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美好發展集團

MH DEVELOPMENT

**MH Development Limited**

美好發展集團有限公司

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

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

**(Stock Code: 2662)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2019**

The board (the “Board”) of directors (the “Directors”) of MH Development Limited (formerly known as “Camsing International Holding Limited”) (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2019 (the “Reporting Period”) with comparative figures as follows:

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

*FOR THE SIX MONTHS ENDED 31 DECEMBER 2019*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>	4	<b>5,956</b>	2,131,327
Cost of sales		<b>(4,351)</b>	(1,955,447)
Gross profit		<b>1,605</b>	175,880
Other income		<b>51</b>	1,202
Other gains and losses, net		<b>(45,682)</b>	(883)
Distribution costs		<b>(1,581)</b>	(9,244)
General and administrative expenses		<b>(14,365)</b>	(28,039)
Finance costs		<b>(849)</b>	(553)

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit before income tax		<b>(60,831)</b>	138,363
Income tax credit/(expense)	5	<u><b>1,060</b></u>	<u>(34,801)</u>
(Loss)/profit for the period from continuing operations		<b>(59,771)</b>	103,562
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	7(a)	<u>–</u>	<u>40,461</u>
<b>(Loss)/profit for the period</b>	6	<u><b>(59,771)</b></u>	<u>144,023</u>
<b>Other comprehensive income/(expense)</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		<u><b>500</b></u>	<u>(22,251)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>2,723</b>	8,601
Foreign currency translation reserve reclassified to profit or loss upon disposal of subsidiaries		<u>–</u>	<u>(10,369)</u>
		<u><b>2,723</b></u>	<u>(1,768)</u>
Total other comprehensive income/(expense) for the period		<u><b>3,223</b></u>	<u>(24,019)</u>
<b>Total comprehensive (expense)/income for the period</b>		<u><b>(56,548)</b></u>	<u>120,004</u>

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2019</b>	2018
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
(Loss)/profit for the period attributable to:		
Owners of the Company		
— From continuing operations	<b>(55,058)</b>	105,018
— From discontinued operations	<u>          —</u>	<u>40,461</u>
	<b>(55,058)</b>	145,479
Non-controlling interests		
— From continuing operations	<u><b>(4,713)</b></u>	<u>(1,456)</u>
	<b>(59,771)</b>	144,023
Total comprehensive (expense)/income for the period attributable to:		
Owners of the Company	<b>(51,850)</b>	121,456
Non-controlling interests	<u><b>(4,698)</b></u>	<u>(1,452)</u>
	<b>(56,548)</b>	120,004
Basic and diluted (loss)/earnings per share	9	
— From continuing and discontinued operations	<b>HK\$(0.05)</b>	HK\$0.14
— From continuing operations	<b>HK\$(0.05)</b>	HK\$0.10
— From discontinued operations	<u><b>N/A</b></u>	<u>HK\$0.04</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 31 DECEMBER 2019*

		<b>31 December</b>	30 June
		<b>2019</b>	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	219	14,144
Right-of-use assets		4,311	–
Interest in an associate		–	886
Intangible assets		40,766	45,135
Goodwill		772	774
		<u>46,068</u>	<u>60,939</u>
<b>Current assets</b>			
Inventories		–	9,956
Trade and other receivables	11	1,013	12,044
Bank balances and cash		731	12,349
		<u>1,744</u>	<u>34,349</u>
<b>Current liabilities</b>			
Trade and other payables	12	150,260	144,456
Tax liabilities		47,328	47,969
Lease liabilities		906	–
Bonds		10,401	9,776
		<u>208,895</u>	<u>202,201</u>
<b>Net current liabilities</b>		<u>(207,151)</u>	<u>(167,852)</u>
<b>Total assets less current liabilities</b>		<u>(161,083)</u>	<u>(106,913)</u>
<b>Non-current liabilities</b>			
Lease liabilities		3,470	–
Deferred tax liabilities		10,192	11,284
		<u>13,662</u>	<u>11,284</u>
<b>NET LIABILITIES</b>		<u>(174,745)</u>	<u>(118,197)</u>
<b>Capital and reserves</b>			
Share capital		107,712	107,712
Reserves		(281,950)	(230,100)
		<u>(174,238)</u>	<u>(122,388)</u>
Equity attributable to owners of the Company		(174,238)	(122,388)
Non-controlling interests		(507)	4,191
		<u>(174,745)</u>	<u>(118,197)</u>
<b>TOTAL DEFICIT</b>		<u>(174,745)</u>	<u>(118,197)</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### *FOR THE SIX MONTHS ENDED 31 DECEMBER 2019*

