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## **Alpha Era International Holdings Limited**

### **合寶豐年控股有限公司**

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

**(Stock Code: 8406)**

## **ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

This announcement, for which the directors (the “**Directors**”) of Alpha Era International Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

## FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2019 (the “**Reporting Period**”) amounted to approximately RMB223,831,000 (2018: approximately RMB192,977,000).
- Profit attributable to the owners of the Company for the year ended 31 December 2019 amounted to approximately RMB19,389,000 (2018: approximately RMB21,262,000).
- Basic and diluted earnings per share for the year ended 31 December 2019 amounted to approximately RMB2.4 cents and RMB2.4 cents, respectively (for the year ended 31 December 2018: approximately RMB2.7 cents and RMB2.7 cents).
- The board of Directors (the “**Board**”) has proposed the payment of a final dividend of HK0.75 cents per ordinary share for the year ended 31 December 2019 subject to approval from the shareholders of the Company (2018: HK0.75 cents).

## UNAUDITED ANNUAL RESULTS

The audit process for the annual results of the Group for the year ended 31 December 2019 has been adversely affected by the travel restrictions and mandatory medical surveillance measures imposed due to the outbreak of the novel coronavirus disease 2019 (“**COVID-19**”) and has not been completed as of the date of this announcement. In order to keep the shareholders and potential investors of the Company informed of the financial performance and position of the Group, the Board decides to publish the unaudited annual results announcement of the Group for the year ended 31 December 2019 in the meantime. The Board hereby presents the unaudited consolidated results of the Company for the year ended 31 December 2019, together with the audited 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

|                                                                       | <i>Notes</i> | <b>2019</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | <b>2018</b><br><b>RMB'000</b><br><b>(Audited)</b> |
|-----------------------------------------------------------------------|--------------|-----------------------------------------------------|---------------------------------------------------|
| Revenue                                                               | 3            | 223,831                                             | 192,977                                           |
| Cost of sales                                                         |              | (171,437)                                           | (144,139)                                         |
| Gross profit                                                          |              | 52,394                                              | 48,838                                            |
| Other income and gains                                                | 4            | 1,389                                               | 1,433                                             |
| Distribution and selling expenses                                     |              | (12,869)                                            | (8,347)                                           |
| Administrative expenses                                               |              | (14,444)                                            | (14,936)                                          |
| Net reversal of impairment/(impairment losses) on financial assets    |              | 139                                                 | (2,149)                                           |
| Finance costs                                                         | 5            | (1,846)                                             | –                                                 |
| Profit before tax                                                     |              | 24,763                                              | 24,839                                            |
| Income tax expense                                                    | 6            | (5,374)                                             | (3,577)                                           |
| Profit for the year                                                   | 7            | 19,389                                              | 21,262                                            |
| <b>Other comprehensive income, net of income tax</b>                  |              |                                                     |                                                   |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |              |                                                     |                                                   |
| Exchange differences on translating foreign operations                |              | 444                                                 | 1,353                                             |
| Other comprehensive income for the year                               |              | 444                                                 | 1,353                                             |
| <b>Total comprehensive income for the year</b>                        |              | <b>19,833</b>                                       | <b>22,615</b>                                     |
|                                                                       |              |                                                     |                                                   |
|                                                                       |              | <b>RMB cents</b>                                    | <b>RMB cents</b>                                  |
| <b>Earnings per share</b>                                             |              |                                                     |                                                   |
| – Basic and diluted                                                   | 9            | 2.4                                                 | 2.7                                               |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

|                                              | Notes | 2019<br>RMB'000<br>(Unaudited) | 2018<br>RMB'000<br>(Audited) |
|----------------------------------------------|-------|--------------------------------|------------------------------|
| <b>Non-current assets</b>                    |       |                                |                              |
| Property, plant and equipment                |       | 8,273                          | 6,394                        |
| Right-of-use assets                          |       | 15,636                         | —                            |
| Intangible assets                            |       | 560                            | 591                          |
| Deferred tax assets                          |       | 1,585                          | 1,604                        |
|                                              |       | <u>26,054</u>                  | <u>8,589</u>                 |
| <b>Current assets</b>                        |       |                                |                              |
| Inventories                                  | 10    | 36,516                         | 31,555                       |
| Trade and other receivables                  | 11    | 51,753                         | 64,168                       |
| Cash and bank balances                       |       | 44,447                         | 18,630                       |
|                                              |       | <u>132,716</u>                 | <u>114,353</u>               |
| <b>Total assets</b>                          |       | <u><u>158,770</u></u>          | <u><u>122,942</u></u>        |
| <b>Current liabilities</b>                   |       |                                |                              |
| Trade and other payables                     | 12    | 31,391                         | 28,619                       |
| Lease liabilities                            |       | 2,954                          | —                            |
| Current tax liabilities                      |       | 3,352                          | 2,271                        |
|                                              |       | <u>37,697</u>                  | <u>30,890</u>                |
| <b>Net current assets</b>                    |       | <u>95,019</u>                  | <u>83,463</u>                |
| <b>Total assets less current liabilities</b> |       | <u>121,073</u>                 | <u>92,052</u>                |
| <b>Non-current liabilities</b>               |       |                                |                              |
| Lease liabilities                            |       | 14,136                         | —                            |
| Deferred tax liabilities                     |       | 2,060                          | 1,770                        |
|                                              |       | <u>16,196</u>                  | <u>1,770</u>                 |
| <b>Net assets</b>                            |       | <u><u>104,877</u></u>          | <u><u>90,282</u></u>         |
| <b>Capital and reserves</b>                  |       |                                |                              |
| Equity attributable to owners of the Company |       |                                |                              |
| Share capital                                | 13    | 6,969                          | 6,969                        |
| Reserves                                     |       | 97,908                         | 83,313                       |
| <b>Total equity</b>                          |       | <u><u>104,877</u></u>          | <u><u>90,282</u></u>         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2019*

