CHINA TRENDS HOLDINGS LIMITED
中國趨勢控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

(Warrant Code: 8015)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

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 Main Board of 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of 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.

This announcement, for which the directors of China Trends 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 (the "GEM Listing Rules") for the purpose of giving information with regard to China Trends Holdings Limited. The directors of the Company, 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.

HIGHLIGHTS

- During the year ended 31 December 2019, the Group recorded a revenue of approximately HK$152,449,000 (2018: HK$87,040,000), representing an increase of 75.15% as compared to that of previous year.

- The Group's gross profit increased to approximately HK$4,486,000 for the year ended 31 December 2019 from approximately HK$3,357,000 for the year ended 31 December 2018, representing an increase of approximately 33.63% as compared to that of previous year.

- Loss attributable to owners of the Company for the year ended 31 December 2019 was approximately HK$3,981,000 (2018: HK$5,406,000), representing an decrease of approximately 26.36% as compared to that of previous year.

- The net profit for the year ended 31 December 2019 was approximately HK$1,392,000 after deducting non-recurring expenses of HK$5,320,000, mainly derived from the litigation fee against Asia Television Limited, profit from disposal of an associate, share of loss from an associate and other non-recurring expenses, representing an improvement of approximately 31.94% as compared to net profit of HK$1,055,000 of previous year.

RESULTS

The board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company") are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2019, together the audited comparative figures for the corresponding year in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	4	**152,449**	87,040
Cost of sales		**(147,963)**	(83,683)
Gross profit		**4,486**	3,357
Other income and gains, net	4	**4,883**	4,836
Share of losses of an associate		**(2,519)**	(1,612)
Administrative and other operating expenses		**(10,710)**	(10,064)
Finance costs		**(68)**	–
Loss from operations		**(3,928)**	(3,483)
Impairment loss on other receivables		**–**	(1,870)
LOSS BEFORE TAX	5	**(3,928)**	(5,353)
Income tax expenses	6	**–**	–
LOSS FOR THE YEAR		**(3,928)**	(5,353)
OTHER COMPREHENSIVE INCOME / (LOSS)			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**1,658**	(2,722)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(2,270)**	(8,075)

	Notes	**2019** **HK$'000**	2018 HK$'000
LOSS/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(3,981)**	(5,406)
Non-controlling interests		**53**	53
		(3,928)	(5,353)
TOTAL COMPREHENSIVE LOSS/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(2,323)**	(8,128)
Non-controlling interests		**53**	53
		(2,270)	(8,075)
LOSS PER SHARE	7		
Basic (HK cents per share)		**(0.01)**	(0.01)
Diluted (HK cents per share)		**(0.01)**	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**95**	262
Right-of-use assets		**464**	–
Intangible assets		**–**	–
Other non-current asset	*8*	**15,000**	15,000
Investment in an associate		**–**	23,431
Equity investments at fair value through other comprehensive income		**–**	22,800
Total non-current assets		**15,559**	61,493
CURRENT ASSETS			
Trade receivables	*9*	**46,147**	35,009
Prepayments, deposits and other receivables		**30,068**	1,568
Cash and bank balances	*10*	**32,774**	21,616
Total current assets		**108,989**	58,193
CURRENT LIABILITIES			
Other payables and accruals		**9,192**	2,250
Tax payable		**–**	285
Lease liabilities		**475**	–
Total current liabilities		**9,667**	2,535
Net current assets		**99,322**	55,658
TOTAL ASSETS LESS CURRENT LIABILITIES		**114,881**	117,151
NET ASSETS		**114,881**	117,151
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**427,161**	427,161
Other reserves		**(313,806)**	(311,483)
		113,355	115,678
Non-controlling interests		**1,526**	1,473
TOTAL EQUITY		**114,881**	117,151

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to owners of the Company									
	Issued capital	Share premium	Share option reserve	Foreign currency translation reserve	Special reserve	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2018	427,161	298,065	9,409	1,707	11,157	(1,638)	(623,094)	122,767	1,420	124,187
Total comprehensive (loss)/ income for the year	–	–	–	(2,722)	–	–	(5,406)	(8,128)	53	(8,075)
Share-based payments	–	–	1,039	–	–	–	–	1,039	–	1,039
At 31 December 2018 and 1 January 2019	427,161	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	115,678	1,473	117,151
Total comprehensive income/ (loss) for the year	–	–	–	1,658	–	–	(3,981)	(2,323)	53	(2,270)
At 31 December 2019	427,161	298,065	10,448	643	11,157	(1,638)	(632,481)	113,355	1,526	114,881

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is situated at 26/F., No. 9 Des Voeux Road West, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services.

The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited since 31 July 2002.

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 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 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 January 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 January 2019. Any difference, if any, at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

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. relied on the assessment of whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review;

ii. 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;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of buildings in the PRC and Hong Kong was determined on a portfolio basis; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

At 1 January 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition.

