Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED
正業國際控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 3363)

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

AUDITED ANNUAL RESULTS

Reference is made to the announcement of Zhengye International Holdings Company Limited (the "**Company**") dated 27 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2019 (the "**2019 Preliminary Results Announcement**"). Terms used herein shall have the same meanings as those defined in the Preliminary Announcement unless context requires otherwise.

The board of directors (the "**Board**") of the Company is pleased to announce that the Group's auditor, Messrs. Deloitte Touche Tohmatsu, has completed its audit of the annual results of the Group for the year ended 31 December 2019 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, including the financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto as set out thereto. The audited annual results for the year ended 31 December 2019 were reviewed by the Audit Committee and approved by the Board both on 29 April 2020, details of which are set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	NOTES	**2019** *RMB'000*	2018 *RMB'000*
Revenue	**3**	**2,367,151**	2,848,016
Cost of sales		**(1,918,338)**	(2,338,314)
Gross profit		**448,813**	509,702
Other income	**4**	**14,028**	9,435
Impairment losses, net of reversal	**5**	**(40)**	(350)
Other gains and losses	**5**	**(932)**	(1,842)
Distribution and selling expenses		**(72,994)**	(74,472)
Administrative expenses		**(137,858)**	(143,656)
Finance costs	**6**	**(45,835)**	(46,295)
Other expenses		**(1,032)**	(3,269)
Research and development cost		**(84,970)**	(95,239)
Profit before tax	**7**	**119,180**	154,014
Income tax expense	**8**	**(18,152)**	(23,301)
Profit and total comprehensive income for the year		**101,028**	130,713
Total comprehensive income for the year attributable to:			
Owners of the Company		**82,184**	109,358
Non-controlling interests		**18,844**	21,355
		101,028	130,713
Earnings per share			
Basic *(RMB)*	**10**	**16 cents**	22 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	NOTES	2019 RMB'000	2018 RMB'000
Non-current Assets			
Property, plant and equipment		**892,291**	891,169
Right-of-use assets		**216,194**	-
Prepaid lease payments		**-**	153,858
Other intangible assets		**-**	338
Deferred tax assets		**6,475**	4,070
Deposits for acquisition of a subsidiary		**5,000**	-
Deposits for acquisition of property, plant and equipment		**6,785**	2,771
		1,126,745	1,052,206
Current Assets			
Inventories		**137,275**	161,778
Trade and other receivables	**11**	**771,974**	951,153
Contract assets		**16,957**	19,257
Prepaid lease payments		**-**	4,720
Tax recoverable		**607**	818
Pledged bank deposits		**139,904**	108,910
Bank balances and cash		**231,089**	258,981
		1,297,806	1,505,617
Current Liabilities			
Trade and other payables	**12**	**307,580**	473,686
Tax liabilities		**6,452**	7,749
Bank borrowings		**777,488**	904,345
Other borrowings		**39,105**	47,340
Lease liabilities		**17,277**	-
Obligation under a finance lease		**-**	394
Contract liabilities		**2,215**	2,644
Amounts due to directors		**354**	2,181
		1,150,471	1,438,339
Net Current Assets		**147,335**	67,278
Total Assets Less Current Liabilities		**1,274,080**	1,119,484

	Note		
Capital and Reserves			
Share capital	**13**	**41,655**	41,655
Share premium and reserves		**884,254**	852,070
Equity attributable to the owners of the Company		**925,909**	893,725
Non-controlling interests		**198,498**	179,654
Total Equity		**1,124,407**	1,073,379
Non-current Liabilities			
Deferred tax liabilities		**5,629**	7,525
Bank borrowings		**33,250**	-
Other borrowings		**23,469**	5,786
Lease liabilities		**48,407**	-
Obligation under a finance lease		**-**	7,052
Deferred income		**38,918**	25,742
		149,673	46,105
		1,274,080	1,119,484

Notes:

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company acts as an investment holding company. Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao and Mr. Hu Hanxiang, who collectively own 75% of the Company's share in aggregate and act in concert, are regarded as the controlling shareholders of the Company.

The principal activities of its subsidiaries are mainly engaged in manufacturing and sale of paper, paperboard and paper-based packaging products. The Company and its subsidiaries are hereinafter collectively referred to as the "**Group**" and its principal place of business is located in the PRC.

The consolidated financial statements are presented in Renminbi ("**RMB**"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (the "**functional currency**").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year:

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

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("**HKAS 17**"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;
- elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of use assets at the date of initial application;
- applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of premises in China was determined on a portfolio basis; and
- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied by the relevant group entities range from 5.70% to 6.12%.