## 1 GENERAL INFORMATION AND BASIS OF PREPARATION

Alpha Era International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 3 November 2015. The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 7 December 2017. Its parent and ultimate holding company is Nonton Limited (“**Nonton**”), a company incorporated in the British Virgin Islands (“**BVI**”) with limited liability and wholly-owned by Mr. Lee King Sun (“**Mr. Lee**”).

The addresses of the registered office and the principal place of business of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Units 1902, 19th Floor, Tamson Plaza, 161 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) is principally engaged in the manufacturing and sales of inflatable products and related accessories.

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “**functional currency**”). The functional currency of the Company is Hong Kong dollars (“**HK\$**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), rounded to the nearest thousand, which is different from the functional currency of the Company as the Group’s dominated operations are substantially based in the People’s Republic of China (the “**PRC**”).

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

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

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

|                       |                                                      |
|-----------------------|------------------------------------------------------|
| HKFRS 16              | Leases                                               |
| HK(IFRIC)-Int 23      | Uncertainty over Income Tax Treatments               |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement            |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation       |
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2015-2017 Cycle        |

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the 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* 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 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.

### **The Group as lessee**

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening retained earnings 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. 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;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iv. 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; and
- v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

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 following table reconciles the opening lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

|                                                                            | <i>RMB'000</i>       |
|----------------------------------------------------------------------------|----------------------|
| Operating lease commitments disclosed as at 31 December 2018               | 641                  |
| Add: adjustment as a result of a different treatment of termination option | 21,487               |
| Less: short-term leases not recognised as a liability                      | <u>(279)</u>         |
|                                                                            | 21,849               |
| Less: total future interest expenses                                       | <u>(4,967)</u>       |
| Total lease liabilities as at 1 January 2019                               | <u><u>16,882</u></u> |
| Analysed as                                                                |                      |
| Current                                                                    | 2,802                |
| Non-current                                                                | <u>14,080</u>        |
|                                                                            | <u><u>16,882</u></u> |

The right-of-use assets have been recognised at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

#### Summary of financial effects arising from initial application of HKFRS 16

The following adjustments were made to the amount recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

|                                | Carrying<br>amounts<br>previously<br>reported as at<br>31 December<br>2018<br><i>RMB'000</i> | Adjustments<br><i>RMB'000</i> | Carrying<br>amounts<br>under<br>HKFRS 16 at<br>1 January<br>2019<br><i>RMB'000</i> |
|--------------------------------|----------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------|
| <b>Non-current assets</b>      |                                                                                              |                               |                                                                                    |
| Right-of-use assets            | –                                                                                            | 16,882                        | <b>16,882</b>                                                                      |
| <b>Current liabilities</b>     |                                                                                              |                               |                                                                                    |
| Lease liabilities              | –                                                                                            | 2,802                         | <b>2,802</b>                                                                       |
| <b>Non-current liabilities</b> |                                                                                              |                               |                                                                                    |
| Lease liabilities              | <u>–</u>                                                                                     | <u>14,080</u>                 | <u><b>14,080</b></u>                                                               |

There is no impact on the statement of profit or loss and other comprehensive income by application of HKFRS 16.

## New and revised HKFRSs in issue 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:

|                                            |                                                                                                    |
|--------------------------------------------|----------------------------------------------------------------------------------------------------|
| HKFRS 17                                   | Insurance Contracts <sup>1</sup>                                                                   |
| Amendments to HKAS 1 and HKAS 8            | Definition of Material <sup>4</sup>                                                                |
| Amendments to HKFRS 3                      | Definition of a Business <sup>2</sup>                                                              |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform <sup>4</sup>                                                        |
| Amendments to HKFRS 10 and HKAS 28         | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup> |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

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 amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the consolidated financial position and performance of the Groups but may affect the presentation and disclosures in the consolidated financial statements.