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 lessee's incremental borrowing rate applied is 5.0%.

	2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	**2,453**
Lease liabilities discounted at relevant incremental borrowing rates and lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	**2,380**
Analysed as	
Current	**1,905**
Non-current	**475**
	2,380

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	**2,380**

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.

[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3. OPERATING SEGMENT INFORMATION

The Group's revenue and result for the year ended 31 December 2019 were mainly derived from its operating segment of trading of electronic technology and related products. For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segment as follows:

(a) the trading operating segment is involved in the trading of electronic technology and related products; and

(b) the media operating segment is involved in provision of media and e-commerce and media advertising services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable and other unallocated head office and corporate liabilities, as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

	For the year ended 31 December					
	Trading business		**Media business**		**Consolidated total**	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**152,449**	87,040	**–**	–	**152,449**	87,040
	152,449	87,040	**–**	–	**152,449**	87,040
Segment results	**4,872**	5,287	**–**	–	**4,872**	5,287
Reconciliation:						
Interest income					**135**	170
Unallocated expenses					**(8,934)**	(10,810)
Loss before tax					**(3,927)**	(5,353)
Income tax expenses					**–**	–
Loss for the year					**(3,927)**	(5,353)
Other segment information:						
Capital expenditure	**–**	20	**–**	15,000	**–**	15,020
Depreciation of property, plant and equipment	**160**	165	**–**	–	**160**	165
Depreciation of right-of-use assets	**1,916**	–	**–**	–	**1,916**	–

	As at 31 December					
	Trading business		Media business		Consolidated total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**67,208**	44,340	**15,000**	15,000	**82,208**	59,340
Unallocated assets					**42,340**	60,346
Total assets					**124,548**	119,686
Segment liabilities	**8,522**	159	**–**	–	**8,522**	159
Unallocated liabilities					**1,145**	2,376
Total liabilities					**9,667**	2,535

Geographical information

(a) Revenue from external customers

	For the year ended 31 December	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**–**	–
Mainland China (excluding Hong Kong)	**152,449**	87,040
	152,449	87,040

The revenue information is based on the location of the customers.

(b) Non-current assets

	As at 31 December	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**464**	–
Mainland China (excluding Hong Kong)	**15,095**	38,693
	15,559	38,693

Note: Non-current assets excluded financial instruments.

Revenue from major customers

Customers individually contributing over 10% of the Group's revenue during the years are as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	N/A*	–
Customer B	N/A*	–
Customer C	30,742	–
Customer D	–	–
Customer E	111,675	67,792
Customer F	N/A*	19,248

* Revenue from these customers are individually less than 10% of the total revenue of the Group for the respective year.

4. REVENUE, OTHER INCOME AND GAINS, NET

Disaggregation of revenue from contracts with customers:

	For the year ended 31 December 2019		
Segments	**Trading**	**Media**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Geographical markets			
Mainland China	152,449	–	152,449
Other countries	–	–	–
Total	152,449	–	152,449
Major products/service			
Electronic technology products	152,449	–	152,449
Others	–	–	–
Total	152,449	–	152,449
Timing of revenue recognition			
At a point in time	152,449	–	152,449
Over time	–	–	–
Total	152,449	–	152,449

Segments	Trading	Media	Total
	For the year ended 31 December 2018		
	HK$'000	*HK$'000*	*HK$'000*
Geographical markets			
Mainland China	87,040	–	87,040
Other countries	–	–	–
Total	87,040	–	87,040
Major products/service			
Electronic technology products	87,040	–	87,040
Others	–	–	–
Total	87,040	–	87,040
Timing of revenue recognition			
At a point in time	87,040	–	87,040
Over time	–	–	–
Total	87,040	–	87,040

Revenue represents the fair value of amount received and receivable by the Group in respect of sales of electronic technology products. The Group purchases and sells electronic technology products to the customers. Sales are recognised when control of the products has transferred, being when these products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 60 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Other income

	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**135**	170
Surcharge income	**2,607**	4,639
	2,742	4,809
Gains, net		
Gain on disposal of an associate	**1,869**	–
Net exchange gains	**272**	27
	2,141	27
	4,883	4,836

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Cost of sales	**147,963**	83,683
Auditor's remuneration	**456**	380
Employee benefits expenses (including directors' remuneration):		
– Wages, salaries and allowances	**1,147**	1,152
– Other benefits in kind	**98**	143
– Equity-settled share-based payments	**–**	1,039
– Pension scheme contributions	**85**	42
Total employee benefits expenses	**1,330**	2,376
Depreciation of property, plant and equipment	**160**	165
Depreciation of right-of-use assets	**1,916**	–
Minimum lease payments under operating leases, land and buildings	**–**	1,950

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Group has tax loss during the years ended 31 December 2019 and 2018. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

