Hyfusin Group Holdings Limited
凱富善集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8512)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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*This announcement, for which the directors (the "**Directors**") of Hyfusin Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (together, the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the three months ended 31 March 2019, together with the comparative unaudited figures for the corresponding period in 2018 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the three months ended 31 March 2019

	Notes	**Three months ended 31.3.2019** ***HK$'000*** **(unaudited)**	31.3.2018 *HK$'000* (unaudited)
Revenue			
Sales of goods	3	**51,352**	40,139
Total revenue		**51,352**	40,139
Cost of sales		**(38,034)**	(33,315)
Gross profit		**13,318**	6,824
Other income	4	**177**	30
Other gains and losses	5	**90**	(23)
Selling and distribution expenses		**(4,184)**	(1,252)
Administrative expenses		**(9,218)**	(6,553)
Listing expenses		**–**	(723)
Finance costs	6	**(585)**	(448)
Loss before tax		**(402)**	(2,145)
Income tax (expense) credit	7	**(78)**	20
Loss for the period	8	**(480)**	(2,125)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Fair value loss on:			
Debt instruments measured at fair value through other comprehensive income		**(63)**	(108)
Other comprehensive expense for the period		**(63)**	(108)
Total comprehensive expense for the period		**(543)**	(2,233)
Loss for the period attributable to owners of the Company		**(480)**	(2,125)
Total comprehensive expense for the period attributable to owners of the Company		**(543)**	(2,233)
		HK cents	*HK cents*
Loss per share, basic	10	**(0.04)**	(0.26)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Fair value through other comprehensive income ("FVTOCI") reserve** *HK$'000*	**Other reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*
At 31 December 2017 (audited)	–	–	281	–	20,605	17,734	38,620
Reclassification from available-for-sale investments to financial assets at fair value through profit or loss	–	–	(281)	277	–	4	–
At 1 January 2018 (restated)	–	–	–	277	20,605	17,738	38,620
Loss for the period	–	–	–	–	–	(2,125)	(2,125)
Fair value loss on debt instruments through other comprehensive income	–	–	–	(108)	–	–	(108)
Loss and total comprehensive expense for the period	–	–	–	(108)	–	(2,125)	(2,233)
As at 31 March 2018 (unaudited)	–	–	–	169	20,605	15,613	36,387
At 1 January 2019 (audited)	**11,000**	**54,954**	**–**	**41**	**20,605**	**22,512**	**109,112**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**(480)**	**(480)**
Fair value loss on debt instruments through other comprehensive income	**–**	**–**	**–**	**(63)**	**–**	**–**	**(63)**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**(63)**	**–**	**(480)**	**(543)**
As at 31 March 2019 (unaudited)	**11,000**	**54,954**	**–**	**(22)**	**20,605**	**22,032**	**108,569**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. GENERAL AND BASIS OF PREPARATION

Hyfusin Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as amended, supplemented or otherwise modified from time to time) of the Cayman Islands on 5 July 2017. The shares of the Company (the "**Shares**") have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 19 July 2018 (the "**Listing**"). Its registered office is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and principal place of business is located at Unit Nos. 4–8, 2/F, Aberdeen Marina Tower, 8 Shum Wan Road, Aberdeen, Hong Kong.

The Company is an investment holding company and its subsidiaries (the "**Group**") are principally engaged in manufacturing and sale of candle products. Its parent and ultimate holding company is AVW International Limited ("**AVW**"), a private company incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling shareholders are Mr. Wong Man Chit and Mr. Wong Wai Chit, who are brothers and act in concert over AVW and the companies now comprising the Group (the "**Controlling Shareholders**").

The functional currency of the Company and its subsidiaries is United States Dollar ("**US$**") while the presentation currency of the consolidated financial statements is Hong Kong dollars ("**HK$**") as the directors of the Company (the "**Directors**") consider that HK$ is preferable in presenting the operating results and financial position of the Group, which is more beneficial to the users of the consolidated financial statements.

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the GEM Listing Rules.

The condensed consolidated financial statements of the Group have been prepared under the historical cost basis, except for certain financial instrument which have been measured at fair values.

