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China Futex Holdings Limited
中國福紡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8506)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG
LIMITED**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

THIRD QUARTERLY RESULTS

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the three months and the nine months ended 30 September 2020 together with the unaudited comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and the nine months ended 30 September 2020

	Note	Three months ended 30 September		Nine months ended 30 September	
		2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Revenue	2	23,501	27,186	48,534	87,677
Cost of goods sold		<u>(17,724)</u>	<u>(18,502)</u>	<u>(35,153)</u>	<u>(59,628)</u>
Gross profit		5,777	8,684	13,381	28,049
Other income		395	291	1,040	1,170
Selling expenses		(305)	(554)	(978)	(1,773)
Administrative expenses		<u>(2,672)</u>	<u>(2,736)</u>	<u>(7,400)</u>	<u>(10,060)</u>
Profit from operations		3,195	5,685	6,043	17,386
Finance costs		<u>(702)</u>	<u>(651)</u>	<u>(2,073)</u>	<u>(1,916)</u>
Profit before tax		2,493	5,034	3,970	15,470
Income tax expense	4	<u>(425)</u>	<u>(994)</u>	<u>(467)</u>	<u>(2,298)</u>
Profit for the period and total comprehensive income for the period attributable to owners of the Company	5	<u>2,068</u>	<u>4,040</u>	<u>3,503</u>	<u>13,172</u>
Earnings per share					
– Basic (RMB cents)	6	<u>0.21</u>	<u>0.40</u>	<u>0.35</u>	<u>1.32</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the nine months ended 30 September 2020*

	Attributable to owners of the Company					Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	
At 1 January 2019 (Unaudited)	<u>8,411</u>	<u>48,784</u>	<u>1,830</u>	<u>6,223</u>	<u>58,445</u>	<u>123,693</u>
Total comprehensive income for the period (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,172</u>	<u>13,172</u>
Changes in equity for the period (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,172</u>	<u>13,172</u>
At 30 September 2019 (Unaudited)	<u>8,411</u>	<u>48,784</u>	<u>1,830</u>	<u>6,223</u>	<u>71,617</u>	<u>136,865</u>
At 1 January 2020 (Unaudited)	<u>8,411</u>	<u>48,784</u>	<u>1,830</u>	<u>6,287</u>	<u>74,995</u>	<u>140,307</u>
Total comprehensive income for the period (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,503</u>	<u>3,503</u>
Changes in equity for the period (Unaudited)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,503</u>	<u>3,503</u>
At 30 September 2020 (Unaudited)	<u>8,411</u>	<u>48,784</u>	<u>1,830</u>	<u>6,287</u>	<u>78,498</u>	<u>143,810</u>

NOTES

1. BASIS OF PREPARATION

The Company was incorporated and domiciled in the Cayman Islands with limited liability. The Shares of the Company have been listed on GEM of the Stock Exchange since 4 January 2018.

The unaudited consolidated financial statements for the three months and the nine months ended 30 September 2020 are presented in Renminbi.

The unaudited consolidated financial statements for the three months and the nine months ended 30 September 2020 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”, which comprise all applicable respective International Financial Reporting Standards, International Accounting Standards and Interpretations). The unaudited consolidated financial statements also include applicable disclosures required by the GEM Listing Rules.

The unaudited consolidated financial statements for the nine months ended 30 September 2020 should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019 and the notes thereto (the “2019 Audited Consolidated Financial Statements”). The significant accounting policies adopted in the preparation of the unaudited consolidated financial statements are consistent with those followed in the preparation of the 2019 Audited Consolidated Financial Statements. It should be noted that accounting estimates and assumptions were adopted in the preparation of the unaudited consolidated financial statements. Although the estimates are based on the management’s best knowledge of and judgement on the present events and actions, the actual results may eventually differ from those estimates.

Certain new and revised IFRSs have been issued. Adoption of new IFRSs which are effective for the accounting periods beginning on 1 January 2020 will not have any material impact on the preparation and presentation of the results and financial conditions of the current period and previous periods. For the IFRSs that are not yet effective nor have not been early adopted, the Group is in the process of assessing the potential impact of the new IFRSs.

