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SINOSTAR

中國華星

China Sinostar Group Company Limited
中國華星集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 485)

**FURTHER ANNOUNCEMENT ON ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2020**

Reference is made to the announcement of China Sinostar Group Company Limited (the “**Company**”) dated 30 June 2020 in relation to the unaudited consolidated annual results of the Company for the year ended 31 March 2020 (the “**Announcement**”). Terms used herein shall have the same meanings as those defined in the Announcement unless context requires otherwise.

AUDITED CONSOLIDATED RESULTS

As disclosed in the Announcement, the audit process for the annual results of the Company for the year ended 31 March 2020 has not been completed as of 30 June 2020 due to the outbreak of coronavirus and relevant quarantine arrangements and the Announcement contained therein was not then yet agreed by the Company’s auditor as required under Rule 13.49(2) of the Listing Rules.

On 24 July 2020, the Board is pleased to announce that the Company’s auditor, Mazars CPA Limited, has completed its audit of the annual results of the Company for the year ended 31 March 2020 (“**2020 Results**”) in accordance with the Hong Kong Standards on Auditing (“**HKSA**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The 2020 Results contained in the Announcement remain unchanged. The 2020 Results was also reviewed by the Audit Committee.

The financial information in respect of the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2020, as set out in the Announcement, have been compared by Mazars CPA Limited to the amounts set out in the audited consolidated financial statements for the year ended 31 March 2020 and, save for the clarifications and supplemental information set out below, the amounts were found to be in agreement. Such work performed by Mazars CPA Limited in this respect did not constitute an audit, review or other assurance engagement in accordance with HKSA, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars CPA Limited on the Announcement.

Set forth below are the principal details and reasons for the differences in such financial information:

(1) Clarification and Supplemental Information on Segment Information

The Company would like to amend the typing error on the item headed “Additions of property, plant and equipment” and add supplemental information as the item headed “Additions of right-of-use assets” to “Note 4(c) Segment information – Other segment information” of the section headed “Notes to the unaudited consolidated financial results” of the Announcement as follows:

| | Year ended 31 March 2020 | | | | | | | Total HK\$'000 |
|---|---------------------------------------|--------------------------------------|--------------------------------------|--|------------------------------|-----------------------|--|-------------------|
| | Continuing operations | | | | | | Discontinued operations HK\$'000 | |
| | Properties development HK\$'000 | Properties investment HK\$'000 | Properties management HK\$'000 | Hydroelectric power business HK\$'000 | Other segment HK\$'000 | Sub-total HK\$'000 | | |
| Amounts included in the measurement of segment results or segment assets: | | | | | | | | |
| Additions of property, plant and equipment | -- | 659 | -- | -- | -- | 659 | 4,037 | 4,696 |
| Additions of right-of-use assets | -- | -- | -- | -- | 2,513 | 2,513 | -- | 2,513 |
| Concession granted | 12,469 | -- | -- | -- | -- | 12,469 | -- | 12,469 |
| Loss allowance on trade receivables | -- | -- | -- | -- | -- | -- | 1,037 | 1,037 |
| Loss allowance on other receivables | -- | -- | -- | -- | -- | -- | 2,964 | 2,964 |
| Depreciation of property, plant and equipment | -- | 556 | -- | 2,726 | 898 | 4,180 | 1,494 | 5,674 |
| Depreciation of right-of-use assets | -- | 1,608 | -- | -- | 314 | 1,922 | 3,197 | 5,119 |
| Allowance for obsolete and slow-moving inventories | -- | -- | -- | -- | -- | -- | 2,491 | 2,491 |

(2) Clarification on Financial Review – Liquidity and Financial Resources

The Company would like to amend the typing error on the gearing ratio disclosed and the second paragraph under “Financial Review – Liquidity and Financial Resources” shall be read as follows:

“As at 31 March 2020, gearing ratio was 0.11 (31 March 2019: 0.06). The increase in the Group’s gearing ratio was resulted from the increase in borrowing level of the Group during the year ended 31 March 2020. The Group will continue to monitor and manage its financial structure and their potential risks in the course of development.”

The Board confirms that the above clarification and supplemental information do not affect other information contained in the Announcement and the rest of the contents of the Announcement remained unchanged.

For and on behalf of
China Sinostar Group Company Limited
Wang Xing Qiao
Executive Director and Chief Executive Officer

Hong Kong, 24 July 2020

As at the date of this announcement, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao and Mr. Zhao Shuang as executive Directors; and Mr. Su Bo, Mr. Zeng Guanwei and Mr. Tang Shengzhi as independent non-executive Directors.