GREEN FUTURE FOOD HYDROCOLLOID MARINE SCIENCE COMPANY LIMITED
綠新親水膠體海洋科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01084)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board is pleased to announce the consolidated financial results for the year ended 31 December 2019 as follows:

– Revenue amounted to HK$992.9 million, representing a slight decrease of 0.4%, as compared to HK$997.1 million for the year ended 31 December 2018.

– Gross profit amounted to HK$251.7 million and the gross profit margin was 25.4%, as compared to HK$267.0 million and 26.8%, respectively, for the year ended 31 December 2018.

– Profit for the year amounted to HK$93.9 million and the net profit margin was 9.5%, as compared to HK$93.8 million and 9.4%, respectively, for the year ended 31 December 2018.

The Directors propose a final cash dividend for the year ended 31 December 2019 of HK5.0 cents per Share, subject to the approval of the Shareholders at the Annual General Meeting.

The board (the "**Board**") of directors (the "**Directors**") of Green Future Food Hydrocolloid Marine Science Company Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 together with the comparative figures for the year 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	Note	Year ended 31 December	
		2019	2018
		HK$'000	HK$'000
Revenue	2	**992,935**	997,056
Cost of sales	3	**(741,200)**	(730,081)
Gross profit		**251,735**	266,975
Change in fair value of biological assets		**—**	(27)
Other income		**9,124**	7,649
Other losses – net		**(2,662)**	(2,151)
Net impairment gains/(losses) on financial assets		**992**	(668)
Selling and distribution expenses	3	**(17,700)**	(16,126)
Administrative expenses	3	**(85,616)**	(98,578)
Operating profit		**155,873**	157,074
Finance income		**331**	45
Finance costs		**(27,633)**	(27,346)
Finance costs – net		**(27,302)**	(27,301)
Profit before income tax		**128,571**	129,773
Income tax expense	4	**(34,681)**	(35,997)
Profit for the year		**93,890**	93,776
Profit for the year attributable to:			
Owners of the Company		**93,309**	93,597
Non-controlling interests		**581**	179
		93,890	93,776
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share (HK$)	5	**0.146**	0.156
Diluted earnings per share (HK$)	5	**0.140**	0.156

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Profit for the year	**93,890**	93,776
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
– Currency translation differences	**(11,625)**	(25,626)
Total comprehensive income for the year	**82,265**	68,150
Total comprehensive income for the year is attributable to:		
Owners of the Company	**81,684**	67,971
Non-controlling interests	**581**	179
	82,265	68,150

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	As at 31 December **2019** **HK$'000**	 2018 HK$'000
Assets			
Non-current assets			
Land use rights		**60,615**	53,972
Property, plant and equipment		**361,234**	354,298
Intangible assets		**52,520**	60,030
Prepayments for non-current assets		**1,823**	11,608
Deferred income tax assets		**9,915**	11,177
		486,107	491,085
Current assets			
Inventories		**322,428**	193,212
Trade and other receivables	7	**217,299**	193,098
Cash and bank balances		**186,172**	55,855
		725,899	442,165
Total assets		**1,212,006**	933,250
Equity			
Equity attributable to owners of the Company			
Share capital		**8,000**	6
Other reserves		**366,791**	162,386
Retained earnings		**326,983**	244,467
		701,774	406,859
Non-controlling interests		**669**	179
Total equity		**702,443**	407,038

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2019

	Note	As at 31 December	
		2019	2018
		HK$'000	HK$'000
Liabilities			
Non-current liabilities			
Bank borrowings		**59,276**	63,580
Convertible bond		**—**	52,644
Lease liabilities		**2,741**	4,148
Deferred income		**28,799**	32,861
Deferred income tax liabilities		**1,793**	2,406
		92,609	155,639
Current liabilities			
Trade and other payables	8	**84,247**	93,790
Convertible bond		**29,547**	—
Bank borrowings		**284,879**	253,370
Lease liabilities		**1,427**	1,848
Current income tax liabilities		**16,854**	21,565
		416,954	370,573
Total liabilities		**509,563**	526,212
Total equity and liabilities		**1,212,006**	933,250

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1 General information and basis of preparation

Green Future Food Hydrocolloid Marine Science Company Limited (the "Company") was incorporated on 3 July 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") are in the business of manufacturing and sales of food manufacturing hydrocolloid products including carrageenan products, agar-agar products, blended products and konjac products in the People's Republic of China ("PRC") and overseas.

The ultimate controlling parties of the Group are Mr. Chan Kam Chung, Mr. Chan Shui Yip, Mr. Guo Songsen, Mr. Guo Dongxu, Mr. Guo Yuansuo and Mr. Guo Donghuang who act in concert under a contractual agreement (the "Controlling Shareholders").

To prepare for the initial listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group has undertaken a reorganisation (the "Reorganisation") pursuant to which the Company became the holding company of the subsidiaries comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 September 2019.

The Company's shares began to list on the Stock Exchange on 17 October 2019.

The consolidated financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

The consolidated financial statements have been approved for issue by the Board of Directors of the Company on 30 March 2020.

The annual results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2019 but are extracted from those financial statements.

1 General information and basis of preparation (continued)

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 ("**HKICPA**") and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for certain biological assets which are measured at fair value less cost to sell and embedded derivatives of the convertible bond which are carried at fair value.

1.1 Changes in accounting policies

(i) New standards, amendments and interpretations of HKFRSs adopted by the Group

All new standards, amendments to existing standards and interpretations, including HKFRS 16, "Leases", which are effective for the first time for the financial year beginning on or before 1 January 2019 have been consistently applied to the Group's consolidated financial statements for the track record period from 1 January 2016 to 31 March 2019 in connection with the initial public offering of the Company and for the year ended 31 December 2019.

(ii) New standard and amendments of HKFRSs not yet adopted by the Group

Certain new standard and amendments have been published but are not mandatory for the year beginning on 1 January 2019 and have not been early adopted by the Group.