#### **1. GENERAL INFORMATION**

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

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

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

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

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

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

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

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

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

## 2. GOING CONCERN BASIS

These condensed financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Company and its subsidiaries (the “Group”) incurred a loss attributable to owners of the Company from continuing operations of approximately HK\$55,058,000 for the six months ended 31 December 2019; and as at 31 December 2019, the Group had net current liabilities and net liabilities of approximately HK\$207,151,000 and approximately HK\$174,745,000 respectively. Also, the Group recorded net cash outflows in operating activities of approximately HK\$9,624,000 for the six months ended 31 December 2019. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have prepared the condensed consolidated financial statements based on going concern on the assumptions and measures that:

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

The Directors have reviewed the Group’s cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2019. After taking into account the above assumptions and measures, the Directors consider that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2019 and believe that the Group will continue as a going concern and consequently have prepared the condensed consolidated financial statements on a going concern basis.

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

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

#### HKFRS 16

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

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

The significant accounting policies applied in the preparation of these condensed consolidated financial statements are set out below.

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

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

#### 4. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the business of provision of (i) sales and distribution of intellectual property (“IP”) derived products and mobile devices; and (ii) IP licensing and comprehensive services, including IP licensing and content creation, provision of theme events services and marketing services.

During the year ended 30 June 2018, the Group entered into an agreement for the First Disposal Transaction (as defined in note 7(a)). Upon the completion of the First Disposal Transaction, i.e. 19 November 2018, the Group ceased to operate the pure assembly services and procurement and assembly services.

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

##### (a) Revenue

	Six months ended 31 December	
	2019	2018
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers:</b>		
Sales of goods	–	2,104,144
Rendering of services	–	191,684
Licensing fee income	<b>5,956</b>	22,831
	<b>5,956</b>	2,318,659
<b>Representing:</b>		
Continuing operations	<b>5,956</b>	2,131,327
Discontinued operations ( <i>note 7(a)</i> )	–	187,332
	<b>5,956</b>	2,318,659



**Disaggregation of revenue from contracts with customers:**

<b>Segments</b>	<b>Continuing operations</b>	<b>For the six months ended 31 December 2019 Total HK\$'000 (Unaudited)</b>
	<b>IP licensing and comprehensive services HK\$'000 (Unaudited)</b>	<b>5,956</b>
		<b>5,956</b>

Major service

*Licensing fee income*

IP licensing fee income

For the six months ended 31 December 2019, all the revenue are recognised over time.

