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中國海外諾信國際控股有限公司

CHINA OVERSEAS NUOXIN INTERNATIONAL HOLDINGS LIMITED

(incorporated in Cayman Islands with limited liability)

(Stock Code: 00464)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

The board (the "**Board**") of directors (the "**Directors**") of China Overseas Nuoxin International Holdings Limited (the "**Company**") is pleased to announce the audited financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	3	**450,800**	415,358
Cost of sales		**(422,078)**	(394,369)
Gross profit		**28,722**	20,989
Other income and gains	5	**6,995**	13,248
Distribution costs		**(6,543)**	(6,367)
Administrative expenses		**(57,683)**	(65,546)
Finance costs		**(1,923)**	(2,192)
Impairment losses on financial assets under expected credit loss model, net of reversal		**(1,307)**	112
Impairment loss recognised in respect of property, plant and equipment		**(5,632)**	(14,440)
Impairment loss recognised in respect of right-of-use assets		**(2,708)**	–
Loss before taxation		**(40,079)**	(54,196)
Income tax credit (expense)	6	**8**	(139)
Loss for the year attributable to owners of the Company	7	**(40,071)**	(54,335)

	Notes	**2020** *HK$'000*	2019 *HK$'000*
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
(Loss) gain on revaluation of leasehold land and buildings		**(26)**	2,056
Income tax credit (income tax expense) relating to item that will not be reclassified		**6**	(450)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(8,589)**	(10,366)
Other comprehensive expense for the year		**(8,609)**	(8,760)
Total comprehensive expense for the year attributable to owners of the Company		**(48,680)**	(63,095)
Basic loss per share *(HK cents)*	*8*	**(8.992)**	(12.192)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**87,696**	99,822
Prepaid lease payments		**–**	3,082
Right-of-use assets		**2,781**	–
Deposits paid for acquisition of property, plant and equipment		**1,846**	1,845
		92,323	104,749
Current assets			
Inventories		**106,470**	90,462
Trade receivables	*10*	**78,305**	101,116
Deposits, prepayments and other receivables		**21,581**	18,712
Tax recoverable		**–**	8
Bank balances and cash		**31,060**	83,957
		237,416	294,255
Current liabilities			
Trade payables	*11*	**71,490**	80,797
Accruals and other payables		**28,107**	18,425
Contract liabilities		**5,403**	9,147
Loans from related parties	*12*	**54,245**	70,045
Lease liabilities		**2,088**	–
Bank borrowings		**51,211**	54,828
Tax liabilities		**4,579**	4,040
		217,123	237,282
Net current assets		**20,293**	56,973
Total assets less current liabilities		**112,616**	161,722
Non-current liabilities			
Deferred tax liabilities		**14,180**	15,254
Lease liabilities		**648**	–
		14,828	15,254
Net assets		**97,788**	146,468
Capital and reserves			
Share capital		**446**	446
Share premium and reserves		**97,342**	146,022
Total equity		**97,788**	146,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its principal place of business in Hong Kong is at Office 810, Unit 1908, 19/F, 9 Queen's Road Central, Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are design, manufacture and sale of electrical haircare products.

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

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") 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, the application of the new and amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases ("**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 April 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 April 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:

i 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; and

ii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with 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 is 4%.

	At 1 April 2019
	HK$'000
Operating lease commitments disclosed as at 31 March 2019	**3,266**
Lease liabilities discounted at relevant incremental borrowing rates	**3,165**
Less: termination option not reasonably certain not to be exercised	**(2,682)**
Less: leases with lease term ending within 12 months from the date of initial application	**(483)**
Lease liabilities as at 1 April 2019	**–**

The carrying amount of the Group's right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets
	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**–**
Reclassified from prepaid lease payments *(Note)*	**3,082**
	3,082

Note: Upfront payments for leasehold lands in the PRC for own used properties were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, prepaid lease payments amounting to HK$3,082,000 was reclassified to right-of-use assets.

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. In the opinion of the directors of the Company, the discounting effect at transition was insignificant and not adjusted to refundable rental deposits paid.