Management is currently assessing the effects of applying these new standard and amendments on the Group's consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group. The Group does not expect to adopt these new standard and amendments until their respective effective dates.

2 Revenue and segment information

(a) Segment information

The segment information of the Group during the year is set out as follows:

Revenue recognised at a point-in-time	Sales of agar-agar HK$'000	Sales of carrageenan HK$'000	Sales of konjac products HK$'000	Sales of blended products HK$'000	Total HK$'000
	Year ended 31 December 2019				
Sales to customers	**336,235**	**548,745**	**38,903**	**69,052**	**992,935**
Cost of sales	**(205,180)**	**(458,667)**	**(33,691)**	**(43,662)**	**(741,200)**
Segment results	**131,055**	**90,078**	**5,212**	**25,390**	**251,735**

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	**251,735**
Change in fair value of biological assets	**—**
Other income	**9,124**
Other losses – net	**(2,662)**
Net impairment gains on financial assets	**992**
Selling and distribution expenses	**(17,700)**
Administrative expenses	**(85,616)**
Finance income	**331**
Finance expenses	**(27,633)**
Profit before income tax	**128,571**
Income tax expense	**(34,681)**
Profit for the year	**93,890**

2 Revenue and segment information (continued)

(a) Segment information (continued)

Revenue recognised at a point-in-time	Sales of agar-agar HK$'000	Sales of carrageenan HK$'000	Sales of konjac products HK$'000	Sales of blended products HK$'000	Total HK$'000
	Year ended 31 December 2018				
Sales to customers	346,493	534,851	32,506	83,206	997,056
Cost of sales	(213,590)	(435,508)	(27,590)	(53,393)	(730,081)
Segment results	132,903	99,343	4,916	29,813	266,975

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	266,975
Change in fair value of biological assets	(27)
Other income	7,649
Other losses – net	(2,151)
Net impairment losses on financial assets	(668)
Selling and distribution expenses	(16,126)
Administrative expenses	(98,578)
Finance income	45
Finance expenses	(27,346)
Profit before income tax	129,773
Income tax expense	(35,997)
Profit for the year	93,776

2 Revenue and segment information (continued)

(a) Segment information (continued)

Revenue from external customers by country/region, based on the destination of the shipment, is as follows:

	2019	2018
	HK$'000	HK$'000
China	**439,097**	475,838
Europe	**317,882**	345,986
Asia (excluding China)	**156,175**	107,947
South America	**41,055**	26,981
North America	**34,839**	33,500
Africa	**3,887**	6,804
Total	**992,935**	997,056

External customers that have contributed over 10% of total revenue of the Group for the year ended 31 December 2019 are as follows:

	2019	2018
	HK$'000	HK$'000
Company A	**136,514**	158,468

Non-current assets, other than financial assets and deferred income tax assets, by country/region is as follows:

	2019	2018
	HK$'000	HK$'000
China	**468,802**	472,803
Hong Kong	**559**	178
Indonesia	**6,831**	6,927
Total	**476,192**	479,908

2 Revenue and segment information (continued)

(b) Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers at the balance sheet date:

	2019	2018
	HK$'000	HK$'000
Advance receipts from customers	**2,461**	1,436

Revenue recognised during the year in relation to advances from customers was as below:

	2019	2018
	HK$'000	HK$'000
Revenue recognised during the year that was included in the advance receipts from customers at the beginning of the year	**1,436**	8,746

For unsatisfied performance obligations, the Group selected to choose a practical expedient and omitted disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

3 Expenses by nature

The expenses charged to cost of sales, selling and distribution expenses and administrative expenses are analysed below:

	2019	2018
	HK$'000	HK$'000
Raw materials and consumables used	**699,332**	684,855
Changes in inventories of finished goods and work in progress	**(72,435)**	(66,018)
Employee benefit expenses	**93,858**	93,347
Amortisation of land use rights	**1,538**	1,148
Depreciation of property, plant and equipment	**33,517**	32,848
Amortisation of intangible assets	**6,091**	5,735
Utility expenses	**31,363**	33,266
Other taxes and levies	**5,481**	4,859
Transportation costs	**5,284**	6,025
Auditor's remuneration	**2,451**	204
– annual audit services	**2,246**	204
– non-audit services	**205**	—
Equity-settled share-based payment expense for non-employees	**—**	11,264
Listing expenses	**12,727**	16,716
Others	**25,309**	20,536
Total	**844,516**	844,785

4 Income tax expense

This note provides an analysis of the Group's income tax expense and shows how the income tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

	2019	2018
	HK$'000	HK$'000
Current income tax	**34,058**	36,347
Deferred income tax	**623**	(350)
Income tax expense	**34,681**	35,997

The Group's income tax comprises:

(i) Cayman Islands profits tax

The Company is an exempted company incorporated in the Cayman Islands and is not liable for taxation in the Cayman Islands on its Cayman Islands or non-Cayman Islands income.

(ii) BVI profits tax

The Group's subsidiaries that are incorporated in the BVI are exempted companies and are not liable for taxation in the BVI on their BVI or non-BVI income.

(iii) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for the year ended 31 December 2019 with the following concession.

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department from the year of assessment 2018/19 onwards, the first HK$2 million of assessable profits of one of the Group's companies incorporated in Hong Kong under Hong Kong profits tax during the year ended 31 December 2019 is subject to a tax rate of 8.25%. The Group's remaining assessable profits above HK$2 million will continue to be subject to a tax rate of 16.5%.

4 Income tax expense (continued)

(iv) PRC corporate income tax ('**CIT**')

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group operates. The Company's subsidiaries incorporated in the PRC are subject to CIT at the rate of 25% for the year, except for Fujian Province Lvqi Food Colloid Company Ltd. ("Lvqi (Fujian)") which is subject to CIT at the preferential rate of 15%, and Longhai City Donghaiwan Seaweed Breeding Comprehensive Development Company Limited ("Donghaiwan") which is subject to CIT at the preferential rate of 12.5% during the year.

