Sheen Tai Holdings Group Company Limited
順泰控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01335)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

GROUP FINANCIAL HIGHLIGHT

for the year ended 31 December 2019
(Expressed in Hong Kong dollars)

	2019	2018
	HK$'000	*HK$'000*
Revenue	**376,208**	453,827
Gross profit	**80,460**	115,404
Loss before tax	**(44,092)**	(18,882)
Loss attributable to:		
Equity shareholders of the Company	**(47,873)**	(26,498)
Loss per share		
Basic (HK$ per share)	**(0.020)**	(0.011)
Diluted (HK$ per share)	**(0.020)**	(0.011)
Cash and cash equivalents	**165,438**	185,386
Net assets	**765,651**	831,307
Total assets	**983,641**	1,121,805

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sheen Tai Holdings Group Company Limited (the "**Company**" or "**Sheentai**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**"), with the comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019 (Expressed in Hong Kong dollars)

	Note	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	*4*	**376,208**	453,827
Cost of sales		**(295,748)**	(338,423)
Gross profit		**80,460**	115,404
Other income	*5*	**23,917**	12,687
Other gains and losses, net	*6*	**(21,002)**	(9,368)
Distribution costs		**(22,923)**	(18,260)
Impairment losses on trade and other receivables		**(5,911)**	(1,662)
Administrative expenses		**(73,540)**	(87,228)
Other operating expenses		**(2,945)**	(2,880)
(Loss)/profit from operations		**(21,944)**	8,693
Finance costs	*7*	**(7,229)**	(8,156)
Impairment of goodwill		**(2,830)**	–
Impairment of property, plant and equipment		**(12,089)**	(19,419)
Loss before tax		**(44,092)**	(18,882)
Income tax expense	*8*	**(3,781)**	(7,734)
Loss for the year	*9*	**(47,873)**	(26,616)
Attributable to:			
Equity shareholders of the Company		**(47,873)**	(26,498)
Non-controlling interests		–	(118)
		(47,873)	(26,616)
Loss per share			
Basic (HK$ per share)	*11*	**(0.020)**	(0.011)
Diluted (HK$ per share)	*11*	**(0.020)**	(0.011)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019 (Expressed in Hong Kong dollars)

	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(47,873)**	(26,616)
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(14,329)**	(41,658)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(2)
Other comprehensive loss for the year, net of tax	**(14,329)**	(41,660)
Total comprehensive loss for the year	**(62,202)**	(68,276)
Attributable to:		
Equity shareholders of the Company	**(62,202)**	(68,158)
Non-controlling interests	–	(118)
Total comprehensive loss for the year	**(62,202)**	(68,276)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019 (Expressed in Hong Kong dollars)

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**401,534**	458,835
Interests in leasehold land held for own use under operating lease		**–**	26,288
Right-of-use assets		**46,069**	–
Goodwill		**–**	2,830
Intangible assets		**1,121**	1,556
Other non-current assets		**2,050**	1,380
Contract assets		**59,398**	39,478
Deferred tax assets		**2,183**	4,691
Total non-current assets		**512,355**	535,058
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")		**1,696**	15,199
Inventories		**62,863**	100,788
Trade and other receivables	*12*	**238,312**	274,618
Current tax assets		**2,977**	1,875
Restricted cash		**–**	8,881
Bank and cash balances		**165,438**	185,386
Total current assets		**471,286**	586,747
Current liabilities			
Trade and other payables	*14*	**107,311**	116,795
Contract liabilities		**1,950**	2,185
Lease liabilities		**2,708**	–
Bank borrowings	*13*	**69,902**	159,625
Deferred government grants		**262**	–
Current tax liabilities		**7,926**	6,049
Total current liabilities		**190,059**	284,654
Net current assets		**281,227**	302,093
Total assets less current liabilities		**793,582**	837,151

	2019	2018
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**16,203**	–
Deferred tax liabilities	**5,790**	5,844
Deferred government grants	**5,938**	–
Total non-current liabilities	**27,931**	5,844
NET ASSETS	**765,651**	831,307
CAPITAL AND RESERVES		
Share capital	**6,085**	6,138
Reserves	**759,566**	825,169
Total equity	**765,651**	831,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019 (Expressed in Hong Kong dollars)

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 24 February 2012 and registered as an exempted company with limited liability under Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Unit 1903, 19/F, Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 13 July 2012.

