criminal custody by the Yangpu Branch of the Shanghai Public Security Bureau in the People's Republic of China. The Chinese police searched an office premises of Ms. Lo in Guangzhou, the PRC and seized certain documents (comprising documents both related and unrelated to the Group) kept there. Two bank accounts of the Group maintained in the PRC were being restricted for use without any notices from any legal or regulatory authorities in the PRC. In view of this, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2019 pending the release of a clarification announcement that constitutes inside information of the Company.

As at 14 August 2019, the Board of the Company received a letter from the Stock Exchange setting out the resumption guidance for the Company. As at 2 October 2019, the Company received additional resumption guidance issued by the Stock Exchange.

For the update on the Company's resumption of trading of the shares, please refer to the quarterly update announcement of the Company on the status of resumption.

- References are made to the announcements dated 15 April 2020 and 28 July 2020 in relation to the Company's execution of a non-legally binding term sheet with a potential investor for the possible issuance of a senior note in the principal amount of RMB43,000,000, the proceeds of which shall be used as general working capital for the operation of the Group unless otherwise agreed in writing by the investor. As disclosed in the announcement of the Company dated 28 October 2020, the Company had halted negotiations on the subscription with the potential investor. As both parties fail to agree on the projects that the Company intends to invest in, the Company and the potential investor have not signed any document relating to the term sheet.

Please refer to the announcements of the Company dated 15 April 2020 and 28 July 2020 for the details of the above matters.

Details of the subsequent events of the Group after the Year are set out in note 12 to the consolidated financial statements of the Group in this announcement.

Save as disclosed above, there are no significant events affecting the Group after the Year.

### **Insufficient independent non-executive Directors**

On 3 December 2019, Mr. Lei Jun has tendered his resignation as independent non-executive Director with effect from 3 December 2019.

Following the resignation of Mr. Lei, the Company fails to meet the requirements of (i) having at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules; and (ii) the audit committee of the Company comprising only non-executive Directors with a minimum of three members under Rule 3.21 of the Listing Rules.

In order to ensure compliance with the Listing Rules, the Company will make its best endeavour to identify suitable candidate(s) to fill the casual vacancies on the Board for the position of independent non-executive Director as soon as possible pursuant to Rule 3.11 of the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate.

### **Delay in publication of the annual results and delay in despatch of annual report**

Pursuant to Rule 13.49(1) and 13.46(2)(a) of the Listing Rules, the Company is required to publish its preliminary results for the year ended 30 June 2020 no later than 30 September 2020 and despatch its annual report for the same financial period to the shareholders on or before 31 October 2020. The delay in publication of the preliminary results for the year ended 30 June 2020 and delay in despatch of annual report for the year ended 30 June 2020 constitute non-compliance of Rules 13.49(1) and 13.46(2)(a) of the Listing Rules, respectively.

## CORPORATE GOVERNANCE

The Board confirms that the Group has complied with all applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules except for the deviations as stated herein. For details of non-compliance with the Listing Rules regarding the insufficient number of independent non-executive Directors, please refer to the sub-paragraph headed “Insufficient independent non-executive Directors” under the paragraph headed “Non-compliance with the Listing Rules” above.

The Company was not in compliance with the following CG Code during the Year:

<b>CG Code provision</b>	<b>Reason for the non-compliance and improvement actions took or to be taken</b>
A.2.7	Since the suspension of Ms. Lo’s administrative and executive duties and powers as the Chairman and executive Director on 29 July 2019, the Chairman did not hold meetings with the independent non-executive Directors without the presence of other directors. The Company will appoint a Chairman as soon as practicable arrange such meetings going forward.
A.4.1, A.4.2	No general meeting was held since 24 November 2018. Therefore, no Directors have been subject to retirement and reelection by the shareholders at the general meeting. General meeting will be held in due course for the retirement and re-election of Directors.
C.1.1, C.1.2	Since certain accounting records of the Group were seized by the police due to Ms. Lo’s custody, the Group was unable to prepare for its annual and interim results. Due to the above reasons, there were no annual and interim results of the Group for the Year presented to regular Board meetings for approval.
E.1.1, E.1.2, E.1.3, E.2.1	No general meeting was held since 24 November 2018. General meeting of the Company will be arranged in due course.

Save as disclosed above, the Company has met all the applicable code provisions of the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that in respect of the Year, all Directors have fully complied with the required standard set out in the Model Code.

## **AUDIT COMMITTEE**

The Company has formed an audit committee (the “Audit Committee”) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management systems of the Company. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Year.

## **SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 30 June 2020 as set out in the preliminary announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 30 June 2020. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

## **CHANGE OF AUDITOR**

On 6 March 2020, Deloitte Touche Tohmatsu has resigned as the auditor of the Company. On 9 November 2020, ZHONGHUI ANDA CPA Limited has been appointed as the auditor of the Company to fill the vacancy occasioned by the resignation of Deloitte Touche Tohmatsu and to hold office until the conclusion of the forthcoming annual general meeting of the Company. The Board and the audit committee of the Company have confirmed that there is no disagreement between the Company and Deloitte Touche Tohmatsu, and that there are no other matters in respect of the resignation of auditor of the Company which need to be brought to the attention of the holders of securities or creditors of the Company. For details, please refer to the Company’s announcements of resignation of auditor and appointment of auditor published on 6 March 2020 and 9 November 2020, respectively.

## EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 30 June 2020:

### “Disclaimer of Opinion

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

### Basis for Disclaimer of Opinion

#### 1. *Limited accounting books and records of the Group*

Due to the insufficiency of supporting documentation and explanations for accounting books and records in respect of the Group for the years ended 30 June 2020 and 2019, we were unable to carry out audit procedures to satisfy ourselves as to whether the following income and expenses for the years ended 30 June 2020 and 2019 and the assets and liabilities as at those dates, and the segment information and other related disclosure notes in relation to the Group, as included in the consolidated financial statements of the Group, have been accurately recorded and properly accounted for in the consolidated financial statements:

	2020	2019
	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Income and expenses</b>		
Revenue	–	2,652,137
Costs of sales	–	(2,391,183)
	<hr/>	<hr/>
Gross profit	–	260,954
Other income	48	9,398
Other gains and losses, net	(51,080)	(752,857)
Distribution costs	(1,666)	(11,094)
General and administrative expenses	(10,901)	(39,128)
Finance cost	(147)	–
	<hr/>	<hr/>
Loss before income tax	(63,746)	(532,727)
Income tax expenses	–	(61,832)
	<hr/>	<hr/>

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year from continuing operations	<u>(63,746)</u>	<u>(594,559)</u>
<b>Discontinued operations</b>		
Profit for the year from discontinued operations	<u>–</u>	<u>40,461</u>
<b>Loss for the year</b>	<u>(63,746)</u>	<u>(554,098)</u>
<b>Other comprehensive income/(expense)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>2,398</b>	(11,937)
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries	<u>–</u>	<u>(10,369)</u>
Total other comprehensive income/(expense) for the year	<u><b>2,398</b></u>	<u>(22,306)</u>
<b>Total comprehensive expense for the year</b>	<u><b>(61,348)</b></u>	<u>(576,404)</u>
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets and liabilities</b>		
Property, plant and equipment	–	13,846
Interest in an associate	–	886
Inventories	–	9,956
Trade and other receivables	<b>1,377</b>	9,491
Bank balances and cash	<b>411</b>	10,517
Trade and other payables	<b>(138,649)</b>	(131,964)
Tax liabilities	<u><b>(46,504)</b></u>	<u>(47,969)</u>
Net liabilities	<u><b>(183,365)</b></u>	<u>(135,237)</u>

## **2. *Commitments and contingent liabilities***

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2020 and 2019.

## **3. *Related party transactions and balances***

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of the related party transactions for the years ended 30 June 2020 and 2019 and the balances as at those dates as required by Hong Kong Accounting Standard 24 (Revised) “Related Party Disclosures”.

## **4. *Material uncertainty on going concern basis***

We draw attention to note 2 to the consolidated financial statements which states that the Group incurred loss attributable to owners of the Company from continuing operations of approximately HK\$70,154,000 for the year ended 30 June 2020 and as at 30 June 2020, the Group had net liabilities of approximately HK\$182,682,000 and net current liabilities of approximately HK\$211,732,000. Also the Group recorded net cash outflows in operating activities of approximately HK\$7,444,000 for the year ended 30 June 2020.

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. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the assumptions and measures stated in note 2 to the consolidated financial statements, at a level sufficient to finance the working capital requirements of the Group. The consolidated financial statements do not include any adjustments that would result from the failure to fulfilling the assumptions and measures stated in the note 2 to the consolidated financial statements. We consider that the material uncertainty has been adequately disclosed in the consolidated financial statements.

However, in view of the extent of the uncertainty relating to the assumptions and measures stated in note 2 to the consolidated financial statements, we disclaim our opinion in respect of the material uncertainties relating to the going concern basis.

Any adjustments to the figures as described from points 1 to 4 above might have a significant consequential effect on the Group’s consolidated financial performance and its consolidated cash flows for the years ended 30 June 2020 and 2019 and the consolidated financial position of the Group as at 30 June 2020 and 2019, and the related disclosures thereof in the consolidated financial statements.”

## **ANNUAL REPORT**

The 2019/2020 annual report containing all the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.camsingintl.com](http://www.camsingintl.com)) and copies will be sent to the shareholders of the Company in due course.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange was halted with effect from 9:00 a.m. on 19 July 2019 and will remain suspended until further notice.

By Order of the Board of Directors  
**MH Development Limited**  
*(formerly known as Camsing International Holding Limited)*  
**Liu Hui**  
*Executive Director*

Hong Kong, 14 January 2021

*As at the date of this announcement, the Board comprises Ms. Liu Hui, Mr. Guo Ben and Mr. Shen Yang as the executive Directors and Mr. Ross Yu Limjoco and Mr. Zheng Yilei as the independent non-executive Directors.*