<b>Segments</b>	<b>Continuing operations</b>	<b>IP licensing and comprehensive services HK\$'000 (Unaudited)</b>	<b>Sub-total HK\$'000 (Unaudited)</b>	<b>Discontinued operations (Note 7(a)) Pure assembly services and procurement and assembly services HK\$'000 (Unaudited)</b>	<b>For the six months ended 31 December 2018 HK\$'000 (Unaudited)</b>
	<b>Sales and distribution of IP derived products and mobile devices HK\$'000 (Unaudited)</b>	<b>20,426 HK\$'000 (Unaudited)</b>	<b>2,058,515 HK\$'000 (Unaudited)</b>	<b>– HK\$'000 (Unaudited)</b>	<b>2,058,515 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>–</b>	<b>45,629 HK\$'000 (Unaudited)</b>	<b>45,629 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>–</b>	<b>141,703 HK\$'000 (Unaudited)</b>	<b>141,703 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>36,954 HK\$'000 (Unaudited)</b>	<b>–</b>	<b>36,954 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>13,027 HK\$'000 (Unaudited)</b>	<b>–</b>	<b>13,027 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>12,679 HK\$'000 (Unaudited)</b>	<b>–</b>	<b>12,679 HK\$'000 (Unaudited)</b>
		<b>–</b>	<b>10,152 HK\$'000 (Unaudited)</b>	<b>–</b>	<b>10,152 HK\$'000 (Unaudited)</b>
		<b>2,038,089</b>	<b>93,238</b>	<b>187,332</b>	<b>2,318,659</b>
		<b>2,038,089</b>	<b>20,426</b>	<b>45,629</b>	<b>2,104,144</b>
		<b>–</b>	<b>72,812</b>	<b>141,703</b>	<b>214,515</b>
<b>Total</b>	<b>2,038,089</b>	<b>93,238</b>	<b>2,131,327</b>	<b>187,332</b>	<b>2,318,659</b>

Timing of revenue recognition

At a point in time

Over time

Total

*Geographical information*

	<b>Revenue by external customers</b>	
	<b>Six months ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
The People's Republic of China (the "PRC")	–	2,280,653
Hong Kong	–	32,600
The United States of America (the "US")	<b>5,956</b>	5,406
	<b>5,956</b>	2,318,659

**(b) Reconciliations of reportable segment revenue and profit or loss:**

	<u>Continuing operations</u>		<b>Total</b>
	<b>Sales and distribution of IP derived products and mobile devices</b>	<b>IP licensing and comprehensive services</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>For the six months ended</b>			
<b>31 December 2019</b>			
Revenue from external customers	–	<b>5,956</b>	<b>5,956</b>
Segment loss	<b>(23,324)</b>	<b>(28,992)</b>	<b>(52,316)</b>
Unallocated operating expenses			<b>(7,098)</b>
Unallocated other income and gains and losses, net			<b>(568)</b>
Finance costs			<b>(849)</b>
Condensed consolidated loss before income tax			<b>(60,831)</b>

	<u>Continuing operations</u>			Discontinued operations <i>(Note 7(a))</i>	
	Sales and distribution of IP derived products and mobile devices <i>HK\$'000</i> (Unaudited)	IP licensing and comprehensive services <i>HK\$'000</i> (Unaudited)	Sub-total <i>HK\$'000</i> (Unaudited)	Pure assembly services and procurement and assembly services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>For the six months ended</b>					
<b>31 December 2018</b>					
Revenue from external customers	2,038,089	93,238	2,131,327	187,332	2,318,659
Segment profit	134,948	40,932	175,880	40,461	216,341
Unallocated operating expenses					(37,283)
Unallocated other income and gains and losses, net					384
Finance costs					(553)
Share of results of an associate					(65)
Less:					
Profit before income tax for the period from discontinued operations <i>(note 7(a))</i>					<u>(40,461)</u>
Condensed consolidated profit before income tax					<u><u>138,363</u></u>

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

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

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

## 5. INCOME TAX (CREDIT)/EXPENSE

	<b>Six months ended 31 December</b>	
	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong Profits Tax	–	3,283
PRC enterprise income tax (the “EIT”)	–	32,223
PRC withholding tax on licensing fee income	–	186
	<u>–</u>	<u>35,692</u>
	–	35,692
<b>Deferred tax</b>	<u>(1,060)</u>	<u>(891)</u>
	<u>(1,060)</u>	<u>34,801</u>
Representing:		
Continuing operations	<u>(1,060)</u>	<u>34,801</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the six months ended 31 December 2019 and 2018. No provision for Hong Kong Profits Tax has been made for the six months ended 31 December 2019 as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 31 December 2019.

Other jurisdictions mainly included the US. Taxation arising in other jurisdictions of which the US is at 21% is calculated at the rates prevailing in the respective jurisdictions for the six months ended 31 December 2019 and 2018.