2. REVENUE

The revenue of the Group recognised in the three months and the nine months ended 30 September 2020 includes the following:

	For the three months ended 30 September	
	2020 RMB’000 (Unaudited)	2019 RMB’000 (Unaudited)
Sales of circular knitting machines	23,133	26,591
Sales of parts and consumables of circular knitting machines	368	595
	<u>23,501</u>	<u>27,186</u>
For the nine months ended 30 September		
	2020 RMB’000 (Unaudited)	2019 RMB’000 (Unaudited)
Sales of circular knitting machines	47,688	85,058
Sales of parts and consumables of circular knitting machines	846	2,619
	<u>48,534</u>	<u>87,677</u>

3. SEGMENT INFORMATION

The Group has three operating segments as follows:

- Single circular knitting machine – manufacture and sales of single circular knitting machines
- Double circular knitting machine – manufacture and sales of double circular knitting machines
- Others – manufacture and sales of parts of circular knitting machines and sales of consumables

Information about operating segment profit or loss:

	Single circular knitting machine <i>RMB'000</i> (Unaudited)	Double circular knitting machine <i>RMB'000</i> (Unaudited)	Others <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
For the three months ended				
30 September 2020				
Revenue from external customers	12,374	10,759	368	23,501
Segment profits	<u>2,869</u>	<u>2,872</u>	<u>36</u>	<u>5,777</u>
For the three months ended				
30 September 2019				
Revenue from external customers	9,449	17,142	595	27,186
Segment profits	<u>2,891</u>	<u>5,710</u>	<u>83</u>	<u>8,684</u>
For the nine months ended				
30 September 2020				
Revenue from external customers	24,245	23,443	846	48,534
Segment profits	<u>6,320</u>	<u>6,955</u>	<u>106</u>	<u>13,381</u>
For the nine months ended				
30 September 2019				
Revenue from external customers	33,458	51,600	2,619	87,677
Segment profits	<u>10,150</u>	<u>17,484</u>	<u>415</u>	<u>28,049</u>

The Group's revenue from external customers by location of operations (including through trading companies) are detailed below:

	For the three months ended 30 September	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PRC	12,161	8,623
Overseas	11,340	18,563
Consolidated total	<u>23,501</u>	<u>27,186</u>

	For the nine months ended 30 September	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
PRC	21,852	26,228
Overseas	26,682	61,449
Consolidated total	<u>48,534</u>	<u>87,677</u>

4. INCOME TAX EXPENSE

	For the three months ended 30 September	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Provision – PRC	<u>425</u>	<u>994</u>

	For the nine months ended 30 September	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Provision – PRC	937	2,728
Overprovision in prior periods	<u>(470)</u>	<u>(430)</u>
Consolidated total	<u>467</u>	<u>2,298</u>

Tax charge on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries in which the Group operates, based on the existing legislation, interpretation and practices in respect thereof.

Under the two-tiered profits tax regime, profits tax rate for the first HK\$2 million of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. On 19 June 2020, the Legislative Council of the Government of Hong Kong Special Administrative Region passed and gazetted the one-off legislation to reduce profits tax for the year of assessment 2019/2020 by 100%, subject to a ceiling of HK\$20,000.

No provision for Hong Kong profits tax was required since the Group had no assessable profit for the nine months ended 30 September 2020 (nine months ended 30 September 2019: RMB Nil).

Under the Law of Enterprise Income Tax of the PRC (the “**EIT Law**”) and implementation Regulations of the EIT Law, the tax rate of the PRC Corporation is 25%. 漳州凱星機械有限公司 Zhangzhou Kaixing Machinery Co., Ltd. was granted the status of “High and New Technology Enterprise” and entitled to a preferential enterprise income tax rate at 15% for three years commencing from the year ended 31 December 2015. It was further extended for three more years commencing from the year ended 31 December 2018.

No provision for EIT is required since the other subsidiaries incurred tax loss for the period (period ended 30 September 2019: RMB Nil).

5. PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group’s profit attributable to owners of the Company is stated after charging/(crediting) the following:

	For the three months ended 30 September	
	2020 RMB’000 (Unaudited)	2019 RMB’000 (Unaudited)
Depreciation	519	532
Research and development expenditure	1,295	1,471
Cost of inventories sold	17,724	18,502
Net exchange loss/(gain)	2	(564)
	<u> </u>	<u> </u>
	For the nine months ended 30 September	
	2020 RMB’000 (Unaudited)	2019 RMB’000 (Unaudited)
Depreciation	1,575	1,599
Research and development expenditure	2,740	4,563
Cost of inventories sold	35,153	59,628
Net exchange gain	(49)	(243)
	<u> </u>	<u> </u>

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the three months ended 30 September 2020 is based on the profit attributable to owners of the Company of approximately RMB2,068,000 (2019: RMB4,040,000) and the weighted average number of 1,000,000,000 ordinary shares in issue for the period (2019: 1,000,000,000 shares).