The reconciliation between the income tax for the year and the loss before tax multiplied by the Hong Kong profits tax rate is as follows:

	2019 *HK$'000*	2018 *HK$'000*
Loss before tax:	**(3,928)**	(5,353)
Tax at the statutory tax rate of 16.5% (2018: 16.5%)	**(648)**	(883)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**446**	451
Expenses not deductible for tax and income not subject to tax rate	**120**	295
Tax effect of taxes losses not recognised	**82**	137
Tax charge at the Group's effective tax rate	**–**	–

At 31 December 2019, the Group has unused tax losses of approximately HK$111,102,000 (2018: HK$113,938,000) available indefinitely for offset against future profits. No deferred tax asset (2018: HK$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

The calculation of basic loss per share is based on:

	2019 *HK$'000*	2018 *HK$'000*
Losses		
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	**(3,928)**	(5,406)

Shares	**Number of shares *('000)*** **2019**	2018
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**42,716,118**	42,716,118

The computation of diluted earnings per share does not assume the exercise the Company's share options because the exercise price of those options was higher than the average market price for shares for 2019 and 2018.

8. OTHER NON-CURRENT ASSET

As at 31 December 2019 and 2018, the amount represented the prepayment paid for the acquisition of rights of use and distribution rights of contents copyright of "Viva Reading" during the year ended 31 December 2018 at a consideration of HK$30,000,000. As at 31 December 2019 and 2018, 50% of the consideration, amounting to HK$15,000,000 was paid. The remaining consideration of HK$15,000,000 is disclosed as capital commitment.

As stated in the agreement, the vendor would cooperate with the Company and its media and e-commerce platform, ensuring that the media and e-commerce platform can obtain content and links of the "Viva Reading" platform, and authorising the media and e-commerce platform the rights of use and distribution. However, as at 31 December 2019, the platform was still in development and not ready to use and the management of the Group was of the view that the acquisition was not completed and the future economic benefits that were attributable to the intangible asset was not yet probable to flow to the Group. As a result, as at 31 December 2019 and 2018, the Group recognised a prepayment amounting to HK$15,000,000.

9. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 60 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**46,147**	35,009
Provision for loss allowance	**–**	–
Carrying amount	**46,147**	35,009

During the year ended 31 December 2018, the trade receivable of approximately HK$11,169,000 with a surcharge income receivable of HK$4,639,000 were transferred to a third party, as a portion of the consideration for the acquisition of the Viva Reading Rights.

The aging analysis of the trade receivables, based on the contract date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 30 days	**69**	–
31 to 60 days	**21,086**	12,293
61 to 90 days	**24,992**	22,716
Over 91 days	**–**	–
	46,147	35,009

The Group applies the simplified approach under HKFRS 9 "Financial Instruments" to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	**Over 30 days past due**	**Over 60 days past due**	**Over 120 days past due**	**Total**
At 31 December 2019					
Receivable amount (HK$'000)	**46,147**	**–**	**–**	**–**	**46,147**
Loss allowance (HK$'000)	**–**	**–**	**–**	**–**	**–**
At 31 December 2018					
Receivable amount (HK$'000)	35,009	–	–	–	35,009
Loss allowance (HK$'000)	–	–	–	–	–

10. CASH AND BANK BALANCES

	2019	2018
	HK$'000	*HK$'000*
Cash and bank balances	**32,774**	21,616

At the end of the reporting period, the cash and bank balances of the Group denominated in USD was USD649,000 (2018: USD1,597,000) (equivalent to approximately HK$5,053,000 (2018: HK$12,506,000)) and in Renminbi ("RMB") was RMB12,627,000 (2018: RMB5,406,000) (equivalent to approximately HK$14,342,000 (2018: HK$6,153,000)). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

11. RELATED PARTY TRANSACTIONS

(i) Save as those disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		2019	2018
		HK$'000	*HK$'000*
New Era Group (China) Limited	*Note*		
Rental paid		**960**	960
Rental deposit paid		**160**	160
New Era Foundation (China) Limited	*Note*		
Rental paid		**990**	990
Rental deposit paid		**168**	168

Notes:

New Era Group (China) Limited and New Era Foundation (China) Limited are companies of which Mr. Xiang Xin has control.

(ii) Compensation of key management personnel of the Company:

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**270**	244
Equity-settled share option expenses	**–**	1,039
Pension scheme contributions	**–**	–
	270	1,283

DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: nil).

FINANCIAL REVIEW

Trading Business

During the year ended 31 December 2019, the Group recorded a revenue of approximately HK$152,449,000 (2018: HK$87,040,000), representing an increase of 75.15% as compared to that of previous year. All the revenue made from the Company's trading business.

During the year ended 31 December 2019, the Group recorded a cost of sales of approximately HK$ 147,963,000 (2018: HK$ 83,683,000), representing an increase of 76.81% as compared to that of previous year.