2. PRINCIPAL ACCOUNTING POLICIES

Application of new and amendments to HKFRSs

The principal accounting policies used in the condensed consolidated financial statements for the three months ended 31 March 2019 are the same as those followed in the preparation of the Group's annual report for the year ended 31 December 2018, except for the following new and amendments to HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group:

HKFRS 16	Leases[1]
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

The adoption of these new and amendments to HKFRSs has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group, upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance with the nature as appropriate.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect 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 applying HKAS 17 and HK (IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group elects the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

3. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Sale of candle products		
Daily-use candles	**12,869**	15,085
Scented candles	**30,245**	17,801
Decorative candles	**2,271**	3,509
Others (included Diffusers)	**5,967**	3,744
Total	**51,352**	40,139
Timing of revenue recognition		
A point in time	**51,352**	40,139

The Group's market were department stores and buying agents headquartered in United States of America and United Kingdom.

The contracts for sales of goods to external customers are short-term and the contract prices are fixed and agreed with the customers.

(ii) Performance obligations for contracts with customers

Sale of candle products (revenue recognised at one point in time)

The Group sells candle products to external customers in which the revenue is recognised when the control of the goods has transferred to the customers, being when the goods have been shipped to the external customers' specific location.

Segment information

Information reported to the executive Directors, being the chief operating decision maker ("**CODM**"), regularly review revenue analysis by product type as set out in the revenue analysis above for the purpose of resource allocation and assessment of performance. However, other than revenue analysis, no operating results and other discrete financial information is regularly reviewed by the CODM for the purpose of resource allocation and assessment of performance of respective businesses. The CODM reviews the operating results (excluding listing expenses) of the Group as a whole to make decisions about resource allocation and for assessment of performance. The operation of the Group constitutes one single operating and reportable segment under HKFRS 8 Operating Segments and accordingly no separate segment information is presented.

Geographical Information

The Group's operations are located in Hong Kong and Vietnam.

Information about the Group's revenue from external customers is presented based on the location of the destination points of the customers.

Revenue from external customers

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Geographical markets		
United States of America	**45,180**	25,122
United Kingdom	**3,789**	8,660
Others	**2,383**	6,357
Total	**51,352**	40,139

4. OTHER INCOME

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest income from banks	**161**	2
Sample income	**–**	5
Sundry income	**16**	23
	177	30

5. OTHER GAINS AND LOSSES

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Exchange gain (loss), net	**90**	(22)
Loss from changes in fair value of financial assets at fair value through profit or loss	**–**	(1)
	90	(23)

6. FINANCE COSTS

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Interest on bank borrowings	**552**	445
Interest on obligations under finance leases	**2**	3
Interest expenses on lease liabilities	**31**	–
	585	448

7. INCOME TAX (EXPENSE) CREDIT

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax	**–**	–
Vietnam Corporate Income Tax	**–**	–
	–	–
Deferred taxation:		
Current year	**(78)**	20
	(78)	20

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, 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%.

For the subsidiary incorporated in Vietnam, the statutory corporate tax rates are 20% for the three months ended 31 March 2019 and 2018.

8. LOSS FOR THE PERIOD

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Directors' remuneration	**1,334**	324
Other staff costs		
– salaries and allowances	**8,907**	7,633
– discretionary bonus	**434**	218
– retirement benefit scheme contributions, excluding Directors	**702**	615
Total staff costs	**11,377**	8,790
Less: capitalised in inventories	**(5,412)**	(4,076)
	5,965	4,714
Auditor's remuneration	**61**	79
Depreciation of property, plant and equipment		
– Owned assets	**622**	592
– Assets held under finance lease contracts	**35**	35
Total depreciation	**657**	627
Less: capitalised in inventories	**(451)**	(435)
	206	192
Cost of inventories recognised as an expense	**38,034**	33,315
Amortisation of prepaid lease payments	**34**	35
(Reversal of allowance) allowance for inventories (included in cost of sales)	**(69)**	137
Depreciation of right-of-use assets	**561**	–

9. DIVIDENDS

No dividends were paid, declared or proposed for the three months ended 31 March 2019 and 2018.