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

	Carrying amounts previously reported as at 1 April 2019	Adjustment	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	*HK$'000*	*HK$'000*
Non-Current Assets			
Right-of-use assets	**–**	**3,082**	**3,082**
Prepaid lease payments	**3,082**	**(3,082)**	**–**

3. REVENUE

Revenue represents amounts received and receivable from sale of electrical haircare products.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resources allocation and assessment focuses on revenue analysis by geographic location of customers. No other discrete financial information is provided other that the Group's results and financial position as a whole. Accordingly, only geographic information and major customers are presented.

(a) Geographical information

The Group's revenue is mainly derived from customers located in Europe, Asia, North and South America, Australia and Africa while the Group's business activities are conducted predominantly in Hong Kong and the People's Republic of China (the "**PRC**").

The Group's revenue from external customers by geographical location of customers irrespective of the origin of the goods, and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Europe	**222,132**	197,132	**–**	–
Asia	**176,717**	163,352	**92,323**	104,749
North and South America	**47,483**	47,761	**–**	–
Australia	**3,028**	4,358	**–**	–
Africa	**1,440**	2,755	**–**	–
	450,800	415,358	**92,323**	104,749

(b) Information about major customers

Revenue from customers of the year and the corresponding year contributing over 10% of the total sales of the Group are as follows:

	2020	2019
	HK$'000	*HK$'000*
Customer A	**228,469**	166,179
Customer B	**57,502**	64,133
Customer C	**49,485**	N/A*

* For the year ended 31 March 2019, Customer C did not contribute over 10% of the total sales of the Group.

5. OTHER INCOME AND GAINS

	2020	2019
	HK$'000	*HK$'000*
Other income:		
Bank interest income	**45**	80
Compensation received in respect of cancelled orders	**377**	1,661
Income from sale of mould	**3,767**	8,804
Written off of other payables	**–**	336
Sales of samples	**389**	840
Penalty from vendors for bad quality or late delivery	**397**	453
Rental income	**277**	–
Sundry income	**1,030**	690
	6,282	12,864
Other gains:		
Net foreign exchange gain	**713**	361
Gain on disposal of property, plant and equipment	–	23
	713	384
Total other income and gains	**6,995**	13,248

6. INCOME TAX CREDIT (EXPENSE)

	2020	2019
	HK$'000	*HK$'000*
PRC Enterprise Income Tax:		
Current tax	–	–
Over (under) provision in prior years	**8**	(139)
	8	(139)

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. No PRC Enterprise Income Tax has been provided in the consolidated financial statements as the PRC subsidiaries are suffering from tax losses for both years.

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime of the estimated assessable profit for both years. No Hong Kong Profits Tax has been provided in the consolidated financial statements as the subsidiaries of the Group operating in Hong Kong are either suffering from tax losses, or the assessable profits are wholly absorbed by tax losses brought forwards for both years.

7. LOSS FOR THE YEAR

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

	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration	**1,238**	1,202
Amortisation of prepaid lease payments	**N/A**	91
Depreciation of right-of-use assets	**1,536**	N/A
Depreciation of property, plant and equipment	**3,100**	5,526
Write-down of (reversal of write-down of) inventories	**1,973**	(156)
Directors' emoluments	**2,707**	2,391
Other staff costs		
Salaries and allowances	**129,499**	127,152
Retirement benefits scheme contributions	**5,088**	5,729
Total staff costs	**137,294**	135,272
Costs of inventories recognised as expenses (included write-down of (reversal of write-down of) inventories)	**422,078**	394,369
Minimum lease payments in respect of rented properties	**N/A**	3,259

8. LOSS PER SHARE

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

	2020	2019
	HK$'000	*HK$'000*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	**(40,071)**	(54,335)

Number of shares

	'000	*'000*
Number of ordinary shares for the purpose of basic loss per share	**445,646**	445,646

No diluted loss per share is presented as there were no potential dilutive ordinary shares during both years or at the end of the respective reporting periods.

9. DIVIDENDS

During the year ended 31 March 2020 and 2019, no dividend has been recognised as distribution and paid.

No dividend has been proposed by the director since the end of the reporting period (2019: nil).