The Company is an investment holding company. The principal activities of its subsidiaries are manufacturing and sales of BOPP films, sales of sub-processing cigarette films, properties development and related services, generation of photovoltaic power and cloud-related business.

In the opinion of the directors of the Company, Sheen Tai Group Holding Limited, a company incorporated in the British Virgin Islands (the "**BVI**"), is the immediate and ultimate parent and Mr Guo Yumin, a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, and the related interpretations, HK(IFRIC) 4 Determining whether an Arrangement contains a Lease, HK(SIC) 15 Operating Leases-Incentives and HK(SIC) 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant Group entities at the date of initial application. The average incremental borrowing rate applied by the relevant Group entities range from 2.55% to 11.18%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(I) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

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

(III) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**22,167**
Less: commitments relating to lease exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(663)**
	21,504
Less: total future interest expense	**(5,494)**
Lease liabilities recognised as at 1 January 2019	**16,010**
Of which are:	
Current lease liabilities	**1,083**
Non-current lease liabilities	**14,927**
	16,010

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

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, the depreciated carrying amount of the leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

			Effects of adoption of HKFRS 16		
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	*Note*	**Carrying amount as at 31 December 2018**	**Reclassification**	**Recognition of leases**	**Carrying amount as at 1 January 2019**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets					
Right-of-use assets		–	26,936	16,010	42,946
Interests in leasehold land held for own use under operating lease	*(I)*	26,936	(26,936)	–	–
Liabilities					
Lease liabilities		–	–	16,010	16,010

Note:

(I) Upfront payments for leasehold lands in the People's Republic of China (the "PRC") own used properties were classified as interest in leasehold land held for own use under operating lease as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to HK$648,000 and HK$26,288,000 respectively were classified to right-of-use assets.

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities, and the depreciation of the right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This does not result in a significant impact on the reported loss from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				**2018**
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17** *(note I)*	**Hypothetical amounts for 2019 as if under HKAS 17**	**Compared to amounts reported for 2018 under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial results for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
(Loss)/profit from operations	(21,944)	4,267	(4,452)	(22,129)	8,693
Finance costs	(7,229)	1,451	–	(5,778)	(8,156)
Loss before tax	(44,092)	5,718	(4,452)	(42,826)	(18,882)
Loss for the year	(47,873)	5,718	(4,452)	(46,607)	(26,616)

	2019			2018
	Amounts reported under HKFRS 16	**Estimated amounts related to operating leases as if under HKAS 17** *(notes I & II)*	**Hypothetical amounts for 2019 as if under HKAS 17**	**Compared to amounts reported for 2018 under HKAS 17**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Line items in the consolidated statement of cash flows for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	85,726	(4,452)	81,274	19,795
Interest element of lease rentals paid	(1,451)	1,451	–	–
Net cash generated from operating activities	84,109	(3,001)	81,108	15,757
Principal element of lease payments	(3,001)	3,001	–	–
Net cash (used in)/generated from financing activities	(101,426)	3,001	(98,425)	4,767

Notes:

(I) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(II) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3 Definition of a Business	1 January 2020
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service line for the year is as follow:

	2019		2018	
	HK$'000	*%*	*HK$'000*	*%*
Revenue from contracts with customers within the scope of HKFRS 15				
Disaggregated by major products or service lines				
Manufacturing and sales of BOPP films				
– Cigarette films	**219,631**	**58%**	220,424	48%
– Non-cigarette-related films	**81,318**	**22%**	121,589	27%
Sub-total	**300,949**	**80%**	342,013	75%
Sales of sub-processing cigarette films	**7,508**	**2%**	50,083	11%
Properties development and related services	**8,778**	**2%**	10,377	2%
Generation of photovoltaic power	**54,695**	**15%**	50,181	12%
Cloud-related business	**4,278**	**1%**	1,173	–
Total	**376,208**	**100%**	453,827	100%

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

For the year ended 31 December	Manufacturing and sales of BOPP films		Sales of sub-processing cigarette films		Properties development and related services		Generation of photovoltaic power		Cloud-related business		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Primary geographical markets												
Mainland China	**300,949**	342,013	**7,508**	50,083	**8,778**	10,377	**54,695**	50,181	**4,278**	1,173	**376,208**	453,827
Timing of revenue recognition												
Products transferred at a point in time	**300,949**	342,013	**7,508**	50,083	**8,778**	7,752	**–**	–	**–**	–	**317,235**	399,848
Products and services transferred over time	**–**	–	**–**	–	**–**	2,625	**54,695**	50,181	**4,278**	1,173	**58,973**	53,979
Total	**300,949**	342,013	**7,508**	50,083	**8,778**	10,377	**54,695**	50,181	**4,278**	1,173	**376,208**	453,827