10. LOSS PER SHARE

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

	Three months ended	
	31.3.2019	31.3.2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(480)**	(2,125)

	Three months ended	
	31.3.2019	31.3.2018
	(unaudited)	(unaudited)
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,100,000,000**	825,000,000

The weighted average number of ordinary shares for the purpose of calculating basic loss per share has been adjusted, respectively for the effect of (i) the group reorganization and the capitalization issue of 824,999,800 Shares that are deemed to have become effective since 1 January 2017; and (ii) issue of 275,000,000 Shares pursuant to the Share Offer (as defined in the prospectus of the Company dated 29 June 2018 (the "**Prospectus**")) on 19 July 2018.

No diluted loss per share for the both periods was presented as there were no potential ordinary shares in issue during both periods.

11. EVENT AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after the reporting period and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally engages in the manufacturing and sale of candle products with headquarters in Hong Kong and operations in Vietnam. The Group mainly manufactures and sells daily-use candles, scented candles, decorative candles and other products such as diffusers. Our major customers are mostly U.S. and U.K. department store operators and buying agents.

The Group mainly manufactures our candle products based on the requirements and specifications from our customers. The Group would also assess the design and specifications and put forward our suggestions to our customers. The Group offer a wide variety of services to our customers ranging from product design, raw material selection and procurement, provision of sample candle before mass production, laboratory testing to recommendation to improve the product quality.

According to an industry overview report prepared by Frost & Sullivan International Limited (the "**F&S Report**"), an independent market research and consulting firm, we ranked the third, the fourth and the fourth among the candle manufacturers in Vietnam in terms of estimated export value, estimated revenue and estimated production capacity in 2017, respectively. According to the F&S Report, the import value and share of candle products in U.S. and U.K. from Vietnam expected to reach approximately US$195.6 million and approximately US$15.6 million, respectively.

The F&S Report also mentioned that as the economy in the U.S. and other developed countries continue to recover, the consumption of mid-to-high end candle products is expected to increase. The candle market also has an increasing preference over candle products which are scented and with colour additives. With the preference for candle products with scent and coloured additives for use in rooms and households, increasing demand for scented and decorative candle products has provided the impetus for the whole market.

The analysis of product segment of the Group for the three months ended 31 March 2019 is set out in Note 3 to the condensed consolidated financial statements, where the sales of scented candles has increased approximately HK$12.4 million or 70.0% as compared with the same period in 2018 that reflects the trend of preference for candle products with scent and coloured additives is increasing recently in the U.S. market.

In order to catch up the rapid growth of candle products especially in the U.S. market, the Group cooperated with a U.S. market consultant company after the Listing, for the boost of sales by introducing some sales representatives through their network in candle field in the U.S. market.

The U.S. market consultant company helped in analysis and identifying recent developments of our competitors within the U.S. market, introducing sales representatives in candle industry in the U.S. market, introducing a designer to accelerate the negotiation between the Group and the sales representatives for the potential orders and cooperation and coordinating the communication among each other with the synergy effect.

During the year of 2018, the Group entered into the contracts with sales representatives for the sales incentive to sales representatives for the orders from customers introduced by them.

Based on our well established long-term relationships with our customers and with support from our experienced management team in the industry, we are confidence on capitalising further business opportunities and growth.

FINANCIAL REVIEW

Revenue

Revenue for the three months ended 31 March 2019 amounted to approximately HK$51.3 million, representing an increase of approximately HK$11.2 million or 27.9% as compared with that of approximately HK$40.1 million for the same period in 2018.

The increase in revenue was the result from new orders from customers in U.S. introduced by the sales representatives, in which mainly increase in sales of scented candles, and partially offset by the decrease in sales of decorative candles and daily-use candles.

Gross profit and gross profit margin

Gross profit for the three months ended 31 March 2019 amounted to approximately HK$13.3 million, representing an increase of approximately HK$6.5 million or 95.6% as compared with that of approximately HK$6.8 million for the same period in 2018.

The gross profit margin increased to approximately 25.9% for the three months ended 31 March 2019 as compared with that of 17.0% for the same period in 2018. The increase was mainly due to the increase in sales of scented candles as well as the increase in gross profit margin of scented candles from 12.2% for the three months ended 31 March 2018 to 28.3% for the three months ended 31 March 2019.