The Directors anticipate the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## 3. REVENUE AND SEGMENT INFORMATION

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the manufacturing and sales of inflatable products and related accessories. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

|                                                          | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|----------------------------------------------------------|---------------------------------------|-------------------------------------|
| Revenue from customer                                    |                                       |                                     |
| – Sale of inflatable playgrounds and related accessories | 220,106                               | 191,530                             |
| – Sub-contracting income                                 | 3,725                                 | 1,447                               |
|                                                          | <u>223,831</u>                        | <u>192,977</u>                      |

## Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue is based on the locations of the customers. All specified non-current assets are physically located in the PRC. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment.

|                                  | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|----------------------------------|---------------------------------------|-------------------------------------|
| Revenue from external customers: |                                       |                                     |
| – China                          | 32,703                                | 42,694                              |
| – Europe                         | 39,580                                | 39,776                              |
| – Australia and Oceania          | 17,368                                | 11,937                              |
| – North America                  | 45,671                                | 19,053                              |
| – Asia                           | 85,711                                | 74,492                              |
| – Central and South America      | 2,753                                 | 4,693                               |
| – Africa                         | 45                                    | 332                                 |
|                                  | <u>223,831</u>                        | <u>192,977</u>                      |

## Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

|            | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|------------|---------------------------------------|-------------------------------------|
| Customer A | <u>55,757</u>                         | <u>52,829</u>                       |

## 4. OTHER INCOME AND GAINS

|                                                   | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|---------------------------------------------------|---------------------------------------|-------------------------------------|
| Interest income on bank deposits                  | 243                                   | 86                                  |
| Grants and subsidies                              | 367                                   | 1,149                               |
| Net foreign exchange gains                        | 222                                   | –                                   |
| Gain on disposal of property, plant and equipment | 8                                     | –                                   |
| Others                                            | <u>549</u>                            | <u>198</u>                          |
|                                                   | <u>1,389</u>                          | <u>1,433</u>                        |

## 5. FINANCE COSTS

|                               | 2019<br><b>RMB'000</b><br>(Unaudited) | 2018<br><b>RMB'000</b><br>(Audited) |
|-------------------------------|---------------------------------------|-------------------------------------|
| Interest on lease liabilities | <b>1,846</b>                          | –                                   |

## 6. INCOME TAX EXPENSE

|                                               | 2019<br><b>RMB'000</b><br>(Unaudited) | 2018<br><b>RMB'000</b><br>(Audited) |
|-----------------------------------------------|---------------------------------------|-------------------------------------|
| <b>Current tax</b>                            |                                       |                                     |
| Hong Kong Profits Tax                         |                                       |                                     |
| – Current tax                                 | <b>2,114</b>                          | 1,625                               |
| – Over-provision in prior year                | <b>(390)</b>                          | (43)                                |
| PRC withholding tax                           | <b>497</b>                            | –                                   |
| PRC Enterprise Income Tax                     |                                       |                                     |
| – Current tax                                 | <b>2,987</b>                          | 2,896                               |
| – Over-provision in prior year                | <b>(154)</b>                          | (1,101)                             |
| <b>Deferred tax</b>                           | <b>320</b>                            | 200                                 |
| Total income tax recognised in profit or loss | <b>5,374</b>                          | 3,577                               |

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first \$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above \$2 million will be taxed at 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rates regime will continued to be taxed at a flat rate of 16.5%.

The Group is subjected to Hong Kong Profits Tax at a rate of 16.5% for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years, unless preferential rate is applicable. A wholly-owned subsidiary of the Company located in the Zhongshan Zone is registered as a New and High Technology Enterprise and is entitled to the preferential corporate income tax rate of 15% for a period of 3 years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 7. PROFIT FOR THE YEAR

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

|                                                              | <b>2019</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 2018<br><i>RMB'000</i><br>(Audited) |
|--------------------------------------------------------------|-----------------------------------------------------|-------------------------------------|
| Auditors' remuneration                                       | 546                                                 | 524                                 |
| Cost of inventories recognised as an expense                 | 171,437                                             | 144,139                             |
| Depreciation of property, plant and equipment                | 1,740                                               | 1,637                               |
| Depreciation of right-of-use assets                          | 3,377                                               | –                                   |
| Write-down of inventories                                    | 1,002                                               | –                                   |
| Amortisation of intangible assets                            | 106                                                 | 108                                 |
| Net foreign exchange (gains)/losses                          | (222)                                               | 135                                 |
| Operating lease payments in respect of rented premises       | –                                                   | 5,571                               |
| Short term leases expenses                                   | 577                                                 | –                                   |
|                                                              | <u>          </u>                                   | <u>          </u>                   |
| Employee benefits expense (including directors' emoluments): |                                                     |                                     |
| Salaries, wages and other benefits                           | 38,224                                              | 32,729                              |
| Contribution to retirement benefits schemes                  | 3,441                                               | 3,020                               |
|                                                              | <u>          </u>                                   | <u>          </u>                   |
| Total employee benefits expense                              | 41,665                                              | 35,749                              |
|                                                              | <u>          </u>                                   | <u>          </u>                   |

## 8. DIVIDENDS

|                                      | <b>2019</b><br><b>RMB'000</b><br><b>(Unaudited)</b> | 2018<br><i>RMB'000</i><br>(Audited) |
|--------------------------------------|-----------------------------------------------------|-------------------------------------|
| Dividends recognised as distribution | 5,238                                               | –                                   |
|                                      | <u>          </u>                                   | <u>          </u>                   |

During the year ended 31 December 2019, a final dividend in respect of the year ended 31 December 2018 of HK 0.75 cents per ordinary share in an aggregate amount of HK\$6,000,000 had been proposed and paid.