The Group's gross profit increased to approximately HK$4,486,000 for the year ended 31 December 2019 from approximately HK$3,357,000 for the year ended 31 December 2018, representing an increase of approximately 33.63% as compared to that of previous year.

During the year ended 31 December 2019, the Group's other income and gains recorded approximately HK$4,883,000 (2018: HK$4,836,000), representing an increase of approximately 0.97% as compared to that of previous year.

Loss attributable to owners of the Company for the year ended 31 December 2019 was approximately HK$3,981,000 (2018: HK$5,406,000), representing an decrease of approximately 26.36% as compared to that of previous year.

The Group's trading business has been operating in a healthy and stable manner for more than 10 years. Compared with the year ended 31 December 2018, both operating revenue and gross profit have achieved significant growth for the year ended 31 December 2019. The net profit for the year ended 31 December 2019 was approximately HK$1,392,000 after deducting non-recurring expenses of approximately HK$5,320,000 mainly derived from litigation fee against Asia Television Limited, profit from disposal of an associate, share of loss from an associate and other non-recurring expenses, representing an improvement of approximately 31.94% as compared to net profit of HK$1,055,000 of previous year.

Media Business

The media e-commerce business is being developed by the Company to provide a platform to partners for sales of inventory backlog, thereby consolidating customers and expanding business scope. In the course of promoting the media e-commerce business, the Group has encountered the following incidents which slowed down the development progress of its media e-commerce business: (i) resignation of certain team members and/or employees for some cooperative projects; (ii) the Stock Exchange decided to cancel the listing status of the Company; and (iii) default by the cooperating party, particularly in relation to the Company's acquisition of 100% equity interest in a subsidiary of ATV.

OPERATIONAL REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services.

1. On 11 April 2019, the Company entered into a cooperation agreement with 深圳優優購智能商業網絡科技有限公司 (Shenzhen WealthGo Company Limited)* ("Shenzhen WealthGo"), Mr. Wang Xinjie and Mr. Chen Xin, pursuant to which the Company shall (i) customise and sell an estimated one million sets of vending machines, where each set of vending machine(s) consists of a minimum of one and a maximum of ten, to Shenzhen WealthGo via Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company; (ii) support Shenzhen WealthGo in their operating vending machines project; and (iii) provide services in relation to the exchange of vouchers for gifts for the members of the "WealthStorm" platform of the Group.

The plans of Shenzhen WealthGo are as follows: (i) in 2019, being the "pilot" year, Shenzhen WealthGo is expected to order 1,000 sets of vending machines; (ii) in 2020, being the "promotion" year, Shenzhen WealthGo is expected to order 10,000 sets of vending machines; (iii) in 2021, being the "development" year, Shenzhen WealthGo is expected to order 100,000 sets of vending machines; and (iv) in 2022, being the "outbreak" year, Shenzhen WealthGo is expected to order 1,000,000 sets of vending machines.

All parties to the Cooperation Agreement had agreed on the media e-commerce business model of the WealthStorm, and agreed to connect all vending machines with the WealthStorm, including but not limited to all the media resources that Viva Reading "暢讀", the full digital magazine reading platform developed by 北京維旺明科技股份有限公司 (Beijing Viva Technologies Limited)*, which had authorized the Company for distribution.

During the period of this cooperation, not only would the Company supply paid hardware (i.e. vending machines) to Shenzhen WealthGo via Boss China, but also it would provide free app software and import customers to Shenzhen WealthGo, while Shenzhen WealthGo was responsible for searching supplier channel and laying hardware. Furthermore, Shenzhen WealthGo agreed that the Company or Boss China would obtain 50% of the gross profit of the Project after deducting the third-party expenses (including e-commerce revenue and advertising revenue and without deduction of depreciation), and that the gross profit from the previous month would be distributed on the first day of every month, in which the gross profit includes the payment via vending machines by cash or by scan code. If the income of Shenzhen WealthGo is negative after deducting all costs, Shenzhen WealthGo would not need to pay the gross profit share to the Company for that respective month. The loss would be accumulated to the next month and the gross profit would only be distributed when there is a positive business margin, and so on.

On 6 September 2019, Boss China was informed by Mr. Wang Xinjie, the legal representative of Shenzhen WealthGo, that Shenzhen WealthGo had been actively pushing forward the implementation of the Cooperation Agreement between Shenzhen WealthGo and Boss China. However, Shenzhen WealthGo has expressed its worrying and disturbing on the Company being in the process of delisting decided by the Stock Exchange and was requesting to delay the cooperation until there should be any positive results regarding the review of the decision of the Stock Exchange. The Company understood the reason for Shenzhen WealthGo's decision of delaying the cooperation.