	Note	At 1 January 2019 *RMB'000*
Operating leasing commitments disclosed as at 31 December 2018		**60,034**
Lease liabilities discounted at relevant incremental borrowing rates		**44,004**
Add: Extension options reasonably certain to be exercised		**18,787**
Less: Recognition exemption – short-term leases		**703**
Less: Practical expedient – leases with lease term ending within 12 months from the date of initial application		**2,297**
Lease liabilities relating to operating leases recognised upon application of HKFRS 16		**59,791**
Add: Obligations under finance leases recognised at 31 December 2018	(b)	**7,446**
Lease liabilities as at 1 January 2019		**67,237**
Analysed as:		
Current		**12,426**
Non-current		**54,811**
		67,237

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

	Note	Rights-of-use assets *RMB'000*
Right-of-use assets relating to operating leases recognised upon application HKFRS 16		**59,791**
Reclassification from prepaid lease payments	(a)	**158,578**
Amounts included in property, plant and equipment as at 31 December 2018 – Assets previously under finance leases	(b)	**4,730**
Adjustments on rental deposits at 1 January 2019	(c)	**871**
		223,970

Note:

(a) Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to RMB4,720,000 and RMB153,858,000 respectively were reclassified to right-of-use assets.

(b) In relation to assets previously under finance leases, the Group recategorised the carrying amounts of the relevant assets which were still under lease as at 1 January 2019 amounting to RMB4,730,000 as right-of-use assets. In addition, the Group reclassified the obligations under finance leases of RMB394,000 and RMB7,052,000 to lease liabilities as current and non-current liabilities respectively at 1 January 2019.

(c) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB871,000 was adjusted to refundable rental deposits paid and right-of-use assets.

(d) The Group acts as a seller-lessee.
In accordance with the transition provisions of HKFRS 16, sale and leaseback transactions entered into before the date of initial application were not reassessed. Upon application of HKFRS 16, the Group applies the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. During the year, the Group entered into sale and leaseback transactions in relation to certain machinery and the transactions do not satisfy the requirements as sale. Accordingly, the Group accounts for the transfer proceeds of RMB44,900,000 as borrowing within the scope of HKFRS 9.

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

	Note	Carrying amounts previously reported at 31 December 2018 *RMB'000*	Adjustments *RMB'000*	**Carrying amounts under HKRS 16 at 1 January 2019** ***RMB'000***
Non-current assets				
Property, plant and equipment	(b)	891,169	(4,730)	**886,439**
Right-of-use assets		-	223,970	**223,970**
Prepaid lease payments	(a)	153,858	(153,858)	**-**
Current asset				
Trade and other receivables	(c)	951,153	(871)	**950,282**
Prepaid lease payments	(a)	4,720	(4,720)	**-**
Current liability				
Obligation under a finance lease	(b)	394	(394)	**-**
Lease liabilities	(b)	-	12,426	**12,426**
Non-current liability				
Obligation under a finance lease	(b)	7,052	(7,052)	**-**
Lease liabilities	(b)	-	54,811	**54,811**

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKFRS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS7	Interest Rate Benchmark Reform[4]

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

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

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

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the supply of corrugated medium paper and paper-based packaging products.

The Group is organised into business units based on their products, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment performance. The Group's reportable segments under HKFRS 8 are identified as two main operations:

1. Corrugated medium paper: this segment produces and sells corrugated medium paper.

2. Paper-based packaging: this segment produces and sells paper-based packaging products.

(a) Segment revenue and results

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

	For the year ended 31 December 2019		
	Corrugated medium paper *RMB'000*	**Paper-based packaging** *RMB'000*	**Total** *RMB'000*
REVENUE			
External sales	**1,559,861**	**807,290**	**2,367,151**
Inter-segment sales	**133,263**	**-**	**133,263**
Segment revenue	**1,693,124**	**807,290**	**2,500,414**
Eliminations			**(133,263)**
Group Revenue			**2,367,151**
Segment Profit	**104,570**	**18,661**	**123,231**
Eliminations			**82**
			123,313
Unallocated corporate expenses, net			**(4,133)**
Profit before tax			**119,180**

Other segment information included in the measurement of segment results:

	Corrugated medium paper *RMB'000*	**Paper-base packaging** *RMB'000*	**Total** *RMB'000*
Depreciation of property, plant and equipment	**59,189**	**21,775**	**80,964**
Depreciation of right-of-use assets	**7,780**	**12,426**	**20,206**
Amortisation	**338**	**-**	**338**
Less: Amount capitalised in inventories	**(44,668)**	**-**	**(44,668)**
Less: Amount recognised in cost of sales	**-**	**(17,874)**	**(17,874)**
Total depreciation and amortisation	**22,639**	**16,327**	**38,966**
Impairment losses recognised (reversed) on trade and other receivables	**104**	**(64)**	**40**