(b) Segment reporting

The Group has five operating segments as follows:

- Manufacturing and sales of BOPP films: this segment engages in manufacturing and sales of cigarette packaging films and non-cigarette-related packing films (e.g. films for packing straws, food, cassettes and stationery tapes);

- Sales of sub-processing cigarette films: this segment engages in trading of sub-processing cigarette films;

- Properties development and related services: this segment engages in development and sales of properties and providing property management services;

- Generation of photovoltaic power: this segment engages in generating and sales of electricity; and

- Cloud-related business: this segment engaged in provision of development of cloud computing related software, outsourcing cloud platforms and providing cloud computing solutions and related services.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Segment profits or losses do not include unallocated head office and corporate expenses, loss on disposal of subsidiaries, net realised and unrealised loss on investment in equity securities, dividend income from equity securities and impairment of unallocated other receivables. Segment assets do not include equity securities and unallocated head office and corporate assets. Segment liabilities do not include unallocated head office and corporate liabilities.

(i) Segment results, assets and liabilities

Information about operating segment profit or loss, assets and liabilities is as follows:

	Manufacturing and sales of BOPP films		Sales of sub-processing cigarette films		Properties development and related services		Generation of photovoltaic power		Cloud-related business		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Year ended 31 December												
Revenue from external customers	**300,949**	342,013	**7,508**	50,083	**8,778**	10,377	**54,695**	50,181	**4,278**	1,173	**376,208**	453,827
Reportable segment revenue	**300,949**	342,013	**7,508**	50,083	**8,778**	10,377	**54,695**	50,181	**4,278**	1,173	**376,208**	453,827
Reportable segment gross profit/(loss)	**44,424**	68,095	**2,087**	14,534	**(1,090)**	2,339	**33,356**	31,670	**1,683**	(1,234)	**80,460**	115,404
Reportable segment (loss)/profit before tax	**(7,188)**	1,783	**(14,303)**	5,914	**(5,217)**	(507)	**17,297**	19,049	**(12,629)**	(24,068)	**(22,040)**	2,171
Interest income from bank deposits	**118**	64	**54**	54	**250**	755	**13**	17	**27**	50	**462**	940
Interest expense	**5,053**	6,003	**1,299**	1,960	**–**	–	**877**	193	**–**	–	**7,229**	8,156
Depreciation and amortisation	**17,288**	15,781	**3,035**	2,077	**206**	432	**16,528**	14,826	**1,420**	3,891	**38,477**	37,007
Other material non-cash items:												
(Reversal)/impairment of trade and other receivables	**(355)**	1,662	**–**	–	**3,534**	–	**–**	–	**1,432**	–	**4,611**	1,662
Impairment of goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**2,830**	–	**2,830**	–
Impairment of property, plant and equipment	**–**	–	**5,015**	–	**–**	–	**–**	–	**7,074**	19,419	**12,089**	19,419
As at 31 December												
Reportable segment assets	**291,897**	372,894	**73,120**	125,439	**190,751**	163,576	**401,567**	393,694	**9,092**	35,365	**966,427**	1,090,968
Additions to non-current segment assets during the year	**7,110**	2,872	**1,848**	9,143	**–**	7	**3,896**	65,244	**–**	–	**12,854**	77,266
Reportable segment liabilities	**144,259**	168,122	**35,334**	62,025	**10,370**	45,452	**23,391**	10,351	**4,484**	3,434	**217,838**	289,384

(ii) Reconciliations of segment profit or loss, assets and liabilities

	2019	2018
	HK$'000	*HK$'000*
Profit/(loss)		
Reportable segment (loss)/profit before tax	**(22,040)**	2,171
Loss on disposal of subsidiaries	**–**	(1,629)
Net realised and unrealised loss on investment in equity securities	**(18,566)**	(4,167)
Dividend income from equity securities	**13,617**	129
Impairment of unallocated other receivables	**(1,300)**	–
Unallocated head office and corporate expenses	**(15,803)**	(15,386)
Consolidated loss before tax	**(44,092)**	(18,882)
Assets		
Reportable segment assets	**966,427**	1,090,968
Equity securities	**1,696**	15,199
Unallocated head office and corporate assets	**15,518**	15,638
Consolidated total assets	**983,641**	1,121,805
Liabilities		
Reportable segment liabilities	**217,838**	289,384
Unallocated head office and corporate liabilities	**152**	1,114
Consolidated total liabilities	**217,990**	290,498

(iii) Geographic information

No geographic information is present as the revenue, contribution to operating results, assets and liabilities of the Group are attributable to operating activities which are carried out or originated principally in the PRC including Hong Kong.