Under the Enterprise Income Tax Law of the PRC, the EIT rate for the Company’s subsidiaries established in the PRC was 25% for the six months ended 31 December 2019 and 2018.

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

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

	<b>Six months ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	47	366
Depreciation of right-of-use assets	1,905	–
Amortisation of intangible assets (included in cost of sales)	4,239	4,245
Net exchange loss	570	777
Impairment loss recognised in respect of contract assets	–	51
Impairment loss on trade and other receivables	7,650	–
Impairment loss on inventories	9,742	–
Impairment loss on property, plant and equipment	13,548	–
Impairment loss on interest in an associate	867	–
Written off of prepayments	2,826	–
Loss of assets	8,236	–
Gain on termination of lease	(191)	–
Reversal of impairment loss recognised in respect of trade receivables	–	(10)
Gain on disposal of a subsidiary ( <i>Note 7(b)</i> )	–	5
Interest income	(3)	(107)

### Discontinued operations

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

## 7. DISCONTINUED OPERATIONS/DISPOSAL OF A SUBSIDIARY

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

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

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

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

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

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

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

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

	As at 30 June 2018 <i>HK\$'000</i>
Property, plant and equipment	25,008
Inventories	33,749
Trade and other receivables	130,581
Bank balances and cash	<u>17,534</u>
 Total assets classified as held for sale	 <u><u>206,872</u></u>
 Trade and other payables	 89,935
Tax liabilities	<u>1,981</u>
 Total liabilities associated with assets classified as held for sale	 <u><u>91,916</u></u>

- (iii) Disposal of Disposal Group:

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

Net cash inflow arising from the disposal:

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

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

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

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

(i) Disposal of Bingxun:

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

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

As at 31 December 2019, consideration receivables of HK\$1,437,000 were included in other receivables.



## 8. DIVIDEND

No final dividend was declared and paid during the six months ended 31 December 2019. During the six months ended 31 December 2018, a final dividend of HK1.2 cents per ordinary share out of the share premium account of the Company in respect of the year ended 30 June 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid during the six months ended 31 December 2018 amounted to approximately HK\$12,926,000.

No interim dividend was proposed during the six months ended 31 December 2019 and 2018.

## 9. (LOSS)/EARNINGS PER SHARE

### Basic (loss)/earnings per share

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

	Six months ended 31 December					
	2019			2018		
	Loss for the period attributable to owners of the Company HK\$'000 (Unaudited)	Weighted average number of ordinary shares '000	Basic loss per share HK\$ (Unaudited)	Profit for the period attributable to owners of the Company HK\$'000 (Unaudited)	Weighted average number of ordinary shares '000	Basic earnings per share HK\$ (Unaudited)
From continuing operations	(55,058)	1,077,128	(0.05)	105,018	1,077,128	0.10
From discontinued operations	N/A	N/A	N/A	40,461	1,077,128	0.04
From continuing and discontinued operations	<u>(55,058)</u>	<u>1,077,128</u>	<u>(0.05)</u>	<u>145,479</u>	<u>1,077,128</u>	<u>0.14</u>

### Diluted (loss)/earnings per share

Diluted (loss)/earnings per share are not presented for the six months ended 31 December 2019 and 2018 as there is no potential ordinary share outstanding during both periods or at the end of the reporting period.

## 10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2019, the Group did not acquire property, plant and equipment for the continuing operation (2018: approximately HK\$3,460,000 for both continuing and discontinued operations). During the six months ended 31 December 2019, the Group disposed of certain property, plant and equipment with an aggregate carrying amount of approximately HK\$59,000 for proceeds of approximately HK\$59,000, resulting in no gain or loss on disposal from the continuing operations (no property, plant and equipment was disposed of for continuing operation during the six months ended 31 December 2018).