The calculation of basic earnings per share for the nine months ended 30 September 2020 is based on the profit attributable to owners of the Company of approximately RMB3,503,000 (2019: RMB13,172,000) and the weighted average number of 1,000,000,000 ordinary shares in issue for the period (2019: 1,000,000,000 shares).

7. DIVIDENDS

The Directors do not recommend any payment of dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: RMB Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in R&D, manufacturing and sales of circular knitting machines. The Group derives its revenue mainly from the sales of circular knitting machines (i) domestically under the Group's own brands; and (ii) overseas either under the Group's own brands or the brands specified by trading companies purchasing on OEM basis.

During the period under review, the Group was seriously and adversely affected by the outbreak of COVID-19. For the nine months ended 30 September 2020, the Group recorded a net profit of approximately RMB3.5 million, representing a decrease of approximately 73.4% compared to approximately RMB13.2 million for the nine months ended 30 September 2019. The main reason for the decline in net profit is a considerable drop in revenue of approximately 44.6% as compared with the corresponding period in 2019 due to the decrease in demand for the products of the Group, particularly after the outbreak of COVID-19.

Under the adverse impact of the global outbreak of COVID-19, the business environment around the world has been full of challenges. The Group will continue to assess the potential impact of the COVID-19 pandemic on its business operations, including its output and supply chain, and will closely monitor the changes in the overseas markets.

OUTLOOK

Looking forward, the Group will closely and prudently monitor any changes that may affect its operations, profitability and the business environment. Meanwhile, the Group will endeavor to maintain its overall profitability and shareholders' value, and continue to leverage on its product quality and reputation to achieve a stable sales volume and control its cost. The Group expects that the COVID-19 pandemic will continue to cause unfavorable impacts on the global economy and the operating markets of the Group. The Group will, from time to time, assess the impact of COVID-19 on its business operations and financial conditions, and will constantly monitor the evolving situation and take appropriate measures.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the manufacturing and sales of circular knitting machines which can be classified into (i) single circular knitting machines; and (ii) double circular knitting machines. For the nine months ended 30 September 2020, the Group recorded a revenue of approximately RMB48.5 million, representing a decrease of approximately 44.6% from approximately RMB87.7 million for the nine months ended 30 September 2019. The sales of single circular knitting machines decreased by approximately 27.5% from approximately RMB33.5 million for the nine months ended 30 September 2019 to approximately RMB24.2 million for the nine months ended 30 September 2020. The sales of double circular knitting machines decreased by approximately 54.6% from approximately RMB51.6 million for the nine months ended 30 September 2019 to approximately RMB23.4 million for the nine months ended 30 September 2020. The fluctuations in the sale of single circular knitting machines and double circular knitting machines were mainly attributable to the constant change in the demand of the Group's customers during the nine months ended 30 September 2020.

Overseas sales decreased by approximately 56.6% from approximately RMB61.4 million for the nine months ended 30 September 2019 to approximately RMB26.7 million for the nine months ended 30 September 2020. Domestic sales decreased by approximately 16.7% from approximately RMB26.2 million for the nine months ended 30 September 2019 to approximately RMB21.9 million for the nine months ended 30 September 2020. Amongst the domestic sales, sale of single circular knitting machines has substantially increased but the increment does not have substantial contribution to the overall domestic sales.

The Group also derives revenue from the sales of parts of circular knitting machines and consumables. The sales from such operating segment decreased by approximately 67.7% from approximately RMB2.6 million for the nine months ended 30 September 2019 to approximately RMB846,000 for the nine months ended 30 September 2020. The decrease was primarily due to the decrease in demand for parts and consumables, such as stands and cylinders, from both domestic and overseas customers of the Group due to the impact of COVID-19 on their production and orders.

Cost of Goods Sold

The Group's cost of goods sold decreased by 41.0% from approximately RMB59.6 million for the nine months ended 30 September 2019 to approximately RMB35.2 million for the nine months ended 30 September 2020, which is generally in line with the decrease in revenue for the period.