(iv) Revenue from major customers

	2019	2018
	HK$'000	*HK$'000*
Segment of manufacturing and sales of BOPP films and sale of sub-processing cigarette films		
Customer A	**154,898**	150,949
Customer B	**46,620**	95,988
	201,518	246,937
Segment of generation of photovoltaic power		
Customer C	**54,695**	50,181

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Compensation	**–**	358
Dividend income from equity securities	**13,617**	129
Government grants *(Note (i))*	**1,996**	497
Amortisation of deferred government grants	**213**	–
Interest income on bank deposits	**465**	940
Loan interest income	**1,665**	–
Rental income	**983**	–
Sales of scrap materials	**4,139**	10,581
Sundry income	**839**	182
	23,917	12,687

Note:

(i) Government grants mainly related to the subsidy received from the local government authority for the achievements of the Group.

6. OTHER GAINS AND LOSSES, NET

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**25**	107
Write off of property, plant and equipment	**(661)**	(28)
Loss on disposal of subsidiaries	**–**	(1,629)
Net foreign exchange losses	**(629)**	(2,337)
Net realised and unrealised gain on investment in wealth management products	**–**	592
Net realised and unrealised loss on investment in equity securities	**(18,566)**	(4,167)
Fair value gain on convertible bonds	**–**	94
Others	**(1,171)**	(2,000)
	(21,002)	(9,368)

7. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**1,451**	–
Interest on bank borrowings	**5,778**	7,786
Other interest expense	**–**	370
Total borrowing costs	**7,229**	8,156

8. INCOME TAX EXPENSE

Income tax has been recognised in profit or loss as follows:

	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Overprovision in prior year	**–**	(917)
Current tax – PRC enterprise income tax		
Provision for the year	**3,758**	4,720
(Over)/under-provision in prior years	**(2,506)**	1,485
	1,252	5,288
LAT	**118**	71
Deferred tax	**2,411**	2,375
	3,781	7,734

(i) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these jurisdictions.

(ii) No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2018: Nil).

Under the two-tiered profits tax regime, profits tax rate for the first HK$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%.

(iii) On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("**New Tax Law**") which became effective on 1 January 2008 and the PRC's statutory Corporate Income Tax rate is 25%.

Pursuant to the rules and regulations applicable to advanced technology enterprises established in the PRC, Jiangsu Sheen Colour Science Technology Co., Ltd. and Qingdao Ener Packaging Technology Co., Ltd. are subject to PRC corporate income tax at a preferential tax rate of 15% for the year ended 31 December 2019.

Entities engaged in qualified power generating projects, are eligible for a corporate income tax exemption for the first year to the third year, and a 50% reduction for the fourth year to the sixth year starting from the year in which the entities first generate operating income (the "3+3 tax holiday"). Xuzhou Sheentai New Energy Power Generation Co., Ltd. (an indirect wholly-owned subsidiary of the Group) obtained the "Notification of Corporate Income Tax ("CIT") 3+3 tax holiday" in 2016 and was entitled to the 3+3 tax holiday retrospectively from 2015 to 2020.

Entities engaged in software related business are eligible for a corporate income tax exemption for the first year to second year, and a 50% reduction for the third year to the fifth year starting from the year in which the entities first generate operating income (the "2+3 tax holiday). Xuyi Guangcai Information Technology Co., Ltd. (an indirect wholly-owned subsidiary of the Group) obtained the "Notification of CIT 2+3 tax holiday" in 2018 and was entitled to 2+3 tax holiday retrospectively from 2016 to 2020.

(iv) According to the New Tax Law and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the tax arrangement between the Mainland of China and Hong Kong Special Administrative Region and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The withholding tax rate applicable to the Group is 5%.