10. TRADE RECEIVABLES

	2020 *HK$'000*	2019 *HK$'000*
Trade receivables	**79,282**	101,687
Less: loss allowance	**(977)**	(571)
Total trade receivables	**78,305**	101,116

The following is an aged analysis of trade receivables (net of loss allowance) presented based on the invoice date at the end of the reporting period.

	2020 *HK$'000*	2019 *HK$'000*
0 – 60 days	**29,752**	49,532
61 – 120 days	**44,116**	39,903
121 – 365 days	**4,201**	11,643
Over 365 days	**236**	38
	78,305	101,116

The credit terms normally granted by the Group range from 14 days to 90 days. For those major customers, a credit term up to 120 days from the invoice date would be allowed.

11. TRADE PAYABLES

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	2020 *HK$'000*	2019 *HK$'000*
0 – 60 days	**33,437**	65,187
61 – 120 days	**18,126**	11,483
121 – 365 days	**12,134**	2,806
Over 365 days	**7,793**	1,321
	71,490	80,797

The credit periods on purchases of goods range from 30 to 120 days.

12. LOANS FROM RELATED PARTIES

The amounts are unsecured, interest-free and repayable within one year from the drawn down date.

	2020	2019
	HK$'000	*HK$'000*
China Yuen Capital Limited ("**CYC**")	**14,245**	10,045
Mr. Tam Chi Sang and Mr. Lam Wai Ming	**40,000**	60,000
	54,245	70,045

Notes:

(a) CYC is the immediate holding company of the Company.

(b) Mr. Tam Chi Sang and Mr. Lam Wai Ming are key management personnel of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 March 2020, the Group had recorded a turnover of HK$450,800,000 (2019: HK$415,358,000), an increase of approximately 8.5% from the previous financial year. The increase in turnover was mainly attributable to the increase of demand from our overseas customers, especially Japan, Netherlands, Russia and Korea. However, the trade tension between China and the US invariably impacted the China economy. Along with growing financial stress, China's economic growth slowed to 6.1% in 2019, hitting the slowest pace in 30 years, which directly dampened the demand for electrical haircare appliances in the mainland China, thereby partially affected the Group's sales.

During the financial year, Group reported a gross profit of HK$28,722,000 (2019: HK$20,989,000), representing a gross profit margin of approximately 6.4% (2019: 5.1%). The increase was mainly due to restructuring and upgrade of the automation in production line and depreciation in Renminbi during the year, all of which drove production costs downwards.

The Group recorded continuous loss for the year ended 31 March 2020 and 2019. The management of the Group concluded there was impairment indication and conducted a review of the recoverable amount of the property, plant and equipment and right-of-use-assets and determined the recoverable amount of these assets. Based on the result of the assessment, the management of the Group determined that the recoverable amount of these assets was lower than their carrying amount. An impairment loss of HK$5,632,000 on property, plant and equipment (2019: HK$14,440,000) and an impairment loss of HK$2,708,000 on right-of-use assets had been recognised.

As a result of the above factors, loss before taxation for the year ended 31 March 2020 was HK$40,079,000 (2019: HK$54,196,000), representing a decrease of 26.0% against the previous financial year. Expressed proportionately as a percentage of revenue, distribution costs and administrative expenses were about 1.5% and 12.8% respectively for the year ended 31 March 2020 as compared to 1.5% and 15.8% in the last corresponding year. In dollars term, administrative expenses was HK$57,683,000, representing a decrease of 12.0% when compared to that in the previous financial year. The decrease was mainly due to the decrease in Directors' salaries and bonus.

Loss for the year was HK$40,071,000, representing a decrease of 26.3% when compared to loss of HK$54,335,000 in the previous financial year.

Basic loss per share for the year amounted to HK8.992 cents, representing a decrease of 26.2% when compared to loss of HK12.192 cents in the last financial year.

During the year ended 31 March 2020, no dividend had been declared and paid (2019: Nil).

BUSINESS REVIEW

Market Review

During the financial year, the world-wide economic was largely impacted by the Sino-US trade tensions especially in the last quarter of 2019. Furthermore, the outbreak of the COVID-19 pandemic had been hitting the economy of both China and the world-wide even harder as many businesses had to temporarily lock down their operations amid tighten quarantine rules. Amidst this challenging market environment, the demand for the Group's haircare products in the European market, especially, French and Netherlands showed promising growth of 83% and 49%, respectively. The stronger demand enabled the Group to increase its turnover contribution from the European market to 49.3% for the year ended 31 March 2020 from 47.5% in the last financial year.