## 11. TRADE AND OTHER RECEIVABLES

	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
Trade receivables	16,980	16,384
Less: allowance for doubtful debts	<u>(16,384)</u>	<u>(14,483)</u>
	596	1,901
Prepayments	399	1,130
Deposits and other receivables	<u>18</u>	<u>9,013</u>
	<u><u>1,013</u></u>	<u><u>12,044</u></u>

## 12. TRADE AND OTHER PAYABLES

	At 31 December 2019 HK\$'000 (Unaudited)	At 30 June 2019 HK\$'000 (Audited)
Trade payables	20,605	20,932
Contract liabilities	45,966	44,577
Accruals and other payables ( <i>note</i> )	<u>83,689</u>	<u>78,947</u>
	<u><u>150,260</u></u>	<u><u>144,456</u></u>

*Note:* As at 31 December 2019, included in accruals and other payables, approximately HK\$53,592,000 (30 June 2019: HK\$53,398,000) was due to a related company in which Ms. Lo has significant influence, and approximately HK\$2,178,000 (30 June 2019: HK\$2,275,000) was due to a non-controlling shareholder of a subsidiary of the Company. The balances are non-trade in nature, unsecured, interest-free and repayable on demand.

## 13. EVENTS AFTER THE REPORTING PERIOD

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended		YoY Growth/Decline	
	2019	2018	YoY Growth/Decline	%
	HK\$’000	HK\$’000	HK\$’000	%
	(unaudited)	(unaudited)		
<b>Revenue</b>	<b>5,956</b>	2,131,327	<b>(2,125,371)</b>	<b>-99.7%</b>
<b>Gross profit</b>	<b>1,605</b>	175,880	<b>(174,275)</b>	<b>-99.1%</b>
<b>Profit/(Loss) for the period</b>	<b>(59,771)</b>	144,023	<b>(203,794)</b>	<b>-141.5%</b>
<b>Basic (loss)/earnings</b>				
<b>per share (HK\$)</b>	<b>(0.05)</b>	0.14	<b>(0.19)</b>	<b>-135.7%</b>

The Group’s business shrank significantly due to Ms. Lo’s incident. During the Reporting Period, the Group realised revenue of approximately HK\$6.0 million, a decrease of approximately 99.7% for the same period year-on-year (“yoy”) as compared to the financial information in the second half of 2018. Gross profit was approximately HK\$1.6 million, a decline of approximately 99.1% yoy. The loss for the period was approximately HK\$59.8 million, and the basic loss per share was approximately HK\$0.05.

	<b>Six months ended</b>		<b>YoY Growth/Decline</b>	
	<b>31 December</b>			
	<b>2019</b>	2018	<b>HK\$'000</b>	<b>%</b>
	<b>Revenue</b>	Revenue		
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>HK\$'000</i>	<i>%</i>
	<b>(unaudited)</b>	(unaudited)		
<b>IP licensing and content creation</b>	<b>5,956</b>	22,831	<b>(16,875)</b>	<b>-73.9%</b>
<b>Theme events services</b>	–	36,954	<b>(36,954)</b>	<b>-100.0%</b>
<b>Marketing services</b>	–	13,027	<b>(13,027)</b>	<b>-100.0%</b>
<b>Sales and distribution of IP derived products and mobile devices</b>	–	2,058,515	<b>(2,058,515)</b>	<b>-100.0%</b>
<b>Total</b>	<b>5,956</b>	2,131,327	<b>(2,125,371)</b>	<b>-99.7%</b>

During the Reporting Period, marketing services, theme events services, sales and distribution of IP derived products and mobile devices remained stagnant, and only IP licensing and content creation business still remain in operations. Since Ms. Lo's incident mainly affected operations in the PRC and Hong Kong and Pow! Entertainment, LLC ("Pow! Entertainment"), a subsidiary of the Group in the US still operating independently, the Group's revenue for the period was all generated by Pow! Entertainment. During the Reporting Period, the Group's realised revenue of approximately HK\$6.0 million, a decrease of approximately HK\$2.1 billion or approximately 99.7%.