Subsequent to the end of reporting period, a final dividend in respect of the year ended 31 December 2019 of HK0.75 cents per ordinary share, in aggregate amount of HK\$6,000,000, has been proposed by the Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

|                                                                                                       | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|-------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------|
| <b>Earnings</b>                                                                                       |                                       |                                     |
| Profit for the year attributable to owners of the Company for the purpose of basic earnings per share | <u>19,389</u>                         | <u>21,262</u>                       |
|                                                                                                       | 2019<br>'000                          | 2018<br>'000                        |
| <b>Number of shares</b>                                                                               |                                       |                                     |
| Weighted average number of ordinary shares for the purpose of basic earnings per share                | <u>800,000</u>                        | <u>800,000</u>                      |

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the years ended 31 December 2019 and 2018.

## 10. INVENTORIES

|                  | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|------------------|---------------------------------------|-------------------------------------|
| Raw materials    | 9,545                                 | 12,383                              |
| Work in progress | 15,902                                | 10,258                              |
| Finished goods   | <u>11,069</u>                         | <u>8,914</u>                        |
|                  | <u>36,516</u>                         | <u>31,555</u>                       |

## 11. TRADE AND OTHER RECEIVABLES

|                                  | 2019<br><i>RMB'000</i><br>(Unaudited) | 2018<br><i>RMB'000</i><br>(Audited) |
|----------------------------------|---------------------------------------|-------------------------------------|
| Trade receivables                | 45,587                                | 59,430                              |
| Allowance for credit losses      | <u>(221)</u>                          | <u>(2,876)</u>                      |
|                                  | 45,366                                | 56,554                              |
| Value-added tax                  | 2,125                                 | 4,194                               |
| Deposit paid                     | 1,206                                 | 1,116                               |
| Other receivables and prepayment | <u>3,056</u>                          | <u>2,304</u>                        |
|                                  | <u>51,753</u>                         | <u>64,168</u>                       |

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date:

|              | <b>2019</b><br><b><i>RMB'000</i></b><br><b>(Unaudited)</b> | 2018<br><i>RMB'000</i><br>(Audited) |
|--------------|------------------------------------------------------------|-------------------------------------|
| 0-30 days    | <b>29,018</b>                                              | 41,445                              |
| 31-60 days   | <b>11,421</b>                                              | 14,025                              |
| 61-90 days   | <b>1,876</b>                                               | 1,061                               |
| 91-120 days  | <b>2,867</b>                                               | 23                                  |
| 121-365 days | <b>184</b>                                                 | —                                   |
|              | <b>45,366</b>                                              | 56,554                              |

## 12. TRADE AND OTHER PAYABLES

|                                     | <b>2019</b><br><b><i>RMB'000</i></b><br><b>(Unaudited)</b> | 2018<br><i>RMB'000</i><br>(Audited) |
|-------------------------------------|------------------------------------------------------------|-------------------------------------|
| Trade payables                      | <b>20,029</b>                                              | 21,446                              |
| Contract liability                  | <b>3,316</b>                                               | 2,709                               |
| Accrued salaries and other benefits | <b>5,604</b>                                               | 2,746                               |
| Other payables and accruals         | <b>2,442</b>                                               | 1,718                               |
|                                     | <b>31,391</b>                                              | 28,619                              |

The following is an analysis of trade payables based on the invoice date:

|               | <b>2019</b><br><b><i>RMB'000</i></b><br><b>(Unaudited)</b> | 2018<br><i>RMB'000</i><br>(Audited) |
|---------------|------------------------------------------------------------|-------------------------------------|
| 0-30 days     | <b>9,432</b>                                               | 12,843                              |
| 31-60 days    | <b>6,173</b>                                               | 6,186                               |
| 61-90 days    | <b>2,701</b>                                               | 1,310                               |
| 91-120 days   | <b>1,359</b>                                               | 955                                 |
| 121-365 days  | <b>296</b>                                                 | 17                                  |
| Over 365 days | <b>68</b>                                                  | 135                                 |
|               | <b>20,029</b>                                              | 21,446                              |

The trade payables are non-interest bearing.