Whereas the turnover contribution from the Asian market decreased slightly to 39.2% during this financial year from 39.3% in the last financial year. The world-wide economy was largely impacted by the Sino-US trade tensions and the COVID-19 pandemic, both directly dampened the demand for electrical haircare appliances in the Mainland China, the turnover contribution decreased to 8.8% in this financial year from 14.5% in the last financial year. However, as some new models had been launched during the year, the order from Japanese and Korean market were increased that boosted their turnover contributions to 15.5% and 5.4% respectively for the financial year compared to 11.7% and 4.3% respectively in the last financial year.

Most of the Group's customers are famous global brands. Our five major customers accounted for approximately 87.1% and 77.2% of the Group's total turnover in the current financial year and the previous financial year, respectively.

Operation Review

The operating environment was still very tough for all PRC based manufacturers. During the financial year, the Group had faced various operating challenges similar to those of other manufacturers in the Mainland China, such as the decline in the domestic demand, higher operations costs and general expenses as a result of the increase of overtime and labour costs due to labour shortages in Guangdong province. But amidst the macroeconomic uncertainty, depreciation in Renminbi, stabilizing prices of metal commodities, such as copper, lead, and aluminium alloys, had provided limited relief to the cost pressures on the Group.

As always the Group pursued relentlessly strict controls over materials purchase cost, rational investment in machinery and manpower and rigorous product quality control so as to boost production capacity and efficiency and alleviate the pressure from shortage of production line workers, eliminate wastes and ultimately reduce costs.

On the other hand, the Group had exerted extra efforts in improving the competitiveness of its high quality products together with bolstering its R&D capabilities with an aim to enhance its market share and achieved a long term relationship with its customers.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the Group had approximately HK$31,060,000 cash and bank deposits (2019: HK$83,957,000). The decrease in cash and bank deposits was mainly attributable to cash used in operating activities and partial repayment of loans from related parties. Its net current assets as at 31 March 2020 amounted to approximately HK$20,293,000 (2019: HK$56,973,000). Current ratio of the Group as at 31 March 2020 was maintained at 1.1 (2019: 1.2).

As at 31 March 2020, the Group had aggregate banking facilities of HK$93,400,000 (2019: HK$98,400,000), of which HK$51,211,000 (2019: HK$54,828,000) had been used. The borrowings comprised trade finance facilities of HK$51,211,000 (2019: HK$54,828,000). The borrowings due within one year amounted to HK$51,211,000 (2019: HK$54,828,000). The bank borrowings carried interest rates ranging from HIBOR/LIBOR plus 1.8% to 2.0% (2019: 1.8% to 2.25%) or 1% (2019: 1%) below Prime Rate.

As at 31 March 2020, the Group's net gearing ratio was approximately 20.6% (2019: net cash). This was calculated by dividing the net amount of borrowings (including bank borrowings after deduction of cash and cash equivalents) by total equity attributable to owners of the Company as at 31 March 2020.

The Group has adopted a prudent financial and surplus funds management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2020. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the sufficient financial resources are available in order to meet its funding requirements and commitment timely.

CHARGES ON ASSETS

The Group had no charges on assets as at 31 March 2020 (2019: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group conducts business transactions mainly in Hong Kong dollars, United States dollars and Renminbi. As the Hong Kong dollar remains pegged to the United States dollar, there has been no material exchange risk in this respect. To manage fluctuation of the Renminbi, the Group has been able to hedge Renminbi receipts and Renminbi payments on an ongoing basis with revenue generated in Mainland China. All of the Group's bank loan facilities are denominated in Hong Kong dollars and carry interest at floating rates.

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 March 2020, the Group had capital commitments of HK$1,065,000 (2019: HK$1,530,000).

CONTINGENT LIABILITIES

As at 31 March 2020, the Group had no material contingent liabilities (2019: Nil).