(v) According to the New Tax Law and its implementation rules, where the research and development expenses incurred by an enterprise in its research and development activities do not form intangible assets and are included in the current period's profit or loss, 50% of such research and development expenses shall be deducted from the taxable income amount of the year; where intangible assets are formed, pretax amortisation shall be made based on 150% of the costs of the intangible assets.

The reconciliation between income tax expense and product of loss before tax multiplied by the applicable tax rates is as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(44,092)**	(18,882)
Notional tax on loss before tax, calculated at the rates applicable in the jurisdictions concerned	**(8,325)**	(2,020)
Tax effect of the preferential tax rates	**351**	(3,058)
Additional deductible allowance for research and development expenses	**(833)**	(989)
Tax effect of non-deductible expenses	**11,005**	8,752
PRC withholding tax	**14**	912
Tax effect of non-taxable income	**(2,966)**	(102)
Tax effect of tax losses not recognised	**5,164**	2,739
Tax effect of utilisation of tax losses not previously recognised	**(723)**	–
(Over)/under-provision in prior years	**(2,506)**	568
Overprovision in current year	**–**	(120)
LAT	**118**	71
Tax effect of unrecognised temporary differences	**2,482**	981
Income tax expense	**3,781**	7,734

9. LOSS FOR THE YEAR

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

	2019	2018
	HK$'000	*HK$'000*
Amortisation of intangible assets (included in cost of sales)	**550**	462
Depreciation on property, plant and equipment	**40,890**	43,489
Depreciation on right-of-use assets	**4,267**	–
Amortisation of leasehold land	**–**	521
Operating lease charges:		
– Land and buildings	**–**	3,975
Auditor's remuneration	**1,330**	1,330
Cost of inventories sold	**206,299**	248,569
Allowance for inventories	**319**	212
Allowance for trade and other receivables, net	**5,911**	1,662
Research and development expenditure	**12,559**	16,214
Write off of property, plant and equipment	**661**	28

Cost of inventories sold includes staff costs, depreciation, amortisation and operating lease charges of approximately HK$45,959,000 (2018: HK$52,728,000) which are included in the amounts disclosed separately above.

10. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

11. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$47,873,000 (2018: HK$26,498,000) and the weighted average number of ordinary shares of 2,437,838,000 (2018: 2,455,248,000) in issue during the year.

Diluted loss per share

As the Company's share options as at 31 December 2018 and 2019 do not give rise to any dilutive effect to the loss per share, diluted loss per share was the same as the basic loss per share for the year ended 31 December 2019.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade and bills receivables	**159,617**	229,652
Allowance for doubtful debts	**(2,178)**	(5,066)
	157,439	224,586
Deposits, prepayments and other receivables		
– related parties	**1,196**	334
– third parties	**35,839**	49,050
Loan receivable *(note a)*	**43,838**	–
Current portion of interests in leasehold land held for own use under operating lease	**–**	648
	238,312	274,618

Note a: Loan receivable of HK$43,838,000 (net of allowance for doubtful debts of HK$862,000) represented a loan agreement entered into by an indirect wholly-owned subsidiary of the Company on 10 December 2019 with Suining Chuyue Zhiye Company Limited (睢寧楚岳置業有限公司) ("Suining Chuyue"), a company established in the PRC with limited liability, and Mr. Sun Chuyue, 70% equity interest owner of Suining Chuyue, and Mr. Sun Yong, the father of Mr. Sun Chuyue. Pursuant to which the Group agreed to provide to Suining Chuyue a loan amount of RMB40,000,000 (equivalent to approximately HK$44,700,000) for a term of six months, which carries interest at an interest rate of 1% per month and is secured by (1) 40% equity interest in Suining Chuyue which is held by Mr. Sun Chuyue as the share charge in favour of the subsidiary and (2) personal guarantee given by Mr. Sun Yong in favour of the subsidiary.

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 30 to 180 days from the invoice date. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

The ageing analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

	2019		2018	
	Trade receivables	**Bills receivables**	Trade receivables	Bills receivables
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Unbilled *(Note)*	**27,540**	**–**	23,696	–
Less than 30 days	**54,699**	**32,654**	53,064	25,390
31 – 90 days	**34,016**	**–**	52,909	–
91 – 180 days	**6,415**	**–**	19,315	–
181 – 365 days	**1,196**	**–**	46,243	–
Over 365 days	**919**	**–**	3,969	–
	124,785	**32,654**	199,196	25,390

Note:

As at 31 December 2019 and 2018, the amount represents unbilled tariff adjustment receivables of solar power plants registered in the Catalogue.