Lvqi (Fujian) obtained the qualification of certified high and new technology enterprises in 2015 and registered in the local tax bureau to apply the preferential CIT rate of 15% from 2016 to 2020.

Donghaiwan is subject to a CIT reduction of 50% granted by the local tax bureau, and the CIT rate is 12.5%, as Donghaiwan is qualified as an agricultural products enterprise during the year.

(v) PRC withholding income tax

According to the CIT Law, a 10% withholding tax on dividends received/receivable will be levied on the PRC companies' immediate holding companies established out of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies. During the year, the direct holding companies of the Group's subsidiaries in the PRC are Hong Kong incorporated companies and are subject to a withholding tax rate of 5%.

The Group has undistributed earnings of HK$366.6 million as at 31 December 2019 (2018: HK$259.3 million), which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entities are able to control the timing of distributions from their subsidiaries and are not expected to distribute these profits in the foreseeable future.

4 Income tax expense (continued)

(vi) Indonesia profits tax

The Indonesia profits tax has been provided for at the rate of 25% (2018: 25%) on the estimated assessable profits during the year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2019	2018
	HK$'000	HK$'000
Profit before income tax	**128,571**	129,773
Tax calculated at the applicable statutory tax rates in the respective regions	**37,471**	37,881
Adjustment for tax effect of:		
– Expenses not deductible for tax purpose	**800**	433
– Additional deduction of research and development expenses	**(842)**	—
– Overprovision of previous year	**(951)**	(305)
– Impact of preferential income tax	**(2,334)**	(2,591)
– Tax losses for which no deferred income tax asset was recognised	**537**	579
Tax charge	**34,681**	35,997

The weighted average applicable statutory tax rate for the year ended 31 December 2019 was 29% (2018: 29%). The effective tax rate for the year ended 31 December 2019 was 27% (2018: 28%).

5 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the financial period.

	2019	2018
	HK$	HK$
Basic earnings per share attributable to the ordinary equity holders of the Company	**0.146**	0.156

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2019	2018
	HK$	HK$
Diluted earnings per share attributable to the ordinary equity holders of the Company	**0.140**	0.156

5 Earnings per share (continued)

(c) Reconciliations of earnings used in calculating earnings per share

	2019	2018
	HK$'000	HK$'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the Company	**93,309**	93,597
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	**93,309**	93,597
Add: interest savings on convertible bond	**—**	101
Profit attributable to the ordinary equity holders of the Company used in calculating diluted earnings per share	**93,309**	93,698

5 Earnings per share (continued)

(d) Weighted average number of shares used as the denominator

	2019	2018
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (i)	**641,095,890**	600,000,000
Adjustments for calculation of diluted earnings per share:		
Share options	**25,195,962**	—
Convertible bond	**—**	2,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**666,291,852**	602,000,000

(i) The weighted average number of ordinary shares has been retrospectively adjusted for the effects of capitalisation issue on 17 October 2019.

(e) Information concerning the classification of securities

The conversion option of the convertible bond was exercised on 28 February 2018. For the year ended 31 December 2018, the convertible bond has been included in the determination of diluted earnings per share from the beginning of the year to the date of conversion. From the date of conversion, the resulting ordinary shares are included in both basic and diluted earnings per share.

6 Dividends

	2019	2018
	HK$'000	HK$'000
Proposed final dividend of HK5.0 cents (2018: nil) per ordinary share	**40,000**	—

A final dividend in respect of the year ended 31 December 2019 of HK 5.0 cents per share, amounting to a total of HK$40 million, was proposed by the Board of Directors on 30 March 2020 and is subject to approval by the Company's shareholders in the forthcoming Annual General Meeting. The proposed dividend will be distributed out of the share premium account of the Company. These financial statements do not reflect this dividend payable.

7 Trade and other receivables

	2019 HK$'000	2018 HK$'000
Trade receivables	**183,806**	173,917
Loss allowance provision	**(617)**	(1,616)
	183,189	172,301
Prepayments	**17,644**	6,320
Export tax rebate receivable and deductible value-added tax	**12,965**	6,222
Other receivables	**3,501**	1,087
Deferred listing expenses	**—**	7,168
	34,110	20,797
Total trade and other receivables	**217,299**	193,098

(i) Ageing analysis of trade receivables

The ageing analysis of the trade receivables as at the 31 December 2019 based on invoice date was as follows:

	2019 HK$'000	2018 HK$'000
Up to 30 days	**142,678**	105,588
31 to 90 days	**33,304**	50,437
91 to 180 days	**3,259**	16,236
181 to 360 days	**2,179**	1,348
Over one year	**2,386**	308
	183,806	173,917

7 Trade and other receivables (continued)

(ii) Impairment of trade receivables

For trade receivables, the Group applies the simplified approach to provide for expected credit losses as prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the consumer price index of China in which it sells its goods and services to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The loss allowance provision of trade receivables as at 31 December 2019 is as follows:

	Settled in 3 months HK$'000	Settled in 4-6 months HK$'000	Settled in 7-9 months HK$'000	Settled in 10-12 months HK$'000	Settled over 1 year HK$'000	Total HK$'000
At 31 December 2019						
Expected loss rate	**0.01%**	**0.04%**	**4.48%**	**8.37%**	**9.56%**	
Gross carrying amount excluding individually impaired receivables and notes receivables	**168,515**	**2,533**	**1,772**	**407**	**2,101**	**175,328**
Loss allowance provision	**17**	**1**	**79**	**34**	**201**	**332**
Individually impaired receivables						**285**
Total provision						**617**

7 Trade and other receivables (continued)

(ii) Impairment of trade receivables (continued)

	Settled in 3 months HK$'000	Settled in 4-6 months HK$'000	Settled in 7-9 months HK$'000	Settled in 10-12 months HK$'000	Settled over 1 year HK$'000	Total HK$'000
At 31 December 2018						
Expected loss rate	0.21%	0.54%	65.28%	100.00%	100.00%	
Gross carrying amount excluding individually impaired receivables and notes receivables	154,029	16,236	1,302	46	17	171,630
Loss allowance provision	323	88	850	46	17	1,324
Individually impaired receivables						292
Total provision						1,616

The significant decrease in expected loss rate in 2019 was due to the decrease in corresponding historical credit losses experienced within the 36 months before balance sheet date.