### 13. SHARE CAPITAL

|                                                | <b>2019</b><br><b><i>HK\$'000</i></b><br><b>(Unaudited)</b> | <b>2018</b><br><b><i>HK\$'000</i></b><br><b>(Audited)</b> |
|------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------|
| <b>Authorised:</b>                             |                                                             |                                                           |
| 1,000,000,000 ordinary shares of HK\$0.01 each | <b>10,000</b>                                               | 10,000                                                    |
| <b>Issued and fully paid:</b>                  |                                                             |                                                           |
| 800,000,000 ordinary shares of HK\$0.01 each   | <b>8,000</b>                                                | 8,000                                                     |
| Equivalents to RMB'000                         | <b>6,969</b>                                                | 6,969                                                     |

## BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories. Founded in 2003, the Group has over 10 years' experience in designing, manufacturing and marketing high quality inflatable playgrounds and other inflatable products. The Group sells inflatable products under various brand. Through years of effort in marketing and promotion, the inflatable products the Group produce have been sold widely in various overseas markets.

The Group manufactures its products in the production facilities in Dongcheng Industrial Zone located in Zhongshan City, Guangdong Province. The Group is committed to maintain high standards of quality in all of the products and follow stringent quality control procedures throughout its production processes. The Group believes its product design and development capabilities will help strengthen its competitiveness through product differentiation and innovation.

Although the Group's business has been affected by the uncertain trading environment during the U.S. – China trade tensions which has resulted in delays in customer orders, thanks to the efforts made by various departments and business partners of the Group and the long-standing support from the customers, the Group still managed to record an increase of approximately 16.0% in revenue for the year ended 31 December 2019 (the “**Year**”) as compared with the corresponding period in 2018. In addition, the production department of the Group devoted a lot of efforts in enhancing production technology and efficiency, which have contributed to the Group's sales and long-term development.

In order to meet the production capacity requirement and reduce costs, the Group has set up a new factory in Heyuan City, Guangdong Province in December 2019, and has started trial production in March 2020. Looking forward to the first half of 2020, the Group's principal business is expected to remain stable and the newly developed products will gradually enter a mature stage. Meanwhile, it is expected that the new factory in Heyuan City, which started production in March, will contribute to the improvement of the Group's production capacity and gross profit margin.

## **FINANCIAL REVIEW**

### **REVENUE**

The Group's revenue was approximately RMB223,831,000 for the Year, representing an increase of approximately RMB30,854,000 or 16.0% as compared to the revenue RMB192,977,000 for the year ended 31 December 2018. Revenue from the sales of inflatable playgrounds with air blowers for the Year was approximately RMB196,769,000 (2018: RMB168,758,000), increased by approximately RMB28,011,000 or 16.6% as compared with last year, which accounted for approximately 87.9% of the Group's total revenue (2018: 87.4%); revenue from the sales of other inflatable products for the Year was approximately RMB6,547,000 (2018: RMB10,538,000), decreased by approximately RMB3,991,000 or 37.9% as compared with last year, which accounted for approximately 2.9% of the Group's total revenue (2018: 5.5%); revenue from the sales of inflatable products related accessories and subcontracting work for the Year was approximately RMB20,515,000 (2018: RMB13,681,000), increased by approximately RMB6,834,000 or 50.0% as compared with last year, which accounted for approximately 9.2% of the Group's total revenue (2018: 7.1%).

An analysis of the Group's revenue for the Year by geographical location is set out in Note 3 to this unaudited annual results announcement.

### **COST OF SALES**

The cost of sales increased by approximately RMB27,298,000 or 18.9% from approximately RMB144,139,000 for the corresponding period in 2018 to approximately RMB171,437,000 for the Year which is generally in line with the increase in revenue.

### **GROSS PROFIT AND GROSS PROFIT MARGIN**

The Group recorded a gross profit of approximately RMB52,394,000 for the Year, an increase of approximately RMB3,556,000 as compared with that for the year ended 31 December 2018 (2018: RMB48,838,000). The gross profit margin was approximately 23.4% for the current year, representing a slight decrease of approximately 1.9% as compared to the previous year (2018: 25.3%).

### **OTHER INCOME AND GAINS**

Total other income and gains was approximately RMB1,389,000 for the Year, representing a decrease of approximately RMB44,000 as compared with that for the year ended 31 December 2018 (2018: RMB1,433,000). The decrease was mainly due to (i) the Group recorded a decrease in grants and subsidies from the PRC government of approximately RMB782,000, partially offset by (ii) an increase in interest income of approximately RMB157,000, (iii) an increase in exchange gains of approximately RMB222,000, and (iv) an increase in other income and gains of approximately RMB359,000.

## **DISTRIBUTION AND SELLING EXPENSES**

Total distribution and selling expenses was approximately RMB12,869,000 for the Year (2018: RMB8,347,000), representing an increase of approximately RMB4,522,000 or 54.2% as compared with last year. The increase was mainly due to the increased spending in freight and transportation expenses of approximately RMB2,283,000 and advertising and promotion expenses of approximately RMB1,976,000. Such increase was mainly incurred in the operation of overseas sales platforms in North America and Europe.

## **ADMINISTRATIVE EXPENSES**

The administrative expenses was approximately RMB14,444,000 for the year ended 31 December 2019 (2018: RMB14,936,000), representing a decrease of approximately RMB492,000 or 3.3% as compared with last year. The decrease was mainly resulted from (i) a decrease in product development expenses of approximately RMB299,000; and (ii) a decrease in legal and professional expenses of approximately RMB136,000.