As at 31 December 2019, trade receivables of approximately HK$36,878,000 (2018: HK$37,574,000) were pledged to a bank to secure bank borrowings as set out in note 13.

The carrying amounts of the Group's trade receivables are denominated in RMB.

At 31 December 2019, an allowance of approximately HK$3,548,000 (2018: HK$1,345,000) was made for other receivables.

13. BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank loans	**69,902**	159,625

The bank borrowings are repayable within one year or on demand.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2019	2018
	HK$'000	*HK$'000*
HK$	**10,000**	20,000
United States dollars ("US$")	**4,027**	8,686
RMB	**55,875**	130,939
	69,902	159,625

As at 31 December 2019, the average interest rate of bank borrowings was 5.06% (2018: 4.92%) per annum.

Bank borrowings of HK$55,875,000 (2018: HK$45,544,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk. Other bank borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank loans of HK$69,902,000 (2018: HK$159,625,000) are secured by a charge over the Group's leasehold land, buildings and machinery, trade receivables and corporate guarantee executed by the Company and two subsidiaries.

14. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade and bills payables	**60,854**	77,783
Other payables and accruals		
– related parties	**128**	961
– third parties	**46,329**	37,178
Due to a director and ultimate controlling party		
– Mr. Guo Yumin	**–**	873
	107,311	116,795

The ageing analysis of trade and bills payables, based on invoice date, is as follows:

	2019		2018	
	Trade payables	**Bills payable**	Trade payables	Bills payable
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Due within 1 month or on demand	**12,642**	**22,350**	47,942	10,240
Due after 1 month but within 3 months	**7,740**	**–**	3,871	–
Due after 3 months but within 6 months	**4,699**	**–**	1,820	–
Due more than 6 months	**13,423**	**–**	13,910	–
	38,504	**22,350**	67,543	10,240

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

	2019	2018
	HK$'000	*HK$'000*
US$	**–**	1,359
RMB	**60,854**	76,424
Total	**60,854**	77,783

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

For the Year, the Group recorded a decrease in revenue in general as compared to the year ended 31 December 2018.

Our three photovoltaic power stations operated smoothly and there were no safety incidents throughout the Year. Revenue generated from this segment was slightly increased year-on-year due to the photovoltaic power stations built in June 2018. In order to promote the sustainable and orderly development of the photovoltaic industry, the local government increased efforts to resolve the arrears of subsidies for photovoltaic power generation in the first half of 2019. It not only expanded the list of subsidy projects, but also started annual larger-scale appropriations to effectively curb the subsidy gap of the National Renewable Energy Fund and promote stock subsidies in place faster.

RESULTS OF OPERATION

REVENUE

The principal activities of the Group include manufacturing and sales of BOPP films, sales of sub-processing cigarette films, properties development, generation of photovoltaic power and cloud-related business. Our revenue is mainly generated from the sales of goods sold excluding returns, discounts, value added taxes and other sales taxes. During the Year, our revenue decreased by approximately HK$77.6 million, or approximately 17.1%, from approximately HK$453.8 million for the year ended 31 December 2018 to approximately HK$376.2 million. The decrease was mainly due to the decrease in revenue arising from the sales of sub-processing cigarette films. Details can be found as follows:

Manufacturing and sales of BOPP films

The revenue generated from manufacturing and sales of BOPP films decreased by approximately 12.0%, from approximately HK$342.0 million for the year ended 31 December 2018 to approximately HK$300.9 million for the Year.

Sales of sub-processing cigarette films

During the Year, the Group recorded a substantial decrease in revenue generated from the sales of sub-processing cigarette films as compared to the year ended 31 December 2018. The decrease was mainly due to the departure of one of our major customers who contributed approximately HK$44.2 million revenue for the year ended 31 December 2018. Other customers contributed revenue amounting to approximately HK$4.8 million for the Year and we will consider to expand relevant products size after more prudent financial analysis.

Properties development

All related properties development revenue was generated from sales of remaining inventory of previous property project, which contributed approximately HK$8.8 million to the Group for the Year.

Generation of photovoltaic power

For the Year, the Group had three photovoltaic power stations in operation, with a total grid-connected capacity of 40 megawatts ("**MW**"). Total amount of power generation rose from 48.1 million kwh to 54.7 million kwh. The revenue generated from this segment increased by approximately 9.0%, from approximately HK$50.2 million for the year ended 31 December 2018 to approximately HK$54.7 million for the Year.