Other income, gains or losses

Other income for the three months ended 31 March 2019 were approximately HK$177,000, representing an increase of approximately HK$147,000 or 490% as compared to approximately HK$30,000 for the same period in 2018. The increase in other income was mainly due to an increase in bank interest income from short-term bank deposits.

Other gains for the three months ended 31 March 2019 amounted to approximately HK$90,000, representing a decrease of loss of approximately HK$113,000 or 491.3% as compared with the loss of approximately HK$23,000 for the same period in 2018. The decrease was mainly due to the exchange gain generated from inter-bank fund transfer.

Selling and distribution expenses

Selling and distribution expenses for the three months ended 31 March 2019 amounted to approximately HK$4.2 million, representing an increase of approximately HK$2.9 million or 223.1% as compared with that of approximately HK$1.3 million for the same period in 2018.

The increase was mainly due to (i) increase in transportation and declarations expenses of approximately HK$195,000 which was in line with the increase in sales; and (ii) increase in marketing and promotion cost of approximately HK$2.4 million which include the commission to sales representatives for introducing new orders from customers in U.S. for approximately HK$0.7 million and the consultation service fee of approximately HK$1.5 million in relation to U.S. market consultation which is beneficial to our business growth.

Administration expenses

Administration expenses for the three months ended 31 March 2019 amounted to approximately HK$9.2 million, representing an increase of approximately HK$2.6 million or 39.4% as compared with that of approximately HK$6.6 million for the same period in 2018.

The increase was mainly due to the increase in salaries and allowance of approximately HK$1.3 million caused by increase in number of administrative and finance personnel; and increased in professional fee including audit fee, compliance advisory fee, insurance fee, legal advisory fee and printing fee of approximately HK$702,000.

Finance costs

Finance costs for the three months ended 31 March 2019 amounted to approximately HK$585,000, representing an increase of approximately HK$137,000 or 30.6% as compared to approximately HK$448,000 for the same period in 2018.

The increase was mainly due to the increase in using bank borrowings to cope with revenue growth and the interest expenses on lease liabilities.

Listing expenses

During the three months ended 31 March 2018, the Group recognised non-recurring listing expenses of approximately HK$723,000 in connection with the Listing on GEM.

Loss for the period

The Group incurred net loss of approximately HK$0.5 million for the three months ended 31 March 2019, representing a decrease of approximately HK$1.6 million or 76.2% as compared with the net loss of approximately HK$2.1 million for the same period in 2018.

The Group's net loss after excluding non-recurring listing expenses would be approximately HK$0.5 million, representing a decrease of loss of approximately HK$0.9 million or 64.3% as compared with that of approximately HK$1.4 million for the same period in 2018. Such decrease was the combined effect of (i) increase in gross profit of approximately HK$6.5 million; and (ii) increase in other income, gains or losses for HK$0.3 million; and offset by (a) the increase in administrative expenses for HK$2.6 million; (b) increase in selling and distribution expenses for HK$2.9 million; and (c) increase in finance costs for HK$0.1 million.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Capital Assets

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries and capital assets during the reporting period.

EVENT AFTER THE END OF REPORTING PERIOD

There are no significant events affecting the Group after the reporting period and up to the date of this announcement.

DIVIDEND

The Board does not declare the payment of an interim dividend for the three months ended 31 March 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings (the "**Required Standard of Dealing**") set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings for the three months ended 31 March 2019. No incident of non-compliance was noted by the Company for the three months ended 31 March 2019.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the reporting period and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieve high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). During the three months ended 31 March 2019, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Chan Cheong Tat. The other members are Mr. Yu Pui Hang and Mr. Ho Chi Wai. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2019 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

As at the date of this announcement, the Directors are:

EXECUTIVE DIRECTORS
Mr. Wong Wai Chit *(Chairman)*
Mr. Wong Man Chit *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTOR
Ms. Wong Fong

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Chan Cheong Tat
Mr. Yu Pui Hang
Mr. Ho Chi Wai

Hong Kong, 3 May 2019

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and will also be published on the Company's website at www.fleming-int.com.