## **FINANCE COSTS**

The Group recorded an interest on lease liabilities of approximately RMB1,846,000 for the Year (2018: Nil).

## **INCOME TAX EXPENSE**

Income tax expenses was approximately RMB5,374,000 for the Year (2018: RMB3,577,000), representing an increase of approximately RMB1,797,000 or 50.2% compared with last year. An analysis of the Group's income tax expense for the Year is set out in Note 6 to this unaudited annual results announcement.

## **PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY**

Profit and total comprehensive income attributable to owners of the Company for the Year was approximately RMB19,833,000 (2018: RMB22,615,000).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The Group finances its liquidity and financial requirements primarily through cash generated from operations and equity contributed from the shareholders of the Company.

The Group's shares were successfully listed on GEM on 7 December 2017. There has been no change in the capital structure of the Group since the date of Listing and up to the date of this unaudited annual results announcement.

As at 31 December 2019, the Group's total equity attributable to owners of the Company amounted to approximately RMB104.9 million (2018: RMB90.3 million).

The current ratio of the Group as at 31 December 2019 was approximately 3.52 times as compared to that of approximately 3.70 times as at 31 December 2018. The quick ratio of the Group as at 31 December 2019 was approximately 2.55 times as compared to that of approximately 2.68 times as at 31 December 2018. The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

Since no borrowings was outstanding as at 31 December 2019 and 31 December 2018, no gearing ratio was applicable.

## **PROPOSED FINAL DIVIDEND**

Based on the assumption that the audited results for the year ended 31 December 2019 will be consistent in all material respects with the unaudited results set out herein, the Board has proposed the payment of a final dividend of HK0.75 cents per ordinary share for the year ended 31 December 2019 (2018: HK0.75 cents) to the shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 23 June, 2020. Subject to the approval of the Company's shareholders at the Company's annual general meeting to be held on Monday, 15 June, 2020, the proposed final dividend will be paid to the Company's shareholders on Tuesday, 7 July, 2020. There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

## **CONTINGENT LIABILITIES**

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

## **PLEDGE OF ASSETS**

As at 31 December 2019, the Group had no assets pledged for bank borrowings or for other purpose (2018: Nil).

## **CAPITAL COMMITMENTS**

As at 31 December 2019, the Company is committed to RMB200,000 for the registered capital of an indirect wholly-owned subsidiary (2018: Nil).

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 December 2019, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies (2018: Nil).

## **SIGNIFICANT INVESTMENTS HELD BY OUR GROUP**

During the year ended 31 December 2019, there was no significant investment held by the Group (2018: Nil).

## **FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS**

Save as disclosed in the section headed “Business Objectives and Future Plans” in the prospectus of the Company dated 23 November 2017 (the “**Prospectus**”), the announcement dated 31 December 2019 in relation to expansion of production facilities in Heyuan City, and the announcement dated 4 March 2020 in relation to acquisition of machinery, the Group does not have any plan for material investment and capital assets for the coming year.

## **FOREIGN CURRENCY EXPOSURE**

As approximately 84.7% and 78.2% of the Group’s revenue for the years ended 31 December 2019 and 31 December 2018 respectively are denominated in US Dollars but the costs incurred for the production are denominated in Renminbi (“**RMB**”), significant fluctuation in the exchange rate between RMB against US Dollars may materially affect the Group’s business results of operations. As a result of the Group’s business expansion to overseas markets, the Group may continue to generate a significant amount of sales, assets and liabilities denominated in a currency other than RMB. In this case, the Group would be exposed to risks related to the exchange rate and the currency in which its assets and liabilities are denominated. A depreciation of RMB would require the Group to use more RMB funds to service the same amount of foreign currency liabilities, or a depreciation of foreign currency against RMB would result in receipts from receivables substantially less than the contractual amounts in terms of RMB at the settlement date.

Having considered the cost effectiveness with reference to the Group’s business model, the Group currently does not have a formal foreign currency hedging policy or engage in hedging activities designed or intended to manage such exchange rate risk during the reporting years. Because RMB is not freely convertible, the Group’s ability to reduce foreign exchange rate risk is limited.

## **TREASURY POLICIES**

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits. Trade receivables are from customers with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. During the year ended 31 December 2019, a reversal of allowance for credit losses in relation to trade receivables of approximately RMB139,000 was recognised (2018: allowance for credit losses RMB2,149,000).

Bank deposits are mainly deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 536 full-time employees (31 December 2018: 552). Most of the employees are located in Zhongshan City, Guangdong Province, the PRC. The total employee remuneration, including remuneration of the Directors, for the year ended 31 December 2019 amounted to approximately RMB41,665,000 (2018: RMB35,749,000).