Cloud-related business

The revenue generated from this segment amounted to approximately HK$4.3 million for the Year. Revenue in this segment represents service fees receiving from providing services to local government of the PRC.

GROSS PROFIT

Our gross profit decreased by approximately HK$34.9 million, or approximately 30.3%, from approximately HK$115.4 million for the year ended 31 December 2018 to approximately HK$80.5 million for the Year. The decrease is mainly due to the clearance of some of our BOPP films for purpose of avoiding backlog inventory. Our gross profit margin decreased from approximately 25.4% for the year ended 31 December 2018 to approximately 21.4% for the Year.

DISTRIBUTION COSTS

Our selling and distribution expenses increased by approximately HK$4.6 million, or approximately 25.5%, from approximately HK$18.3 million for the year ended 31 December 2018 to approximately HK$22.9 million for the Year. The increase was mainly due to the increase in delivery costs, custom duties expenses and entertainment expenses from manufacturing and sales of BOPP films sector for promotion expenses our BOPP films products..

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately HK$13.7 million, or approximately 15.7%, from approximately HK$87.2 million for the year ended 31 December 2018 to approximately HK$73.5 million for the Year due to the decrease of salaries resulted from the decrease of the number of staff of the Group.

IMPAIRMENT LOSS

During the Year, the Group recorded impairment loss of approximately HK$5.0 million in the sales of sub-processing cigarette films and approximately HK$9.9 million in the cloud-related business sector. The impairment loss represented decrease in value on property, plant, and equipment and goodwill. There is no impairment of intangible assets recorded for the Year.

FINANCE COSTS

The finance costs decreased by approximately HK$1.0 million from approximately HK$8.2 million for the year ended 31 December 2018 to approximately HK$7.2 million for the Year. It was mainly due to decrease of financial interest incurred from bank borrowing.

INCOME TAX

Our income tax decreased from approximately HK$7.7 million for the year ended 31 December 2018 to approximately HK$3.8 million for the Year, because of the decrease of gross profit of the Group.

LOSS ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY

As a result of the foregoing factors, the Group recorded a loss attributable to equity shareholders of the Company of approximately HK$47.9 million for the Year as compared to a loss attributable to equity shareholders of the Company of approximately HK$26.5 million for the year ended 31 December 2018.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the cash and cash equivalent of the Group amounted to approximately HK$165.4 million (which were denominated in HK$, RMB and US$) as compared with approximately HK$185.4 million as at 31 December 2018, representing a decrease of approximately HK$20.0 million. As at 31 December 2019, the Group's current ratio being the rate of total current assets to total current liabilities was 2.5 (2018: 2.1).

BORROWING AND GEARING RATIO

Total interest-bearing borrowings of the Group as at 31 December 2019 amounted to approximately HK$69.9 million (as at 31 December 2018: approximately HK$159.6 million) which were denominated in HK$, RMB and US$, of which approximately HK$69.9 million were current interest-bearing borrowings (as at 31 December 2018: HK$159.6 million) and nil was non-current interest-bearing borrowings (as at 31 December 2018: Nil). The Group's gearing ratio, measured by net debt divided by shareholders' equity at the end of the Year and multiplied by 100%, decreased from -4.2% on 31 December 2018 to -12.4% on 31 December 2019. The decrease in the gearing was primarily due to decrease in bank loan during the Year.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

For the Year, the Group was exposed to currency risk primarily through sales and purchases made by the subsidiaries of the Company located in the PRC which gave rise to receivables and payables that were denominated in US$. Currently, the Group has no hedging policy with respect to the foreign exchange exposure.

As the functional currency for all subsidiaries in the PRC are RMB, these subsidiaries were not exposed to any currency risks due to the exchange rate movement of RMB during the Year. For subsidiaries established outside the PRC, they had no material financial assets and liabilities denominated in RMB. Accordingly, the Group's exposure to RMB risk is insignificant.

CAPITAL EXPENDITURE

During the Year, the Group's total capital expenditure amounted to approximately HK$4.8 million.

CHARGE ON ASSETS

As at 31 December 2019, the Group had pledged its lease prepayments, machinery and building that held for its own use with a net book value of approximately HK$121.8 million (as at 31 December 2018: approximately HK$124.5 million) and trade receivable approximately HK$36.9 million (as at 31 December 2018: approximately HK$37.6 million) for the purpose of securing loans with carrying value of approximately HK$55.9 million (as at 31 December 2018: approximately HK$85.4 million).