Impairment losses are recognised in profit or loss within net impairment (losses)/gains on financial assets. Receivables for which an impairment provision was recognised are written off against the provision when there is no reasonable expectation of recovering additional cash. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 36 months.

7 Trade and other receivables (continued)

(ii) Impairment of trade receivables (continued)

As at 31 December 2019, the loss allowance provision for trade receivables are reconciled to the opening loss allowance for that provision as follows:

	2019	2018
	HK$'000	HK$'000
At 1 January	**(1,616)**	(3,796)
Reversal of/(increase in) loss allowance recognised in profit or loss during the year	**992**	(668)
Written-off of uncollectible receivables	**—**	2,874
Currency translation differences	**7**	(26)
At 31 December	**(617)**	(1,616)

During the year ended 31 December 2019, the following gains/(losses) were recognised in profit or loss in relation to impaired receivables.

	2019	2018
	HK$'000	HK$'000
Individually impaired receivables	**—**	(339)
Reversal of provision/(provision) for impairment according to the expected credit losses matrix	**992**	(329)
Net impairment gains/(losses)	**992**	(668)

(iii) Impairment of other financial assets at amortised cost

Other financial assets at amortised cost include deposits receivable and other receivables.

All of these financial assets are considered to have a low risk of default and each of the counterparties has a strong capacity to meet its contractual cash flow obligations in the near term, hence the Group considered them to have low credit risk, and thus the impairment provision recognised is limited to 12 months expected losses.

The Group has assessed that the expected credit losses for these financial assets are not material under the 12 months expected losses method. Thus, no loss allowance provision was recognised during the year. The Group does not hold any collateral in relation to these other receivables.

7 Trade and other receivables (continued)

(iv) Fair values of trade and other receivables

Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value.

The carrying amounts of the Group's trade and other receivables (including prepayments) are denominated in the following currencies:

	2019	2018
	HK$'000	HK$'000
USD	**76,850**	48,961
RMB	**139,942**	143,093
HK$	**507**	—
Other currencies	**—**	1,044
	217,299	193,098

8 Trade and other payables

	2019	2018
	HK$'000	HK$'000
Trade payables	**48,947**	60,128
Payables for property, plant and equipment	**10,717**	6,837
Employee benefit payables	**9,270**	12,604
Payables for listing expenses	**4,888**	7,768
Advance receipts from customers	**2,461**	1,436
Other taxes payable	**1,910**	3,058
Amounts due to related parties	**99**	102
Others	**5,955**	1,857
	84,247	93,790

Trade payables are usually paid within 90 days of recognition.

8 Trade and other payables (continued)

The ageing analysis of trade payables as at 31 December 2019 based on invoice date was follows:

	2019	2018
	HK$'000	HK$'000
0-90 days	**48,637**	59,343
91-180 days	**310**	781
181-360 days	**—**	4
	48,947	60,128

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2019	2018
	HK$'000	HK$'000
RMB	**39,478**	43,712
USD	**42,869**	49,818
HK$	**1,900**	260
	84,247	93,790

CHAIRMAN'S STATEMENT

Dear Shareholders

It is my great honor to present the first annual results of the Group following the share offer and the listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 October 2019.

Business Strategy

The Group is a leading producer of seaweed-based and plant-based hydrocolloid products in the PRC and the global market. Our products, including mainly agar-agar, carrageenan and konjac gum, provide functional properties such as thickening, water-retention and stabilising functions for various end products, and make up the main contents of many health foods for their rich soluble dietary fibres. In addition, we can extend product functions through blending different colloids and gums. For example, konjac gum blended products enable plant-based artificial meat to offer the mouthfeel resembling that of real meat.

Distinguished from other conventional manufacturers, we are primarily a long-term partner of our customers in both the supply of raw materials and product development for certain of our customers, which is significant in enhancing customer loyalty. Moreover, through product research and development, we can support and facilitate the development of new applications and end products for the customers, thereby helping us to obtain customer orders and is a source of profit contribution, which is also a long-term business development strategy of the Group. Details of our newly launched quick-dissolve agar-agar, a deep-processing product of agar-agar, which increased the contribution to the overall gross profit of agar-agar products of the Group is set out in the paragraphs under "Management Discussion and Analysis"of this announcement.

Business Overview for 2019

For enterprises with production facilities based in China, the year 2019 witnessed the coexistence of challenges and opportunities. Challenges mainly lied in the significant slowdown in domestic economic growth this year and the Sino-US trade friction since 2018, which was further aggravated by the extra tariffs imposed by both sides in 2019, resulting in additional cost pressure on domestic enterprises. With regard to opportunities, more business development opportunities would be offered to companies that survive and are strong, showcasing their long-term investment value.

In 2019, the total sales revenue of the Group was HK$992.9 million (2018: HK$997.1 million), representing a slight decrease of 0.4% as compared to that of the previous year, mainly due to the economic downturn of individual major markets and the depreciation in the average exchange rate of RMB against HK dollar during the year, which lowered the revenue growth expressed in HK dollar. The net profit of the Group for the year ended 31 December 2019 remained broadly unchanged at HK$93.9 million (2018: HK$93.8 million), attributable to the decrease in administrative expenses of the year which was offset by the decrease of gross margin, primarily due to the fact that the price of eucheuma, one of our major seaweed types, continued to rise but the selling price of carrageenan products failed to catch up at the same pace.