The Group entered into separate labour contracts with each of the Group's employees in accordance with the applicable labour laws in Hong Kong and the PRC. The Group provides its employees with various benefits including discretionary bonus, contribution to social insurance premium and housing provident fund, and contribution to mandatory provident fund. The Group also offers options that may be granted to employees under the share option scheme.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 December 2019.

### Business plan as set in the Prospectus

### Progress up to 31 December 2019

#### ***Expand and enhance the product offerings through continuous product development efforts and continue to strengthen the brand recognition of the Group***

- |                                                                                          |                                                                                                                                                                             |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| – Develop new products offerings and adjust product mix                                  | Ten newly developed small sized inflatable playgrounds and eight newly designed inflatable tents enhance the comprehensiveness and product mix in the Group's product range |
| – Improve manufacturing for the products                                                 | Improved the production efficiency of 40 products in the catalogue by further optimising the product mix                                                                    |
| – Register trademarks and patents for the new product design and new corporate trademark | In 2019, six trademarks were applied and sixteen patents were applied by the Group, including eleven patents in the PRC and five patents in overseas                        |

#### ***Expand production capacity***

- |                                                |                                                                                                                       |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| – Acquire new production facility or machinery | Had acquired 250 sewing machines, greatly increasing existing production capacity and improving production efficiency |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|

## **Business plan as set in the Prospectus**

- Upgrade production facility or machinery for the existing production line

## **Progress up to 31 December 2019**

Completed the re-integration of four production lines of 195 metres long, the entire production environment has been improved and the processes are relatively matched

### ***Attract and retain quality personnel***

- Provide continuous structured training track to motivate and incentivise the staff

Arranged employees to participate in enterprise production safety management training and social responsibility system standard training; also arranged employees to participate in first aid training and infection knowledge training held by hospitals

### ***Increase marketing effort, expand distribution network and explore new business opportunities***

- Expand the wholesale distribution network
- Strengthen marketing efforts such as placing of advertisements and participating in more exhibitions to explore new business opportunities

After replacement of new agents in the United Kingdom and the Middle East, the Group has received orders of approximately US\$1 million from the new agents; the Group has also enhanced the co-operation with an e-commerce company, sales revenue generated from overseas sales platform substantially increased from approximately RMB0.35 million in 2018 to approximately RMB8.5 million in 2019

The Group has spent approximately RMB1.0 million in advertising and promotion expenses in the sales platform of an e-commerce company, relevant revenue increased. Actively visit far away customers and increased participation in exhibitions, improved the customer relationship and brand image

## USE OF PROCEEDS FROM SHARE OFFER

The net proceeds from the issue of new shares of the Company at the time of its listing on GEM on 7 December 2017 through a share offer of 120,000,000 shares of HK\$0.01 each in the share capital of the Company at the price of HK\$0.315 per share, after deduction of the related underwriting fees, professional service fees and issuance expenses paid by the Group in connection thereto, were approximately HK\$20,658,000.

The actual net proceeds from the issue of new shares of the Company under the share offer was different from the estimated net proceeds of approximately HK\$17,014,000 as set out in the Prospectus. The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 26.5% of the net proceeds, or approximately HK\$5,464,000, will be used for expanding and enhancing product offerings through continuous product development efforts and continuing to strengthen brand recognition; (ii) approximately 26.5% of the net proceeds, or approximately HK\$5,464,000, will be used for expanding production capacity; (iii) approximately 21.1% of the net proceeds, or approximately HK\$4,371,000, will be used for attracting and retaining quality personnel; (iv) approximately 20.7% of the net proceeds, or approximately HK\$4,282,000, will be used for uplifting marketing effort, expanding distribution network and exploring new business opportunities; and (v) approximately 5.2% of the net proceeds, or approximately HK\$1,077,000, will be used as general working capital.

|                                                                                                                                          | <b>Planned use<br/>of net<br/>proceeds<br/>up to<br/>31 December<br/>2019<br/>HKD'000</b> | <b>Actual use<br/>of net<br/>proceeds<br/>up to<br/>31 December<br/>2019<br/>HKD'000</b> |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Expand and enhance the product offerings through continuous product development efforts and continue to strengthen the brand recognition | <b>5,464</b>                                                                              | <b>4,993</b>                                                                             |
| Expand production capacity                                                                                                               | <b>5,464</b>                                                                              | <b>5,464</b>                                                                             |
| Attract and retain quality personnel                                                                                                     | <b>4,371</b>                                                                              | <b>4,371</b>                                                                             |
| Increase marketing effort, expand distribution network and explore new business opportunities                                            | <b>4,282</b>                                                                              | <b>4,282</b>                                                                             |
| General working capital                                                                                                                  | <b>1,077</b>                                                                              | <b>1,077</b>                                                                             |
|                                                                                                                                          | <b>20,658</b>                                                                             | <b>20,187</b>                                                                            |

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of our Group's business and the industry.