2. On 19 July 2019, the Company entered into a cooperation framework agreement ("Framework Agreement") with Shen Zhen HengKangda International Food Corp., Ltd.* (深圳市恒康達國際食品股份有限公司) ("Shen Zhen HengKangda") and Mr. Li Gang ("Mr. Li") relating to acquire e-commerce/convenience store business, so as to expand the redemption business scale of the Wealthstorm Platform underneath the Company.

   Shen Zhen HengKangda is a limited liability company incorporated under the laws of PRC, which is focusing on the trading business of imported foods, including e-commerce / convenience store business (with its team and assets) ("Target Business").

   Pursuant to the Framework Agreement, the Company intended to acquire the Target Business of Shen Zhen HengKangda. Transaction consideration of the Target Business would be determined based on appraisal report made by an independent third-party evaluation agency authorized by the Company. Subject to the approval of the Stock Exchange, the Company would pay the consideration by the issuance of shares of the Company at HK$0.01 per share.

   After the completion of the acquisition transaction, the company promised to inject the Target Business into the Company's subsidiary for operation, while Shen Zhen HengKangda promised to maintain the existing business, business qualification and revenue for at least 3 years. The existing team of the Target Business being transferred to the Company's subsidiary for at least 3 years after signing a formal acquisition agreement.

   After the formal acquisition agreement was signed and the transaction was completed, Shen Zhen HengKangda and Mr. Li and their affiliated companies acknowledged not to engage in any business that may compete with the Target Business, unless approved by the Company.

   The cooperation with Shen Zhen HengKangda and Mr. Li was still in the final agreement negotiation but no results yet, wherein the Stock Exchange decided to cancel the listing status of the Company was one of the important factors.

3. On 6 November 2019, Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company entered into a framework agreement with Winn Tech-Winn Technology Co., Ltd. ("Winn Tech-Winn") in relation to electric products trading business, pursuant to which both parties agreed to cooperate in the following 10 years on electric products trading business. In the ten years from 1 November 2019 to 31 October 2029, Winn Tech-Winn would purchase the total value of goods from Boss China for approximately RMB 200 million per year (including applicable value-added tax at that time). The actual payment amount would subject to the purchase order amount issued by Winn Tech-Winn.

4. On 20 December 2019, Nopo International Limited ("Nopo International"), a wholly-owned subsidiary of the Company, entered into a Share Transfer Agreement (the "Agreement I") of 25% shareholdings in FengTian Capital Limited ("FengTian Capital") with Rich Group International (HK) Limited ("Rich Group") and China Innovation Investment Limited ("China Innovation") , pursuant to which Nopo International transferred 25% shareholdings (the "Share for Sale I") in FengTian Capital to China Innovation at a consideration of HK$22,781,000 (equivalent to the cost paid by Nopo International when acquired the Share for Sale I) and transferred the payment obligation of the unpaid investment capital in RMB1,500,000 to China Innovation at the same time. The payment method was that China Innovation would pay 50% in cash (ie. HK$11,390,500) to Nopo International within two business days after signing the agreement, and the balance 50% (ie. HK$11,390,500) would be paid to Nopo International one year after the signing of the Agreement I. Upon completion of the transaction, FengTian Capital would no longer be an affiliate of Nopo International.

   The first installment of the consideration had been paid to Nopo International by the end of 2019.

5. On 22 December 2019, the Company, entered into share transfer agreement (the "Agreement II") of 20% shareholdings in Full Smart Asia Limited (the "Full Smart") with Joy China Group Limited ("Joy China"), and Blue Angel (Holdings) Limited ("Blue Holdings") , pursuant to which the Company transferred 20% shareholdings (the "Share for Sale II") in the Full Smart to Blue Holdings at a consideration of HK$22,800,000 (equivalent to the cost paid by the Company when acquired the Share for Sale II). The payment method was that Blue Holdings would pay 50% in cash (ie. HK$11,400,000) to the Company within two days after signing the agreement, and the balance of 50% (ie. HK$11,400,000) would be paid to the Company one year after the signing of the Agreement II. Upon completion of the transaction, Full Smart would no longer be an invested company for sale of the Company.

   The first installment of the consideration had been paid to the Company by the end of 2019.

* *For identification purposes only*

UPDATE ON LISTING STATUS

The Company had received a letter (the "Letter") dated 10 June 2019 from the Stock Exchange which served as a notice pursuant to Rule 9.15 of the GEM Listing Rules, stating that the Stock Exchange considered that the Company had failed to maintain a sufficient level of operations or assets under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of the Shares, and had therefore decided to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules and proceeded with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules (the "Decision").

The Company had submitted a written request to the GEM Listing Committee (the "GEM Listing Committee") of the Stock Exchange pursuant to Chapter 4 of the GEM Listing Rules on 14 June 2019 for reviewing of the Decision.

On 4 July 2019, the Company signed an engagement letter to appoint Yu Ming Investment Management Limited as the Company's financial advisor to deal with the Letter.