Gross Profit and Gross Profit Margin

The Group's gross profit for the nine months ended 30 September 2020 was approximately RMB13.4 million, representing a decrease by approximately 52.3% when compared with its gross profit of approximately RMB28.0 million for the nine months ended 30 September 2019. Such decrease was primarily due to the increase in the cost of raw materials and the decrease in sale of the Group's circular knitting machines for the nine months ended 30 September 2020.

The Group's gross profit margin decreased from approximately 32.0% for the nine months ended 30 September 2019 to approximately 27.6% for the nine months ended 30 September 2020. During the period under review, the revenue of the Group has declined due to the impact of COVID-19 and the production cost of the Group has increased due to the rising cost of raw materials, resulting in the decrease in the gross profit margin of the Group for the nine months ended 30 September 2020.

Other Income

The Group's other income mainly consists of rental income, scrap sales, interest income and R&D subsidies and reward. The Group's other income was approximately RMB1.0 million for the nine months ended 30 September 2020, representing a decrease of approximately 11.1% as compared with the other income of approximately RMB1.2 million for the nine months ended 30 September 2019. This was primarily due to the decrease in subsidies and reward from the PRC government for the R&D and advancement in technology of the Group.

Selling Expenses

The Group's selling expenses mainly consist of sale staff salary, travelling, entertainment and transportation expenses. For the nine months ended 30 September 2020, the Group's selling expenses were approximately RMB1.0 million, representing a decrease of approximately 44.8% over the selling expenses of approximately RMB1.8 million for the nine months ended 30 September 2019. As a result of COVID-19 and the decrease of orders from customers, most of the Group's selling expenses items have decreased accordingly.

Administrative Expenses

The Group's administrative expenses mainly include (i) R&D expenses; (ii) employee salary and benefits expenses; and (iii) professional fees. The Group's administrative expenses for the nine months ended 30 September 2020 were approximately RMB7.4 million, representing a decrease of approximately 26.4% over the administrative expenses of approximately RMB10.1 million for the nine months ended 30 September 2019. The decrease was primarily attributable to the (i) reduction in R&D expenses and (ii) reduction in employee salary and benefits due to the decrease in headcount of the Group and a short-term exemption of social insurance contributions during the nine months ended 30 September 2020 by virtue of the PRC governmental policies which aimed to alleviate the impact of COVID-19 on domestic enterprises.

Profit for the Period Attributable to Owners of the Company

Profit attributable to owners of the Company for the nine months ended 30 September 2020 amounted to approximately RMB3.5 million, representing a decrease of approximately 73.4% as compared with the profit of approximately RMB13.2 million for the nine months ended 30 September 2019. The Group's net profit has substantially decreased mainly due to the decrease in demand for the products of the Group, particularly after the outbreak of COVID-19, despite the Group's effort to reduce the selling expenses and administrative expenses.

USE OF PROCEEDS FROM LISTING

The proceeds from the Listing, after deducting related issuance expenses, amounted to approximately HK\$40.9 million. Since the date of the Listing and up to 30 September 2020, approximately HK\$0.7 million has been used to enhance customer loyalty and brand awareness; approximately HK\$0.2 million has been used to maintain and enhance the Group's R&D capabilities; approximately HK\$2.3 million has been used to purchase machineries; and approximately HK\$3.6 million has been used as working capital.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2020, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in Ordinary Shares

Name of Director	Capacity and nature of interest	Number of Shares held	Percentage of the Company's share capital
Mr. Chen Yihui (陳毅輝)	Interest in controlled corporation	81,195,379 (note)	8.119%

Note: Sheen Vision Group Limited is wholly owned by Mr. Chen Yihui and is the beneficial owner of 81,195,379 Shares. Accordingly, Mr. Chen Yihui is deemed to be interested in 81,195,379 Shares held by Sheen Vision Group Limited by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, none of the Directors or chief executive of the Company nor their associates had registered an interest or short position in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO), or which was required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which was required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2020, the following interests and short positions of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