## **CORPORATE GOVERNANCE PRACTICE**

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the Company's shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Year.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

## **SHARE OPTION SCHEME**

The Company has conditionally adopted a share option scheme on 15 November 2017 (the "**Scheme**") pursuant to the written resolution of the shareholders of the Company on 15 November 2017 for the purpose of providing additional incentives eligible participants for their contribution to the Group and/or enabling the Group to attract and retain best available personnel that are valuable to the Group.

No share option has been granted under the scheme since its adoption and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Year.

## **CLOSURE OF REGISTER OF MEMBERS**

The forthcoming annual general meeting is scheduled to be held on Monday, 15 June 2020 (the "**AGM**").

In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 10 June, 2020 to Monday, 15 June, 2020, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholders of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9 June, 2020.

In order to qualify for the proposed final dividend, the register of members of the Company will be closed from Monday, 22 June, 2020 to Tuesday, 23 June, 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure that all properly completed share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 19 June, 2020.

## **EVENTS AFTER THE REPORTING PERIOD**

Due to the outbreak of the COVID-19 pandemic earlier this year, the production capacity has been affected by more than one month, and the factory production is expected to return to normal levels by April 2020. At the same time, due to the adverse economic impact of the global pandemic, customers are expected to be more cautious in placing orders this year. However, the Group is confident that such impact will be brought under control during this year.

On 4 March 2020, Zhongshan Runhe Macromolecular Materials Manufacture Limited (中山市潤和高分子材料製造有限公司), an indirect wholly-owned subsidiary of the Company, entered into the purchase agreement for acquiring the SMS Machinery at total contract price of RMB9,450,000. The Directors consider that the demand of spunbond meltblown spunbond non-woven fabrics, being the core materials for manufacturing surgical masks, is increasing as driven by the overall increase in global public health awareness. Riding on the Group's expertise and experience in manufacturing fabrics, the Directors are of the view that the Group is capable and possesses sufficient resources to expand its production mix to other fabrics economically. The Group intends to set up a production line of spunbond meltblown spunbond non-woven fabrics to capture such business opportunities. The Acquisition represents the capital investment for the construction of the production line to manufacture the spunbond meltblown spunbond non-woven fabrics. Upon full operation, the new production line is expected to have a total annual production capacity of approximately 4,088 tonnes of spunbond meltblown spunbond non-woven fabrics.

## **SUFFICIENCY OF PUBLIC FLOAT**

As at the date of this annual result announcement, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

## **CHANGES OF DIRECTORS AND COMPOSITION OF BOARD COMMITTEES**

From 1 January 2019 to the date of this announcement, the change in the information of the Directors are as follows:

- (1) Mr. Gan Minqing has resigned as an independent non-executive Director, chairman of the remuneration committee of the Company and member of the audit and nomination committees of the Company with effect from 1 March 2020; and
- (2) Mr. Liu Zexing has been appointed as an independent non-executive Director, chairman of the remuneration committee of the Company and member of the audit and nomination committees of the Company with effect from 1 March 2020.

## **REVIEW OF THE UNAUDITED ANNUAL RESULTS**

The audit process for the annual results of the Group for the year ended 31 December 2019 has been adversely affected by the travel restrictions and mandatory medical surveillance measures imposed due to the outbreak of the COVID-19 and has not been completed as of the date of this announcement. The unaudited annual results contained herein have not been agreed by the Company's auditors.

The Group's unaudited consolidated results for the year ended 31 December 2019 have been reviewed and agreed by the audit committee of the Company.

## **FURTHER ANNOUNCEMENT(S)**

An announcement relating to the audited annual results will be made when the audit process has been completed in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. It is expected that the audit field work will resume as soon as practicable once the travel restrictions and the quarantine arrangements in relation to travelling to the PRC are relieved. The Company is expected to publish the announcement in relation to the audited annual results for the year ended 31 December 2019 as agreed by the Company's auditors and the material differences (if any) as compared with the unaudited annual results contained herein, and dispatch the annual report as and when appropriate and in any event, not later than Friday, 15 May 2020.

## **PUBLICATION OF 2019 ANNUAL REPORT**

This unaudited annual results announcement is published on the website of the Company at [www.alpha-era.co](http://www.alpha-era.co) and the “Latest Listed Company Information” page of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The Company is expected to publish the announcement in relation to the audited annual results for the year ended 31 December 2019 as agreed by the Company’s auditors and the material differences (if any) as compared with the unaudited annual results contained herein, and dispatch the annual report as and when appropriate and in any event, not later than Friday, 15 May 2020. The 2019 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the same websites in due course and in accordance with the requirements under the GEM Listing Rules.

**The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the auditors. Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Alpha Era International Holdings Limited**  
**Huang Xiaodong**  
*Chairman and executive Director*

Hong Kong, 30 March 2020

*As at the date of this announcement, the Board comprises Mr. Huang Xiaodong and Mr. Xiao Jiansheng as executive Directors; Mr. Lee Kin Kee as non-executive Director; and Mr. Mao Guohua, Mr. Liu Zexing and Mr. Ho Hin Chung as independent non-executive Directors.*

*This announcement will remain on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at [www.alpha-era.co](http://www.alpha-era.co).*