Despite the challenging business environment in 2019, the Group has maintained its income and net profit at virtually the same level as compared to that of the last year. This demonstrated the competitiveness and resilience of the Group as an industry leader. Amidst the relatively uncertain operating environment in the near future, we will strive to maintain and continue to improve our performance and investment returns leveraging our strengths in our business scale and technical expertise.

2019 Final Cash Dividend

In order to share the operating results of the Company with our shareholders, the Directors propose a final cash dividend of HK5.0 cents per Share for the year ended 31 December 2019, which included the target dividend payout each year and an additional return to Shareholders after considering the available resources, amounting to a total of HK$40 million. Dividends will be paid in cash.

Subsequent Events

With the outbreak of coronavirus disease ("**COVID-19**") in China and the related control measures, the Group's production plants in Zhangzhou in Fujian Province resumed production on 10 February 2020, a week later than the original intended date of work resumption after the Chinese New Year holiday while the production plants in Shiyan, Hubei Province resumed production on 16 March 2020, the Group's production and business has been impacted accordingly. However, as the Group had sufficient stock of raw materials and finished products at the end of January 2020, the Group managed to meet the recent sales and production needs. In addition, as the new production line of konjac products with a designed capacity of 1,500 tonnes per year in Zhangzhou, Fujian Province will commence production in mid-2020, which we believe can make up for the loss of capacity for the konjac production lines in Shiyan, Hubei Province in the first quarter of 2020. Furthermore, as the production lines of the Group cover the entire production process without relying on any third party to provide key components, we believe we can gradually increase our capacity utilisation rate with the gradual resumption of the inter-provincial transportation. The Company will closely monitor the situation and evaluate its impact on the financial position and operating results of the Company.

On 12 March 2020, the Company has repaid the rest of the convertible bond, amounting to HK$30.2 million and the interest payable up to that date.

Prospects

In spite of the temporary impact caused by the current outbreak of COVID-19, the end products markets for hydrocolloid products are expected to remain stable as the key applications of hydrocolloid products are basic consumer goods including food and household products. We believe that with the launch of new end products, including pet foods and gourmet chocolates and other new applications, the prospect of hydrocolloid products is promising. We will continue to support and facilitate the development of end products and new applications for customers and further expand our market with our core values of "innovation, growth, and re-innovation".

Appreciation

On behalf of the Board of Directors, I would like to express my sincere gratitude to all the shareholders, customers, suppliers and business partners for their unwavering support. In the meantime, I would like to express my heartfelt thanks to the Directors, management and all the staff for their unremitting efforts and contributions over the years.

CHAN Kam Chung
Chairman

Hong Kong, 30 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Emerging Market with Numerous Opportunities

In 2019, the domestic and global demands for our hydrocolloid products varied in different regions but were stable on the whole. As a result of the economic slowdown in the relevant markets and the depreciation in the exchange rate of Renminbi, the Chinese and European markets saw a decrease of 7.7% and 8.1%, respectively, in sales revenue as compared to that of 2018. In contrast, benefited from our initiative to expand into the Asian markets, there was a remarkable increase in the revenue attributable to the Korean and Indonesian markets, resulting in an increase of 44.7% in revenue in the Asian markets (excluding China) for the year ended 31 December 2019. In 2019, the sales in the PRC and the overseas accounted for 44.2% and 55.8% of our annual sales, respectively (2018: 47.7% and 52.3%), which is in line with our business strategy to gradually increase the proportion of the overseas sales.

Product Development and Innovation for Increasing Income

We succeeded in expanding the market for quick-dissolve agar-agar products for use in dairy products in 2019 through strengthening our product research and development capability and marketing efforts. The sales revenue of quick-dissolve agar-agar products recorded an increase of 253.7% for the year ended 31 December 2019 as compared to 2018 and quick-dissolve agar-agar products became one of our products offering the highest gross profit margin in 2019, driving up the overall gross profit margin of agar-agar products for 2019. Our Directors believe that with a stable and growing demand for dairy products, the quick-dissolve agar-agar products are of great business value. In addition to the traditional processed foods, we have also expanded the use of our products in the application of pet foods this year. It is expected that the market for pet foods in China will have a great development potential in the foreseeable future. Furthermore, konjac gum has become a key ingredient of various health food for its rich soluble dietary fibers, and its development is gaining momentum. With regard to daily necessities, the markets for gel-type air fresheners and beauty products such as face masks were further developed this year. We expect that the diversity of end products and applications will be key areas for our future expansion.

Complementary Strategies for Product and Market

The sales volume and sales revenue of carrageenan and agar-agar products, contributing to approximately 90% of our sales revenue for the year ended 31 December 2019, decreased by 2.4% and increased by 0.4%, respectively, as compared to 2018. The sales volume and sales revenue of konjac products increased by 12.5% and 19.7%, respectively, for the year ended 31 December 2019, as compared to 2018, while the sales volume and sales revenue of blended products decreased at 14.4% and 17.0%, respectively, as compared to 2018, due to the short-term fall in the revenue of the domestic sales in the PRC market as a result of our sales strategy to balance the product pricing between the domestic market and overseas markets and further expand the Asian markets (excluding China).

Despite the extensive challenges to the business environment in 2019, our revenue and after-tax net profit could still remain broadly flat as compared to 2018, which was a good indication of our competitiveness and resilience as an industry leader.

Prospects

We are prudently optimistic about the prospects in 2020. Currently, the outbreak of COVID-19 and the relevant containment measures to contain the spread of COVID-19 affect both China and the rest of the world, leaving high degree of uncertainty to the global economy. As our the hydrocolloid products are mainly used in the applications of foods and daily necessities, which are daily necessities, our Directors expect the demand will remain stable even with the slowdown of the global economy, which may affect the consumption growth in certain regions. Further, our Directors believe that with the launch of new end products to the market, the prospect of hydrocolloid products is promising. In addition, as our customers are not overly focusing on a particular geographical region, our Directors expect that the economic downturn in any region would not materially affect our business.