On 19 August 2019, the Stock Exchange informed the Company that the review hearing of the Decision has been scheduled for 29 October 2019.

On 10 October 2019, the Company was informed by its substantial shareholder, China Technology Education Trust Association ("CTE"), that CTE had made an application (the "JR Application") for leave to judicially review the Decision.

CTE, a charitable organization providing financial aids to technology education and employment in Hong Kong and Mainland China, was registered under section 88 of the Inland Revenue Ordinance (Cap. 112) of the laws of Hong Kong and entitled to tax exemption.

The grounds of and the rationale behind CTE's JR Application were, inter alia,

(i) the Company had significant business and net assets value;

(ii) the Company's losses had been reducing in the past few years and had become profitable for the six months ended 30 June 2019 excluding non-operational and non-recurring expenditure,

(iii) the Stock Exchange had not raised any concerns over the operation sufficiency of the Company in the past 10 years, so the Decision were abrupt and unreasonable; and

(iv) given the Company's financial conditions were not in deterioration, CTE had legitimate expectation of continued listing of the shares of the Company.

On 10 October 2019, CTE informed the Company that on 23 September 2019 the High Court of Hong Kong notified CTE its direction to adjourn the JR Application until the conclusion of the review hearing of the Decision.

The review hearing of the Decision by the GEM Listing Committee was held on 29 October 2019.

On 14 November 2019, the Company received the review decision (the "Review Decision") from the GEM Listing Committee, which upheld the Listing Department's Decision.

On 21 November 2019, the Company had filed an application for a further review of the Decision by the GEM Listing Review Committee.

On 4 December 2019, the review hearing of the Decision by the GEM Listing Review Committee was scheduled on 25 February 2020.

On 13 December 2019, the Company was informed by CTE that the High Court of Hong Kong had directed the JR Application to be further adjourned until the review of the Stock Exchange Decisions by the GEM Listing Review Committee determined.

On 25 February 2020, the review hearing (the "Review Hearing") of the Decision by the GEM Listing Review Committee (the "Review Committee") was held on time.

On 10 March 2020, the Company received a letter (the "Letter") from the Review Committee, stating that the Review Committee was of the view that the Company failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under GEM Rule 17.26 to warrant the continued listing of its shares. The Review Committee therefore decided to uphold the Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules (the "Review Committee Decision").

According to the Letter, the Company was required to re-comply with Rule 17.26 of the GEM Listing Rules by carry out, directly or indirectly, a business with a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of the Shares. In the event that the Company failed to do so by the expiry of the 12-month period, the Stock Exchange would proceed with the cancellation of the Company's listing.

Taking into account the financial performance and position for the recent years, in particular (i) the Company reported revenue of HK$87.0 million, adjusted net profit of HK$1.1 million and net assets of HK$117.2 million with no debt for the year ended 31 December 2018; and (ii) the Group recorded a revenue of approximately HK$152.5 million and adjusted net profit of approximately HK$1.4 million and net assets of HK$114.9 million with no debt for the year ended 31 December 2019. Hence, the Company's operation and assets (even without taking into account the Group's possible receivable and compensation from the ATV litigation case and the Group's intangible assets of the media e-commerce project) had been far above the requirements under the GEM Listing Rule 17.26 as at the time of Decision(which required GEM listed issuers to have sufficient operation or tangible/intangible assets only, but not both).

The Company expressed its shock and regret that the Review Committee ignored the defense opinions made by the Company in accordance with Rule 17.26 of the GEM Listing Rules, and in particular made the Review Committee Decision in disregard of the substantial increase in the Company's operating revenue and gross profit last year. The Company was consulting its financial advisers and legal advisers for filing a judicial review of the Review Committee Decision in the High Court of Hong Kong. Announcement to the progress of the judicial review would be made by the Company as and when appropriate.

Trading in the shares and warrants of the Company was suspended commencing from 9:00 a.m. on 11 March 2020.

For details, please refer to the announcements of the Company dated 10 June 2019, 14 June 2019, 4 July 2019, 23 August 2019, 10 October 2019, 14 November 2019, 21 November 2019, 4 December 2019, 13 December 2019, 10 March 2020 and 11 March 2020.

UPDATE ON LEGAL PROCEEDING AGAINST ATV

On 8 November 2015, the Company conditionally entered into an agreement with Asia Television Limited ("ATV") in relation to the transfer of 100% equity interest of ATV CEPA Promotion Limited ("ATV CEPA"), a wholly owned subsidiary of ATV ("Equity Transfer Agreement").

On 12 February 2016, the Company through its solicitors issued a letter to ATV: (i) accepting its repudiatory breach of the Equity Transfer Agreement thereby resulting in the termination of the Equity Transfer Agreement and (ii) without prejudice to the other rights of the Company, demanding repayment of the initial payment of HK$3 million under the Equity Transfer Agreement.