	For the year ended 31 December 2018		
	Corrugated medium paper	Paper-based packaging	Total
	RMB'000	*RMB'000*	*RMB'000*
REVENUE			
External sales	1,842,803	1,005,213	2,848,016
Inter-segment sales	156,366	-	156,366
Segment revenue	1,999,169	1,005,213	3,004,382
Eliminations			(156,366)
Group Revenue			2,848,016
Segment Profit	92,323	62,237	154,560
Eliminations			1,277
			155,837
Unallocated corporate expenses, net			(1,823)
Profit before tax			154,014

Other segment information included in the measurement of segment results:

	Corrugated medium paper	Paper-based packaging	Total
	RMB'000	*RMB'000*	*RMB'000*
Depreciation	52,673	23,312	75,985
Amortisation	4,922	166	5,088
Less: Amount capitalised in inventories	(42,503)	-	(42,503)
Less: Amount recognised in cost of sales	-	(17,789)	(17,789)
Total depreciation and amortisation	15,092	5,689	20,781
Impairment losses recognised (reversed) on trade and other receivables	-	350	350

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment result represented the profit earned by each segment without allocation of legal and professional fee, bank interest income and other corporate income and expenses.

No reconciliation of reportable segment revenues is provided as the total revenues for reportable segments excluded inter-segment revenue is the same as the Group's revenue.

(b) Information about products

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

	2019	2018
	RMB'000	*RMB'000*
Corrugated medium paper AA grade	**1,559,861**	1,842,803
Watermark Box	**495,384**	627,663
Colour Box	**139,221**	149,165
Honeycomb paper-based products	**172,685**	228,385
	2,367,151	2,848,016

(c) Geographic information

The Group's operations are all located in the PRC.

(d) Information about major customers

Revenue from customers of the corresponding years over 10% of the total revenue of the Group is as follows:

	2019	2018
	RMB'000	*RMB'000*
Customer A[1]	**253,424**	376,038

1. Revenue from paper-based packaging

(e) Segment assets and liabilities

Information of the operating segments of the Group reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

4. OTHER INCOME

	2019 *RMB'000*	2018 *RMB'000*
Interest income from bank deposits	**6,085**	2,388
Interest income from rental deposits	**139**	-
Management fee income	**73**	149
Sales of scrap materials	**806**	548
Government grants related to income *(note)*	**1,937**	3,962
Government grants amortised from deferred income	**3,325**	2,138
Sundry income	**1,663**	250
Total	**14,028**	9,435

Note: Government grants received by the Group's PRC subsidiaries as financial incentives for local economic and environmental development contributions. No other conditions are attached to the financial incentives.

5. OTHER GAINS AND LOSSES

	2019 *RMB'000*	2018 *RMB'000*
Impairment losses, net of reversal		
Impairment losses recognised on trade and other receivables	**(40)**	(350)
Other gains and losses		
Exchange loss, net	**(932)**	(1,594)
Gains (loss) on disposals of property, plant and equipment, net	**546**	(248)
Impairment losses recognised on property, plant and equipment, net	**(546)**	-
	(972)	(2,192)

6. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on:		
Bank borrowings	**37,965**	41,142
Other borrowings	**4,062**	4,675
Finance lease	**-**	478
Lease liabilities	**3,808**	-
	45,835	46,295

7. PROFIT BEFORE TAX

	2019	2018
	RMB'000	*RMB'000*
Profit before tax for the Year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**80,964**	75,985
Depreciation of right-of-use assets	**20,206**	-
Amortisation of other intangible assets	**338**	368
Amortisation of prepaid lease payments	**-**	4,720
Less: Amount capitalised in inventories	**(44,668)**	(42,503)
Less: Amount recognised in cost of sales	**(17,874)**	(17,789)
Total depreciation and amortisation	**38,966**	20,781
Auditor's remuneration	**1,748**	1,714
Cost of inventories recognised as expense	**1,777,080**	2,197,435
Staff costs		
- directors' and chief executive's emoluments	**3,831**	7,642
- salaries and other benefits costs	**220,224**	233,353
- retirement benefits scheme contribution	**15,856**	20,927
Less: Amount capitalised in inventories	**(42,317)**	(45,259)
Less: Amount recognised in cost of sales	**(77,768)**	(82,763)
Total staff costs	**119,826**	133,900

8. INCOME TAX EXPENSE

	2019	2018
	RMB'000	*RMB'000*
PRC Enterprise Income Tax:		
Current tax	**16,468**	18,126
(Over) under provision in prior years	**(1,303)**	914
	15,165	19,040
Withholding Tax	**7,288**	7,542
Deferred tax	**(4,301)**	(3,281)
	18,152	23,301

Hong Kong profits tax is calculated at 8.25% on the first HK$ 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK$ 2 million.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both year.