Our development strategy is to continue to increase our investment in product research and development, optimise our product portfolio and develop new markets. During the first quarter of 2020, we established a subsidiary in Shanghai dedicated to the research and development as well as marketing of quick-dissolve agar-agar products, in order to accelerate the expansion of our the market share. Further, we have also increased our business promotion efforts in Asian courtiers (excluding China) in 2019, leading to a significant improvement in revenue generation from such markets. In order to accelerate our business development, we will put more resources to expand into the Southeast Asian markets which we believe have great development potential with its large population.

Financial Review

Revenue

For the year ended 31 December 2019, the Group's sales revenue was HK$992.9 million (2018: HK$997.1 million), representing a slight decrease of 0.4% as compared to the previous year. For the year ended 2019, the sales revenue of carrageenan and konjac products increased by 2.6% and 19.7%, respectively, while that of agar-agar and blended products decreased by 3% and 17%, respectively. The total sales revenue of carrageenan and agar-agar products, contributing to approximately 90% of the sales revenue of the Group, remained broadly flat for the year ended 31 December 2019 as compared to 2018. Such situation was primarily due to the fact that, the markets were still at the consolidation phase in 2019 as the Group gave a huge boost to enhance our productivity in 2018, while the demand for end products weakened due to the slowdown of economic growth in China and Europe in 2019. Further, our sales revenue was also affected by the depreciation in the average exchange rate of RMB against HK dollar during the period and the short-term fall in the revenue of blended products in the PRC market as previously explained.

Cost of Sales

For the year ended 31 December 2019, the cost of sales of the Group was HK$741.2 million (2018: HK$730.1 million), representing an increase of 1.5%. Our cost of sales basically consisted of the cost of raw materials (seaweed and konjac) and ancillary materials which accounted for 83.9% (2018: 83.9%) of the cost of sales in 2019. The rise in the cost of sales for the year ended 31 December 2019 was mainly because of the price of eucheuma, one of our major raw material of seaweed, continued to increase during the year.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2019, the gross profit of the Group was HK$251.7 million (2018: HK$267.0 million), representing a decrease of 5.7%. The overall gross profit margin was 25.4% in 2019, representing a decrease of 1.4% as compared to 2018. The gross profit margin of agar-agar and blended products was up 0.6% and 1%, respectively, in 2019 whilst that of carrageenan and konjac products was down 2.2% and 1.7%, respectively, during the same year. For instance, the price of eucheuma, one of our major seaweed material, continued to increase in 2019, while the price of carrageenan products failed to increase with the same pace, the gross profit margin of the relevant products decreased by 2.2% in 2019 as compared to 2018.

Selling and Distribution Expenses

In 2019, the selling and distribution expenses of the Group were HK$17.7 million (2018: HK$16.1 million), representing an increase of 9.8%, which was primarily attributable to the moderate increase in the marketing expenses and travelling expenses for the year. On the whole, the ratio of selling and distribution expenses to revenue remained stable in 2019 as compared to 2018.

Administrative Expenses

In 2019, the administrative expenses of the Group were HK$85.6 million (2018: HK$98.6 million), representing a decrease of 13.1%, mainly due to the decrease in listing expenses and share-based payment expenses.

Finance Costs

In 2019, the finance income and costs of the Group were HK$0.3 million and HK$27.6 million (2018: HK$45,000 and HK$27.3 million), representing an increase of 635.5% and 1.0%, respectively. The rise in finance income was mainly generated from the interest income on deposits of the proceeds from listing of the Company. The increase in finance costs was in line with the increase in the average bank working capital loans and trade loans. On the other hand, the Group used its free cash to repay part of the outstanding balance during the year before the maturity of convertible bonds, effectively reducing the relevant interest expenses for the year.

Income Tax Expense

In 2019, income tax expenses of the Group were HK$34.7 million (2018: HK$36.0 million), representing a decrease of HK$1.3 million or 3.65%, mainly due to the corresponding decrease in taxable profit for the year.

	Year ended 31 December	
	2019	2018
	HK$'000	HK$'000
Current income tax	**34,058**	36,347
Deferred income tax	**623**	(350)
Income tax expense	**34,681**	35,997

Profit Attributable to Owners of the Company

In 2019, profit attributable to owners of the company were HK$93.3 million (2018: HK$93.6 million), which remained virtually the same as that of the previous year.

Liquidity and Financial Resources

As at 31 December 2019, the Group's cash and cash equivalents and restricted cash amounted to HK$186.2 million, representing an increase of HK$130.3 million from 31 December 2018. The financial ratios of the Group as at 31 December 2019 were as follows:

	As at 31 December 2019	As at 31 December 2018
Current ratio	**1.74**	1.19
Gearing ratio[1]	**72.5%**	129.3%

Note 1: Gearing ratio is calculated as total liabilities divided by total equity

Net Current Assets

As at 31 December 2019, our net current assets were HK$308.9 million, representing an increase of HK$237.4 million from HK$71.6 million as at 31 December 2018, primarily due to the increase in inventories as at 31 December 2019 and the significant increase in the cash resulting from the proceeds from the listing of the Company. The balance of short-term bank borrowings of the Group has also increased due to the need for business development. In addition, as the convertible bond will mature on 15 July 2020, the remaining outstanding balance was classified as a short-term liability at the end of this year.

Borrowings

As at 31 December 2019, the total bank borrowings of the Group amounted to HK$344.2 million, of which HK$284.9 million shall be repaid within one year and HK$59.3 million shall be repaid after one year. The carrying amounts of bank borrowings were denominated in Hong Kong dollars, United States dollars and Renminbi.