On 8 March 2016, the Company, being one of the creditors of ATV had issued the Debt Restructuring Proposal to the Provisional Liquidator of ATV. The Debt Restructuring Proposals were made subject to contract and upon satisfaction of all conditions therein (such as the obtaining of approval from Hong Kong court, approval from the shareholders of the Company at the extraordinary general meeting and approval from the Stock Exchange etc.).

On 12 March 2016, the Company was informed by the Provisional Liquidators of ATV that after consulting the views of the main creditor of ATV, and considering all other factors, the Provisional Liquidators did not accept the Debt Restructuring Proposals made by the Company for ATV.

On 28 March 2016, the Company issued a letter to the Provisional Liquidators and further explained the Debt Restructuring Proposals.

On 11 April 2016, the Company issued a revised Debt Restructuring Proposal to the Provisional Liquidators of ATV.

On 5 May 2017, the Company commenced legal proceedings at the High Court of Hong Kong against ATV in HCA 1067 of 2017 (the "Case") seeking, among other things, substantial damages for breach of the Equity Transfer Agreement.

According to the Equity Transfer Agreement, ATV should indemnify the Company for the loss of expected income ("Expected Income") due to its violation. During the period of 2018, the Company had commissioned independent valuer to evaluate the Expected Income.

On 24 July 2017, ATV filed a defense, arguing that the amount of compensation should be determined in accordance with the expected profits agreed in the Equity Transfer Agreement, rather than determining the amount of compensation in accordance with the assets expected to be owned by ATV CEPA.

On 22 August 2017, the Company submitted a revised claim statement (the "First Amendment Claim") to the High Court of Hong Kong, which was revised to be based on the expected profits of ATV CEPA in the internet television business. The specific amount was based on the evaluation results of a third-party independent valuer.

The Company submitted further revised applications to the High Court of Hong Kong on 16 April 2018, 28 April 2018 and 17 May 2018 respectively for further clarification to certain descriptions of the First Amendment Claim.

In January 2019, the third-party independent valuer had given preliminary evaluation results.

In May 2019, both the Company and ATV had since exchanged pleadings, completed discovery and exchanged witness statements. Pending further directions to be made by the Court, the Company would obtain an expert report opining on the valuation of the Company's loss of profits reasonably contemplated under the Equity Transfer Agreement. The Company would also obtain Counsel's advice within the time directed by the Court to ensure proper preparation of the Case. In the meantime, the Company had indicated its willingness to attempt mediation with a view to settling the Case but if mediation was unsuccessful, the Company would take steps to set the Case down for trial.

On 24 September 2019, the former appraisal firm (the "Former Appraisal Firm") informed the Company that it would terminate the valuation contract entered with the Company on 26 November 2018, due to its internal organizational reorganization. Hence it would no longer serve as the expert for the Company nor for ATV.

On 25 September 2019, the High Court of Hong Kong held a hearing on matters of the expert reports for the Case to be filed by both parties, and issued an order (the "Court Order") on that matters:

1. The parties shall identify their respective experts within 42 days from the date of receiving the Court Order;

2. The Company shall firstly file its expert report (the "Plaintiff Expert Report") within 84 days after identifying its experts;

3. ATV can be at liberty to serve its expert report (the "Defendant Expert Report") in response within 84 days after receiving the Plaintiff Expert Report;

4. In the event ATV serves the Defendant Expert Report, both parties shall hold a joint meeting (the "Joint Meeting") on a without prejudice basis and with a view to agreeing or narrowing down the issues in disputes within 28 days thereafter;

5. Within 28 days after the Joint Meeting, both parties shall provide a signed joint expert report.

On 30 October 2019, a new appraisal firm (the "New Appraisal Firm") being replacement of the Former Appraisal Firm, was appointed by the Company as the experts and was responsible for preparing expert report.

On 5 November 2019, the Company filed the particulars of the Company's experts to the High Court of Hong Kong.

On 6 November 2019, the Company received a notification from ATV in which ATV had appointed its experts.

On 19 February 2020, the Company had officially received an expert report issued by the New Appraisal Firm and sent it to the Defendant ATV on the same day, for the purpose of evaluating the assessed value of the Company's loss of profits reasonably contemplated under the Equity Transfer Agreement.

Both parties are currently advancing the Case pursuant to the Court Order.

OUTLOOK AND PROSPECT

The trading business of the Group has been developing steadily in the past 10 years and will have better development in the following 10 years.

On 1 June 2019, the Group entered into a master sale agreement with customer A ("Customer A"), an independent third party. Pursuant to the agreement, the Customer A had agreed to purchase network products in the amount of RMB80 million per annum during the period from 1 June 2019 to 31 May 2030 and the Group was entitled to charge a gross profit margin of around 3.9%.