Long Positions in Ordinary Shares

Name	Capacity and nature of interest	Number of Shares held	Percentage of the Company's share capital
Azure Wealth Limited (藍裕有限公司)	Beneficial owner	369,219,084	36.922%
Ms. Zheng Yonghua (鄭勇華)	Interest in controlled corporation	369,219,084 (note 1)	36.922%
Mr. Ke Weibin (柯葳彬)	Interest of spouse	369,219,084 (note 2)	36.922%
Sheen Vision Group Limited	Beneficial owner	81,195,379	8.119%
Ms. Chen Qing (陳晴)	Interest of spouse	81,195,379 (note 3)	8.119%

Notes:

- (1) Azure Wealth Limited is owned as to 95% by Ms. Zheng Yonghua. Accordingly, Ms. Zheng Yonghua is deemed to be interested in 369,219,084 Shares held by Azure Wealth Limited by virtue of the SFO.
- (2) Mr. Ke Weibin is the spouse of Ms. Zheng Yonghua and is therefore deemed to be interested in all the Shares held/owned by Ms. Zheng Yonghua through Azure Wealth Limited by virtue of the SFO.
- (3) Sheen Vision Group Limited is wholly owned by Mr. Chen Yihui. Ms. Chen Qing is the spouse of Mr. Chen Yihui and is therefore deemed to be interested in all the Shares held/owned by Mr. Chen Yihui through Sheen Vision Group Limited by virtue of the SFO.

Save as disclosed above, as at 30 September 2020, no person, other than the Directors whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” above, had registered an interest or short position in the Shares or underlying Shares which was required to be recorded in the register by the Company pursuant to section 336 of the SFO.

COMPETING INTERESTS

During the nine months ended 30 September 2020, none of the Directors or the Controlling Shareholders or substantial Shareholders or their respective close associates (as defined in the GEM Listing Rules) is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

DEED OF NON-COMPETITION

Each of the Controlling Shareholders, namely Azure Wealth Limited, Ms. Zheng Yonghua and Ms. Yuan Yuan (“**Ms. Yuan**”), entered into the deed of non-competition dated 19 December 2017 (the “**Deed of Non-Competition**”) in favour of the Company, under which each of the Controlling Shareholders, among other things, irrevocably and unconditionally, jointly and severally, warrants and undertakes to the Company (for itself and as trustee for each of its subsidiaries) on competition related matters. Details of the Deed of Non-Competition are set out in the section headed “Relationship with Controlling Shareholders – Non-competition Undertaking” in the Prospectus.

INTEREST OF COMPLIANCE ADVISER

As notified by Essence Corporate Finance (Hong Kong) Limited (“**ECF**”), the Company’s compliance adviser, save for (i) the participation of ECF as the sole sponsor in relation to the Listing; and (ii) the compliance adviser’s agreement dated 19 December 2017 entered into between the Company and ECF, none of ECF or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group as at 30 September 2020, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company consists of Mr. Shum Shing Kei, Dr. Mu Zhirong and Dr. Hu Xudong, all being independent non-executive Directors. The audit committee of the Company has reviewed this announcement and the Group’s unaudited consolidated financial results for the nine months ended 30 September 2020, and is of the opinion that the preparation of such results complied with applicable accounting standards, the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made in respect thereof.

DIVIDENDS

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2020 (nine months ended 30 September 2019: RMB Nil).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and, except where the context requires otherwise and only for the purposes of this announcement, references to China or the PRC exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	China Futex Holdings Limited 中國福紡控股有限公司, a company incorporated as an exempted company with limited liability in the Cayman Islands on 28 July 2016
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	coronavirus disease (COVID-2019)
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time as the context may require
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on GEM of the Stock Exchange on 4 January 2018
“OEM”	acronym for original equipment manufacturer, whereby products are manufactured in accordance with the customer’s specification and are marketed under the brand names specified by the customers

“Prospectus”	the prospectus of the Company published on 20 December 2017 in connection with the Listing
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
China Futex Holdings Limited
Yuan Yuan
Chairlady and Chief Executive Officer

Hong Kong, 6 November 2020

As at the date hereof, the Board comprises Ms. Yuan Yuan (chairlady) and Mr. Chen Yihui as executive Directors; and Dr. Hu Xudong, Dr. Mu Zhirong and Mr. Shum Shing Kei as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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 in this announcement misleading.

*This announcement will remain on the GEM website at **www.hkgem.com** on the “Latest Company Announcements” page for at least seven days from the date of its posting and will also be published on the Company’s website at **www.kx-machine.com**.*