On 20 November 2017, the Group issued a convertible bond for HK$60 million to an independent third party (hereinafter referred to as the "convertible bond holder") with annual interest rates of 5% and 10%, respectively, chargeable in different phases. On 28 February 2018, the convertible bond holder exercised all conversion rights under the agreement and acquired 2.0% equity in the Company at the consideration of HK$4.8 million. Thereafter, the maturity date of the convertible bonds was extended from the original date of 20 November 2019 to 15 July 2020 with applicable interest rate of 13% in accordance with the amended agreement between the Company and the convertible bond holder dated 28 December 2018. On 21 November 2019, the Company used its own free funds to early redeem the convertible bond of HK$25 million. The remaining carrying amount of the convertible bond as at 31 December 2019 was HK$29.5 million.

The Group did not use any financial instruments for hedging purposes and did not have any net foreign currency investments hedged against existing borrowings and/or other hedging instruments. As at 31 December 2019, the weighted average interest rate on bank borrowings (per annum) was 5.51%.

Interest Rate Risk

The interest rate risk of the Group arises from short-term interest-bearing deposits and bank borrowings. The Group is exposed to the interest rate risk of cash flow on short-term deposits and bank borrowings at the variable rate. Bank borrowings and the convertible bond obtained at fixed interest rates expose the Group to fair value interest rate risk.

The Group does not have any significant interest-bearing assets other than short-term interest-bearing deposits. The Directors do not expect any material impact on interest-bearing assets from interest rate movement, as interest rates on short-term deposits are not expected to fluctuate substantially.

Pledge of Assets

As at 31 December 2019, the Group had pledged its buildings, land use rights and bank deposits with a carrying value of HK$150.1 million (2018: HK$98.5 million) as security for its borrowings. As at 31 December 2019, the amount of secured bank borrowings was HK$131.6 million (2018: HK$149.3 million).

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Company's Prospectus dated 30 September 2019 issued for the Share Offer, the Group did not have other future plans for material investments or capital assets.

Material Acquisitions and Disposal of Subsidiaries

There was no material acquisition and disposal of subsidiaries during the year ended 31 December 2019.

Treasury Policies and Exposure to Fluctuation in Exchange Rates

The Group adopts a conservative approach for cash management and investment on funds. The net proceeds from the listing have mainly been placed on short-term bank deposits with reputable banks in Hong Kong and the PRC. The Group's receipts and payments were denominated in Renminbi and US dollars with limited foreign exchange risk exposure in the latter. Besides, as the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government, the directors of the Company consider that there is no significant exposure on Renminbi-denominated assets. The Group will closely monitor foreign exchange exposure and will consider hedging should the need arises.

Employees and Remuneration Policy

As at 31 December 2019, the Group had 1,014 full-time employees of whom 1,005 were based in Mainland China and 9 were based in Hong Kong and other countries. The total staff costs, including the emoluments of the Directors, amounted to HK$93.9 million for the year ended 31 December 2019 (year ended 31 December 2018: HK$93.3 million).

The management of the Group maintains good working relationship with its employees and provides training to keep the employees abreast of the latest developments of its products and production processes. Remuneration packages offered to the Group's employees are generally competitive and consistent with the prevailing levels in the market and are reviewed on a regular basis. Apart from basic remuneration and statutory retirement benefit scheme, discretionary bonuses may be provided to selected employees taking into consideration the Group's performance and the performance of the individual employee.

Prior to the listing, the Group adopted the Pre-IPO Share Option Scheme on 5 August 2018 to recognize the important contributions of related employees and individuals. As at 31 December 2019, the Company granted share options for 34,120,000 Ordinary Shares of the Company upon exercise.

Use of Net Proceeds from the Share Offer

The Company was listed on the Stock Exchange on 17 October 2019, the amount of the net proceeds raised from the shares offer (the "**Share Offer**") amounted to HK$183.7 million which are the same as the announcement of the Company dated 16 October 2019 (the "Announcement"). The net proceeds have been utilised in accordance with the plan set out in the Announcement (see table below) and for net proceeds not yet utilised are deposited with banks in Hong Kong.

	Net proceeds from the Share Offer (As disclosed in the announcement on the allocation results of the Company dated 16 October 2019)	Net proceeds from the Share Offer utilised as at 31 December 2019
	HK$'000	*HK$'000*
Partial financing of the construction of a new production plant adjacent to the location of production plant operated and owned by Lvqi (Fujian) and purchase of machinery, with a designed annual capacity of 180 tonnes of refined iota carrageenan products, 1,500 tonnes of konjac gum products and 1,500 tonnes of quick-dissolve agar-agar products	20,200	20,200
Construction of a new production plant in Longhai city, Zhangzhou City, Fujian Province and purchase of machinery, with a designed annual capacity of 50 tonnes of agarose, 10 tonnes of agar microspheres and 200 tonnes of agarophyte[(1)]	62,100	—
Construction of a production plant in Indonesia and purchase of machinery, with a designed annual capacity of 3,000 tonnes of semi-refined carrageenan[(2)]	21,100	—
Construction of a new production plant in Zhangzhou city, Fujian Province and purchase of machinery, with a designed annual capacity of 1,000 tonnes of agar-agar products[(3)]	62,800	—
General working capital	17,500	17,500
Total	183,700	37,700

Notes:

(1) Due to the current market condition, the project timetable has been extended to the second half of 2020. Our Directors expect that the construction will commence and we will start using the net proceeds from the second half of 2020.

(2) The investment structure is under review, and we will start using the net proceeds from the second half of 2020.

(3) Our Directors expect that the cosntruction will commence and we will start using the net proceeds from the second half of 2020.

Capital Expenditures

Our capital expenditures primarily comprise cash expenditures for plant, equipment and land use rights. Our capital expenditures for the years ended 31 December 2019 and 2018 were HK$43.4 million and HK$57.6 million, respectively.