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

During the Reporting Period, the Group's total assets amounted to approximately HK\$47.8 million, a decline of approximately 49.8% as compared to the same as at 30 June 2019, net liabilities amounted to approximately HK\$174.7 million, an increase of approximately 47.8%; and the liabilities-to-assets ratio reached 365.5%, increased by 241.4 percentage points. The Group had bank balances and cash of approximately HK\$731,000 as at 31 December 2019. The gearing ratio of the Group was negative 0.06 (30 June 2019: negative 0.08) due to Company's negative equity position, which was calculated based on the Group's total borrowing and bonds amounting to HK\$10,401,000 (30 June 2019: HK\$9,776,000) and the negative equity attributable to owners of the Company amounting to negative HK\$174,238,000 (30 June 2019: negative HK\$122,388,000).

## **STAFF**

As at 31 December 2019, the Group employed a total of 20 staff members, of which 12 were employed in the PRC, 2 were employed in Hong Kong and 6 were employed in the US. The Group has implemented remuneration package, bonus and share option scheme as part of the remuneration policy designed to motivate individual staff by linking part of the staff's compensation with their respective performance. In addition, fringe benefits such as insurance, medical allowance and pensions were provided to ensure the competitiveness of remuneration packages offered by the Group.

## **SIGNIFICANT INVESTMENT HELD**

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

## **FOREIGN EXCHANGE RISK EXPOSURE**

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

## **CHARGE ON GROUP'S ASSETS**

During the Reporting Period, none of the assets of the Group was pledged or charged (31 December 2018: nil).

## **CONTINGENT LIABILITIES**

During the Reporting Period, the Group did not have any contingent liabilities (31 December 2018: nil).

## **DIVIDEND**

The Board does not recommend the payment of dividend in respect of the six months ended 31 December 2019 (as of 31 December 2018: nil).

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

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

## **EVENTS AFTER THE REPORTING PERIOD**

Details of the subsequent events of the Group after the period are set out in note 15 to the condensed consolidated financial statements in this announcement.

Save as disclosed, there are no significant events affecting the Group after the Reporting Period.

## **FUTURE OUTLOOK**

Although the operations of the Group has been affected by Ms. Lo's incident, the Group remains optimistic about the prospects of the IP-centred pan-entertainment sector. However, in view of a series of uncertainties in the current global economy, the Group will seek progress while maintaining stability to ensure its business development in the coming year by focusing on the improvement of the existing businesses' operating efficiency and core competitiveness.

## **NON-COMPLIANCE WITH THE LISTING RULES**

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

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

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

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

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

Pursuant to Rules 13.49(6) and 13.48(1) of the Listing Rules, the Company is required to publish its preliminary results for the six months ended 31 December 2019 no later than 29 February 2020 and despatch its interim report for the same financial period to the shareholders on or before 31 March 2020. The delay in publication of the preliminary results for the six months ended 31 December 2019 and delay in despatch of interim report for the six months ended 31 December 2019 constitute non-compliance of Rules 13.49(6) and 13.48(1) of the Listing Rules, respectively.

## CORPORATE GOVERNANCE

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

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

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

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

### **Model Code for securities transactions by Directors**

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities trading. Having made specific enquiry of all Directors, the Company confirmed that in respect of the six months ended 31 December 2019, all Directors have fully complied with the required standard set out in the Model Code.

### **Directors' right to acquire securities or debentures**

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director, or their respective spouses or minor children, or were any such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, or their respective spouses or minor children to acquire such rights in the Company or any other body corporate.

### **Purchase, sale or redemption of shares**

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

### **Review of interim results**

The audit committee of the Company has reviewed the unaudited interim results of the Company for the six months ended 31 December 2019.

### **Publication of interim results and 2019 interim report**

This announcement is published on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.camsingintl.com](http://www.camsingintl.com)). The 2019 Interim Report will be dispatched to the Shareholders and available on the websites of the Stock Exchange and the Company in due course.



## **CONTINUED SUSPENSION OF TRADING**

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

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

Hong Kong, 14 January 2021

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