Under the Law of The People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Certain PRC subsidiaries approved as advanced-technology enterprises by the relevant government authorities are subject to a preferential rate of 15%. During the year, four PRC subsidiaries were approved as "small and low-profit enterprises" by the relevant government authorities are subject to a two-tiered preferential rate. The first RMB1 million of taxable profit of the qualifying group entities will be taxed at 5%, and taxable profit above RMB1 million will be taxed at 10%.

9. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Dividends recognized as distribution during the Year	**50,000**	54,800

The Directors of the Company recommend the payment of a final dividend of RMB3.00 cents (equivalent to HKD3.246 cents) per Share for the year ended 31 December 2019 (2018: a final dividend of RMB10.00 cents per Share). The proposed dividend of approximately RMB15,000,000 will be paid on or about 15 July 2020 to those shareholders whose names appear on the Company's register of members on 3 July 2020.

This proposed final dividend is subject to approval by the shareholders at the forthcoming annual general meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per Share	**82,184**	109,358
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**500,000,000**	500,000,000

No diluted earnings per share for the years ended 31 December 2019 and 2018 was presented as there was no potential ordinary shares in issue for the years ended 31 December 2019 and 2018.

11. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**431,716**	504,144
Less: allowance for credit losses	**(1,912)**	(1,872)
	429,804	502,272
Trade receivables backed by bank bills	**298,640**	423,006
	728,444	925,278
Advanced to suppliers	**25,693**	5,721
Prepayment	**5,304**	6,271
Other receivables	**12,533**	13,883
	43,530	25,875
Total trade and other receivables	**771,974**	951,153

As at 31 December 2019 and 31 December 2018, gross amount of trade receivables from contracts with customers amounted to RMB730,356,000 and RMB 927,150,000 respectively.

The following is an aged analysis of trade receivables not backed by bank bills presented based on dates of delivery of goods at the end of the reporting period:

	2019	2018
	RMB'000	*RMB'000*
0-60 days	**307,211**	390,587
61-90 days	**40,519**	60,685
91-180 days	**59,461**	47,342
Over 180 days	**22,613**	3,658
	429,804	502,272

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2019 will be disclosed in the consolidated financial statements of the Group.

12. TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables	**156,003**	205,383
Bills payables – secured	**68,572**	165,928
Other tax payables	**30,800**	47,052
Payroll and welfare payables	**30,901**	34,170
Construction payables	**3,918**	3,951
Others	**17,386**	17,202
	307,580	473,686

The following is an aged analysis of trade payables presented based on dates of receipt of goods at the end of the reporting period.

	2019	2018
	RMB'000	*RMB'000*
0-60 days	**131,759**	140,238
61-90 days	**11,822**	17,670
91-180 days	**4,181**	35,279
Over 180 days	**8,241**	12,196
	156,003	205,383

The credit period on purchase of material is 30 to 120 days. The Group has financial risk management policies in place to monitor the settlement.

13. SHARE CAPITAL

	Number of shares	Nominal value
Ordinary shares of HK$0.10 each		*HK$*
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019	1,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2018, 31 December 2018 and 31 December 2019	500,000,000	50,000,000
		RMB'000
Presented as: At 31 December 2018 and 2019		41,655

14. EVENT AFTER REPORTING PERIOD

(a) Acquisition

Subsequent to 31 December 2019, the Group completed its negotiations with Jiangxi Shengjing Technology Company Limited and entered in an agreement for the acquisition of 80% of equity interest in Yudu County Zhengyi Paper Products and Paper Industry Company Limited at 3 January 2020. The transaction was completed on 1 March 2020. Details of the acquisition are set out in the Group's announcement dated 3 January 2020.

(b) The outbreak of coronavirus disease (the "COVID-19")

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had a severe negative impact on the operations of the Group, as most of the Group's operations are located in Mainland China. One of the subsidiary of the Group is in Wuhan City. The Group had to stop its manufacturing activities since late January 2020 due to mandatory government quarantine measures in an effort to contain the spread of the epidemic.