Commitments

(1) The Group's capital commitments in respect of those that have been contracted for as at 31 December 2019 and 2018 amounted to HK$1.9 million and HK$23.2 million, respectively.

(2) Operating leases commitments

The Group leases certain office buildings, vehicles and land use rights under non-cancellable operating lease agreements. The lease terms for office buildings are negotiated for terms ranging from one to ten years, and those for land use rights are under terms of 30 to 50 years.

The aggregate future minimum lease payments under non-cancellable operating leases of the Group are as follows:

	2019	2018
	HK$'000	HK$'000
Less than 1 year	**1,594**	2,069
Over 1 year and less than 5 years	**2,891**	4,295
Over 5 years	**265**	551
	4,750	6,915

Contingent Liabilities

The Group did not have any material contingent liabilities as of 31 December 2019.

Events After the end of Reporting Period

The outbreak of COVID-19 in China caused production halt in our Group's production plants in China, and production volume was reduced in February and March 2020, which has impacted but not to a great extent the Group's production and business. Meanwhile, management has adopted all measures to safeguard the health of employees and will resume normal production as soon as practicable to satisfy the demand for goods from customers. The impact from COVID-19 outbreak is considered as a non-adjusting subsequent event and will only be taken onto accounts in the Group's financial statements subsequent to 31 December 2019.

On 12 March 2020, the Company has repaid the rest of the convertible bond, amounting to HK$30.2 million and the interest payable up to that date.

Corporate Governance

The Company believes that good corporate governance can enhance its overall effectiveness, and thus create additional value for our shareholders. The Company is committed to maintaining high standards and has applied the Principles that are set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. The Company's corporate governance practices are based on these Principles. The Board believes that good corporate governance standards are essential in contributing to the provision of a framework for the Company to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices with effect from the Listing Date.

In the opinion of the Directors, the Company has complied with all the code provisions of the CG Code and to a large extent the recommended best practices in the CG Code throughout the period from the Listing Date to 31 December 2019, except for the deviation from code provision A.2.1 of the CG Code as described below.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. CHAN Kam Chung ("**Mr. CHAN**") is our Chairman and CEO. Mr. CHAN is responsible for formulating our overall strategic planning and business strategies and implementing major development policies and initiatives for the business development of our Group as a whole. Mr. CHAN's vision and leadership have played a pivotal role in our Group's success and achievements to date, and therefore our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. Our long-serving and outstanding senior management team and our Board, which comprise experienced and high-caliber individuals, provide a check on balance of power and authority. Our Board comprises four executive Directors (including Mr. CHAN); one non-executive Director; and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Interests of the Compliance Adviser

As notified by Essence Corporate Finance (Hong Kong) Limited ("**Essence**"), the Company's compliance adviser, save for the compliance adviser agreement entered into between the Company and Essence dated 26 September 2019 in connection with the Listing, none of Essence or its directors, employees or close associates (as defined in the Listing Rules) had any interest in the Group as at 31 December 2019, which is required to be notified to the Company pursuant to Rule 3A.19 of the Listing Rule.

Audit Committee

The Company established the Audit Committee pursuant to a resolution of Directors passed on 25 September 2019 in compliance with Rule 3.12 of the Listing Rules. The Audit Committee has set up the written terms of reference on 25 September 2019. The primary responsibilities of the Audit Committee are to make recommendation to the Board on the appointment and removal of external auditors, review the financial statements and material advise in respect of financial reporting at least at half-year intervals, and oversee the risk management policies and internal control procedures of the Group constantly. The Audit Committee consists of three independent non-executive directors, namely Mr. HO Kwai Ching, Mark, Mr. NG Man Kung and Mr. HU Guohua. Mr. HO Kwai Ching, Mark currently serves as the chairman of the Audit Committee. The Audit Committee has adopted the terms of reference which are in line with the applicable code provisions in the CG Code. The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2019, the consolidated financial statements for the year ended 31 December 2019 and this announcement.

Model Code for Securities Transactions

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 The Rules Governing to the Listing of the Stock Exchange (the "**Listing Rules**") as the code of conduct for securities transactions by the Directors. The Company has made specific enquiry with the Directors and all Directors have confirmed that they complied with the Model Code throughout the period from the Listing Date to 31 December 2019.

Purchase, Sale or Redemption of Listed Securities of the Company

Saved as disclosed in the Company's Prospectus dated 30 September 2019 issued for the Share Offer, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

Scope of Work of PricewaterhouseCoopers

The financial figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this announcement.

Closing Register of Shareholders for Entitlement to Attend and Vote at Annual General Meetings and Final Dividend

The forthcoming Annual General Meeting will be held on Monday, 1 June 2020. Notice of the Annual General Meeting will be sent to its Shareholders in due course. For the purpose of determining Shareholder's eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 27 May 2020 to Monday, 1 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 26 May 2020.

For the purpose of ascertaining Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 8 June 2020 to Wednesday, 10 June 2020, both days inclusive, during which period no transfer of shares will be registered. To qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30p.m. on Friday, 5 June 2020.

Publication of Annual Results and Annual Report

This announcement is published on the websites of the Company (www.greenfreshfood.com) and the Stock Exchange (www.hkexnews.hk). The 2019 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and dispatched to the Shareholders in due course.

By order of the Board
GREEN FUTURE FOOD HYDROCOLLOID
MARINE SCIENCE COMPANY LIMITED
CHAN Kam Chung
Chairman and Chief Executive Officer

Hong Kong, 30 March 2020

As at the date of this announcement, the executive directors are Mr. Chan Kam Chung, Mr. Guo Dongxu, Mr. Chan Shui Yip and Mr. She Xiaoying; the non-executive director is Mr. Guo Songsen; and the independent non-executive directors are Mr. Ho Kwai Ching, Mark, Mr. Ng Man Kung and Mr. Hu Guohua.