SUBSEQUENT EVENTS

Save as disclosed above, there is no significant event after the Year and up to the date of this announcement.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any significant investment, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Year.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2019, the Group employed 245 employees (as compared with 317 employees as at 31 December 2018) with total staff cost of approximately HK$45.4 million for the Year. The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Company has also adopted a pre-IPO share option scheme and a share option scheme to provide incentive or reward to high-calibre employees and attract human resources that are valuable to the Group.

FINAL DIVIDEND

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

PROSPECTS

The trade dispute between China and USA reached preliminary consensus after multiple negotiations in 2019, but the outbreak of COVID-19 since January 2020 has caused a major impact on domestic factories in the PRC. Many factories faced difficulty in resumption of operation, and with the outbreak of foreign epidemics, some export-oriented enterprises will face the secondary impact on order fulfillment. Furthermore, Russia and Saudi Arabia started an oil price war again in March 2020. It is therefore estimated that economic and trade instability should continue in 2020.

In order to ensure the healthy turnover of the Company's cash flow and avoid backlog inventory, a subsidiary of the Group has started to promote some products with low profit margin since 2019. These conditions are expected to decrease in 2020. For all investment and operation projects, we adopt a prudent business model and some relatively stable financial policies to ensure that the Company can operate efficiency under the pressure.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any capital commitments (as at 31 December 2018: Nil).

CORPORATE GOVERNANCE REPORT

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Directors continuously observe the principles of good corporate governance in the interests of shareholders and devote considerable effort to identifying and formalizing best practice.

The Group's corporate governance practices are based on the principles and the code provisions in the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board considered that the Company had complied with the code provisions of the Code during the Year except for the deviations from code provisions A.2.1 of the Code as stated below.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. During the Year, there had been no chief executive in the Company and Mr. Guo Yumin acted as the chairman of the Board and is responsible for the overall management and formulation of business strategy of the Group.

The Board does not have the intention to fill the position of the chief executive of the Company at present and believes that the absence of the chief executive will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of chief executive. Appointment will be made to fill the post to comply with code provision A.2.1 of the Code if the Board considers necessary.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the required standard for securities transactions by Directors. The Company has made specific enquiries of all Directors and all Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Director's securities transactions for the Year and up to the date of this announcement.

CLOSURE OF THE REGISTER OF MEMBERS

For determining entitlement to attend the forthcoming annual general meeting ("**AGM**") to be held on 29 May 2020, the register of members of the Company will be closed from 26 May 2020 to 29 May 2020, both days inclusive, during which period no transfer of Shares will be registered. The record date will be on 29 May 2019. In order to qualify for attending the AGM, all transfers of Shares accompanied by the relevant share certificates and transfer forms 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 before 4:30 p.m. on 25 May 2019.

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") on 22 June 2012 with written terms of reference which are in compliance with the code provisions of the Code. The Audit Committee currently has three members comprising Mr. Lo Wa Kei, Roy (being the chairman of the Audit Committee), Ms. Fan Qing and Mr. Fong Wo, Felix, all being independent non-executive Directors. The Group's final results for the Year had been reviewed by the Audit Committee before submission to the Board for approval. The Audit Committee had also reviewed this announcement, and confirmed that this announcement has complied with the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company had repurchased an aggregate of 21,112,000 shares of the Company during the Year. The aforesaid repurchased shares had been cancelled on 6 March 2019. The Company did not sell any of the Company's listed securities during the Year.

PUBLICATION OF FINAL RESULTS

The financial figures as set forth in this announcement have been compared by the Company's auditor, RSM Hong Kong, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be consistent. The work performed by RSM Hong Kong in this respect did not constitute an audit, review or other 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 RSM Hong Kong.

This announcement will be published on the websites of the Stock Exchange and the Company website at www.sheentai.com. The annual report for the Year containing all the information required by the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Sheen Tai Holdings Group Company Limited
Guo Yumin
Chairman

Hong Kong, 31 March 2020

As at the date of this announcement, the executive Directors are Mr. Guo Yumin, Ms. Xia Yu and Mr. Zeng Xiangyang and the independent non-executive Directors are Ms. Fan Qing, Mr. Lo Wa Kei, Roy and Mr. Fong Wo, Felix