On 1 September 2019, the Group entered into a master sale agreement with customer B ("Customer B"), an independent third party. Pursuant to the agreement, the Customer B had agreed to purchase products in the amount of RMB120 million per annum during the period from 1 September 2019 to 31 August 2030 and the Group was entitled to charge a gross profit margin of not less than 3.6%.

On 1 October 2019, the Group entered into a master sale agreement with customer C ("Customer C"), an independent third party. Pursuant to the agreement, the Customer C had agreed to purchase network products from the Group in the amount of about RMB80 million during the period from 1 October 2019 to 30 September 2030 and the Group was entitled to charge a gross profit margin of around 3.9%.

On 6 November 2019, the Group entered into a master sale agreement with customer D ("Customer D"), an independent third party. Pursuant to the agreement, the Customer D had agreed to purchase electronic products in the amount of RMB200 million per annum during the period from 1 November 2019 to 31 October 2029 and the Group was entitled to charge a gross profit margin of around 4%.

The Group will continue to develop media and e-commerce and media advertising business in Mainland China. The Company's Directors and management will dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. The Group maintained a healthy liquidity position, and total cash and bank balances amounted to approximately HK$32,774,000 (31 December 2018: HK$21,616,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 31 December 2019, the gearing ratio based on total debts over total equity was zero (31 December 2018: zero).

CAPITAL STRUCTURE AND FLUCTUATION IN FOREIGN EXCHANGE

The share capital of the Group comprised only ordinary shares as at 31 December 2019.

The Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi, United States dollars and Hong Kong dollars. As at 31 December 2019, substantial portion of the assets and liabilities of the Group were current in nature, and the amount were principally denominated in Renminbi, United States dollars and Hong Kong dollars, so foreign exchange risk was considered to be minimal.

PURCHASE, REDEMPTION OR SALE 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.

EMPLOYEES

As at 31 December 2019, there were a total of 27 (2018: 27) staff employed by the Group including full time and part-time staff. The staff costs including Directors' remuneration for the year ended 31 December 2019 were approximately HK$1,330,000 (2018: HK$2,376,000) of which NIL (2018: HK$1,039,000) share-based payments expenses were incurred during the year. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share-based payments. The Company ensured that its employees were remunerated according to the prevailing manpower market condition, and individual performance with its remuneration policies reviewed on a regular basis.

CHARGE, CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2019, the Group had no commitments under operating lease (2018: HK$2,453,000) and there were no charges on any assets of the Group.

As at 31 December 2019, the Group had capital commitments amounting to HK$15,000,000 (2018: HK15,000,000).

The Group did not have any contingent liabilities at the end of the reporting year. Except for the operating lease commitments and capital commitments, the Group and the Company had no other commitments to the financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year under review, the Company had complied with the requirements of the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 of the GEM Listing Rules, except that:

1. Mr. Xiang Xin is the Chairman of the Board and Chief Executive Officer of the Company during the year 2019. Such practice deviates from code provision A.2.1 of the CG Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Xiang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Xiang to hold both positions as the Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

2. The Company has no fixed terms of appointment for non-executive Directors. The independent non-executive Directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the relevant article under the Articles of Association of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive Directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable, and does not intend to change the current practice at the moment.

AUDITOR

The financial statements for the years ended 31 December 2018 were audited by ZHONGHUI ANDA CPA Limited. The financial statements for the years ended 31 December 2019 were audited by McMillan Woods (Hong Kong) CPA Limited. The reason to change auditor is that the Company could not reach consensus with ZHONGHUI ANDA on the audit fee for financial statements for the year ended 31 December 2019.

A resolution for the re-appointment of McMillan Woods (Hong Kong) CPA Limited as auditors of the Company until the conclusion of the next annual general meeting is to be proposed at the forthcoming annual general meeting of the Company.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Audit Committee currently comprises all three independent non-executive Directors of the Company, Mr. Wong Chung Kin, Quentin as the chairman, Ms. Qin Han, and Mr. Chen Yicheng as the members.

The Audit Committee has examined the accounting principles and practices adopted by the Company and its subsidiaries and discussed with the management its internal controls and accounts. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings") as the code for dealing in securities of the Company by the Directors. Upon the specific enquiry has been made of all the Directors and the Directors confirmed that they complied with the Required Standard of Dealings throughout the Year. The Company also has established written guidelines on no less exacting terms than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the Stock Exchange's and the Company's websites in due course.

By order of the Board
China Trends Holdings Limited
Xiang Xin
Chairman and Chief Executive Officer

Hong Kong, 20 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin (Chairman), Mr. Chan Cheong Yee and Mr. Yip, Wing Ho; the independent non-executive Directors of the Company are Mr. Wong Chung Kin, Quentin, Ms. Qin Han and Mr. Chen Yicheng. Ms. Kung Ching is an alternate director to Mr. Xiang Xin.