Even though the Group had resumed its manufacturing activities since February and March except for the subsidiary in Wuhan City, which is remain suspended until April. They are still not operating at normal capacity.

In addition, the operations of certain of the Group's customers, suppliers are also located in Wuhan or other cities in Mainland China, the outbreak of COVID-19 is expected to have negative effect to these counterparties in different aspects, which in turn, may affect the recoverability of Group's trade receivables and other financial assets that are subject to Expected credit losses assessment.

The Directors of the Company will continue to closely monitor the development of the epidemic and work to mitigate the adverse effects, and will adopt various measures to make up for the production shortfall. As the situation remains fluid at the date these financial statements are authorized for issue, the directors of the Company considered that the financial effects of the COVID-19 on the Group's consolidated financial statements cannot be reasonably estimated. Nevertheless, the COVID-19 outbreak is expected to affect the consolidated results for the first half and full year of 2020.

DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since financial information contained in the 2019 Preliminary Results Announcement was neither audited nor agreed with Messrs. Deloitte Touche Tohmatsu as at the date of their publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details for the differences in such financial information in accordance with Rule 13.49(3)(ii)(b) of the Listing Rules.

1. Amendment in other segment information included in the measurement of segment results under subsection head on "Revenue and Segment Information"

	2019					
	Corrugated medium paper *(Audited)* *RMB'000*	**Paper-base packaging** *(Audited)* *RMB'000*	**Total** *(Audited)* *RMB'000*	Corrugated medium paper *(Unaudited)* *RMB'000*	Paper-based packaging *(Unaudited)* *RMB'000*	Total *(Unaudited)* *RMB'000*
Depreciation of property, plant and equipment	**59,189**	**21,775**	**80,964**	59,189	21,775	80,964
Depreciation of right-of-use assets	**7,780**	**12,426**	**20,206**	7,780	12,426	20,206
Amortisation	**338**	**-**	**338**	338	-	338
Less: Amount capitalised in inventories	**(44,668)**	**-**	**(44,668)**	(41,878)	-	(41,878)
Less: Amount recognised in cost of sales	**-**	**(17,874)**	**(17,874)**	-	(17,874)	(17,874)
Total depreciation and amortisation	**22,639**	**16,327**	**38,966**	25,429	16,327	41,756
Impairment losses recognised (reversed) on trade and other receivables	**104**	**(64)**	**40**	104	(64)	40

2. Amendment in subsection head on "Profit before tax"

	2019 (Audited)	2019 (Unaudited)
	RMB'000	*RMB'000*
Profit before tax for the Year has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**80,964**	80,964
Depreciation of right-of-use assets	**20,206**	20,206
Amortisation of other intangible assets	**338**	338
Amortisation of prepaid lease payments	**-**	-
Less: Amount capitalised in inventories	**(44,668)**	(41,878)
Less: Amount recognised in cost of sales	**(17,874)**	(17,874)
Total depreciation and amortisation	**38,966**	41,756
Auditor's remuneration	**1,748**	1,748
Cost of inventories recognised as expense	**1,777,080**	1,777,080
Staff costs		
- directors' and chief executive's emoluments	**3,831**	3,828
- salaries and other benefits costs	**220,224**	220,224
- retirement benefits scheme contribution	**15,856**	15,856
Less: Amount capitalised in inventories	**(42,317)**	(42,317)
Less: Amount recognised in cost of sales	**(77,768)**	(77,768)
Total staff costs	**119,826**	119,823

Save as disclosed in this further announcement and the corresponding adjustments in totals, percentages, ratios and comparative figures related to the above material differences, all other information contained in the 2019 Preliminary Results Announcement remain unchanged.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in this further announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year as approved by the Board on 29 April 2020. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on this further announcement.

PUBLICATION OF ANNUAL REPORT

As the audit of the 2019 audited annual results has been completed, the Company expects to publish its annual report for the year ended 31 December 2019 on or before 15 May 2020.

By order of the Board
Zhengye International Holdings Company Limited
Hu Zheng
Chairman

Hong Kong, 29 April 2020

As at the date of this announcement, the Board comprised Mr. Hu Zheng (Mr. Hu Jianpeng as his alternate), Mr. Hu Hancheng (Mr. Hu Jianjun as his alternate) and Mr. Hu Hanchao (Mr. Tan Xijian as his alternate) as executive directors, Mr. Chen Riyue as non-executive director and Mr. Chung Kwok Mo John, Mr. Liew Fui Kiang and Mr. Shin Yick Fabian as independent non-executive directors.