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2020, the Group had a total workforce of approximately 1,513 (2019: 1,570) including 27 employees (2019: 29) in Hong Kong. Employee costs, including directors' emoluments, amounted to HK$137,294,000 for the year ended 31 March 2020 (2019: HK$135,272,000). The Group's remuneration policy is underscored by the principle of awarding equitable packages to employees, incentive-based where applicable, with remunerations being performance-oriented and market-competitive. Remuneration packages are normally reviewed on a regular basis. Apart from salary payments, the Group offers other staff benefits including share option schemes, performance-based bonuses, provident fund contributions and medical insurance coverage.

DIVIDENDS

The Directors do not recommend the declaration of the payment of a final dividend for the year ended 31 March 2020.

ANNUAL GENERAL MEETING

The annual general meeting is scheduled to be held on Friday, 28 August 2020 (the "**2020 AGM**"). A notice convening the 2020 AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 24 August 2020 to Friday, 28 August 2020 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the forthcoming annual general meeting. During such period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to be eligible to attend and vote at the 2020 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 August 2020.

PROSPECTS

In the past, the Group had overcome different external challenges such as SARS in 2003 and financial crises in 2008. In view of the outbreak of COVID-19 pandemic, the Group has closely communicated with its customers to understand and accommodate their situation and provides different solutions to overcome this challenge. Meanwhile, the Group is internally preparing for the recovery of post pandemic period. Even though certain orders in the second quarter of 2020 may be delayed and the settlement period of certain trade receivables may be prolonged, but based on currently available information and according to recent discussions with customers, it is expected that the total orders in 2020/2021 from customers will have slight impact as compared to 2019/2020. The Group will strive to develop and procure more orders to maintain a steady business growth for the Group. At the same time, the Group has been exploring opportunities, to expand and diversify its business and activities, with a view to create new sources of income and to maximize the return to the Company and the Shareholders in the long run.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

The group has no other significant events after the current period up to the date of this announcement.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company has complied with the applicable code provisions of the Corporate Governance Code and Corporate Governance Report(the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout the financial year ended 31 March 2020, except for the deviation from the CG Code A.6.7 explained in the following.

To enhance accountability, transparency, independence, responsibility and fairness to the shareholders and stakeholders, the Company is dedicated to develop an appropriate framework of corporate governance for the Group. The Group will keep on reviewing and improving its corporate governance practices and procedures from time to time to ensure its commitment to the corporate governance standard and strive for the enhancement of shareholder value.

Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Two independent non-executive directors, Mr. Huang Zhiwei and Mr. Chan Ka Yin, did not attend the annual general meeting of the Company held on 23 August 2019 due to other business engagements.

Save as disclosed above, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company were in line with the Code Provisions during the year ended 31 March 2020.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted procedures governing Directors' securities transactions in compliance with the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors of the Company (the "**Directors**") have confirmed that they fully complied with the required standards as set out in the Model Code throughout the year ended 31 March 2020.

AUDIT COMMITTEE

The audit committee has reviewed and discussed with the management of the Company the accounting principles and practices, risk management and internal control systems adopted by the Group. The audit committee has also reviewed the consolidated financial statements of the Group for the year ended 31 March 2020 and this annual results announcement. The audit committee comprises three independent non-executive Directors and none of them is employed by or otherwise affiliated with former or existing auditors of the Company.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement of the Company for the year ended 31 March 2020 is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.co-nuoxin.com). The annual report for the year ended 31 March 2020 will be published on the above websites and despatched to the shareholders of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to the entire workforce for their diligence and commitment during the year. I would further like to thank our shareholders for their confidence in the Group, our customers worldwide for their trust and support of our products and services, as well as our bankers and business partners for their ongoing support.

By Order of the Board
CHINA OVERSEAS NUOXIN
INTERNATIONAL HOLDINGS LIMITED
Zhang Huijun
Director

Hong Kong, 29 June 2020

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Gao Jianbo, Ms. Cai Dongyan, Mr. Zhang Huijun, Ms. Pauline Lam and Mr. Lin Liangyong, and three independent non-executive Directors, namely Mr. Lam Yick Man, Mr. Hu Zhigang and Mr. Huang Zhiwei.

Website: www.co-nuoxin.com