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 2020

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 2020, the Group recorded a revenue of approximately HK$166,723,000 (2019: HK$152,449,000), representing an increase of approximately 9.36% as compared to that of previous year. All the revenue made from the Company's trading business.

- During the year ended 31 December 2020, the Group recorded a cost of sales of approximately HK$161,952,000 (2019: HK$147,963,000), representing an increase of approximately 9.45% as compared to that of previous year.

- The Group's gross profit increased to approximately HK$4,771,000 for the year ended 31 December 2020 from approximately HK$4,486,000 for the year ended 31 December 2019, representing an increase of approximately 6.35% as compared to that of previous year.

- During the year ended 31 December 2020, the Group's other income and gains or losses, net recorded approximately HK$2,886,000 (2019: HK$4,883,000), representing a decrease of approximately 40.90% as compared to that of previous year.

- Loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$4,088,000 (2019: HK$3,981,000), representing an increase of approximately 2.69% 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 2019, both operating revenue and gross profit have achieved continuing growth for the year ended 31 December 2020. The adjusted net profit for the year ended 31 December 2020 was approximately HK$1,803,000 after deducting non-recurring expenses of approximately HK$5,842,000, derived mainly from the litigation fee against Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate, representing an improvement of approximately 29.53% as compared to net profit of approximately HK$1,392,000 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 2020, together the audited comparative figures for the corresponding year in 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
REVENUE	*4*	**166,723**	152,449
Cost of sales		**(161,952)**	(147,963)
Gross profit		**4,771**	4,486
Other income and gains or losses, net	*4*	**2,886**	4,883
Share of losses of an associate		**–**	(2,519)
Impairment loss on other receivables		**(252)**	–
Administrative and other operating expenses		**(11,257)**	(10,710)
Finance costs		**(187)**	(68)
LOSS BEFORE TAX	*5*	**(4,039)**	(3,928)
Income tax expense	*6*	**–**	–
LOSS FOR THE YEAR		**(4,039)**	(3,928)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**3,587**	1,658
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(452)**	(2,270)

	Notes	**2020** *HK$'000*	2019 *HK$'000*
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(4,088)**	(3,981)
Non-controlling interests		**49**	53
		(4,039)	(3,928)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(501)**	(2,323)
Non-controlling interests		**49**	53
		(452)	(2,270)
LOSS PER SHARE	*7*		
Basic (HK cents per share)		**(0.01)**	(0.01)
Diluted (HK cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**19**	95
Right-of-use assets		**5,197**	464
Intangible assets		**–**	–
Other non-current asset	*8*	**15,000**	15,000
Total non-current assets		**20,216**	15,559
CURRENT ASSETS			
Trade receivables	*9*	**48,182**	46,147
Prepayments, deposits and other receivables		**24,252**	30,068
Cash and bank balances	*10*	**28,017**	32,774
Total current assets		**100,451**	108,989
CURRENT LIABILITIES			
Other payables and accruals		**605**	9,192
Lease liabilities		**2,165**	475
Total current liabilities		**2,770**	9,667
Net current assets		**97,681**	99,322
TOTAL ASSETS LESS CURRENT LIABILITIES		**117,897**	114,881
NON-CURRENT LIABILITY			
Lease liabilities		**3,102**	–
NET ASSETS		**114,795**	114,881
EQUITY			
Equity attributable to owners of the Company			
Share capital		**427,161**	427,161
Other reserves		**(313,941)**	(313,806)
		113,220	113,355
Non-controlling interests		**1,575**	1,526
TOTAL EQUITY		**114,795**	114,881

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	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 2019	427,161	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	115,678	1,473	117,151
Total comprehensive income (expense) for the year	–	–	–	1,658	–	–	(3,981)	(2,323)	53	(2,270)
At 31 December 2019 and 1 January 2020	427,161	298,065	10,448	643	11,157	(1,638)	(632,481)	113,355	1,526	114,881
Total comprehensive income (expense) for the year	–	–	–	3,587	–	–	(4,088)	(501)	49	(452)
Share-based payments	–	–	366	–	–	–	–	366	–	366
Lapse of share options	–	–	(726)	–	–	–	726	–	–	–
At 31 December 2020	427,161	298,065	10,088	4,230	11,157	(1,638)	(635,843)	113,220	1,575	114,795

Notes:

1. CORPORATE INFORMATION

China Trends Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Sinclair Group Centre, 3rd Floor Genesis Building, Genesis Close P.O. Box 498, George Town, Grand Cayman KY1-1106, 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 shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 July 2002.

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 consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is different from the functional currency of the Company of Renminbi ("RMB").

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year 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.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period. The Group is in process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

The accounting policies of the operating segments are the same as the Group's accounting polices. The Group's revenue and result for the year ended 31 December 2020 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, loss on disposal of subsidiaries, impairment loss on other receivables 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**	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**166,723**	152,449	**–**	–	**166,723**	152,449
	166,723	152,449	**–**	–	**166,723**	152,449
Segment results	**4,771**	4,486	**–**	–	**4,771**	4,486
Reconciliation:						
Interest income					**121**	135
Loss on disposal of subsidiaries					**(25)**	–
Impairment loss on other receivables					**(252)**	–
Unallocated income					**3,018**	4,748
Unallocated expense					**(11,672)**	(13,297)
Loss before tax					**(4,039)**	(3,928)
Income tax expenses					**–**	–
Loss for the year					**(4,039)**	(3,928)
Other segment information:						
Addition to segment non-current assets	**6,410**	–	**–**	–	**6,410**	–
Depreciation of property, plant and equipment	**98**	160	**–**	–	**98**	160
Depreciation of right-of-use assets	**1,842**	1,916	**–**	–	**1,842**	1,916

	As at 31 December					
	Trading business		Media business		Consolidated total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**69,947**	67,208	**15,000**	15,000	**84,947**	82,208
Unallocated assets					**35,720**	42,340
Total assets					**120,667**	124,548
Segment liabilities	**1,338**	8,522	**–**	–	**1,338**	8,522
Unallocated liabilities					**4,534**	1,145
Total liabilities					**5,872**	9,667

Geographical information

(a) Revenue from external customers

	For the year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**–**	–
Mainland China (excluding Hong Kong)	**166,723**	152,449
	166,723	152,449

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

(b) Non-current assets

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**2,246**	464
Mainland China (excluding Hong Kong)	**17,970**	15,095
	20,216	15,559

Revenue from major customers

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

	2020	2019
	HK$'000	*HK$'000*
Customer A	**140,379**	30,742
Customer B	**26,308**	N/A*
Customer C	**–**	111,675

* 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 OR LOSSES, NET

Disaggregation of revenue from contracts with customers:

	For the year ended 31 December 2020		
Segments	**Trading**	**Media**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Geographical markets			
Mainland China	**166,723**	**–**	**166,723**
Other countries	**–**	**–**	**–**
Total	**166,723**	**–**	**166,723**
Major products/service			
Electronic technology products	**166,723**	**–**	**166,723**
Others	**–**	**–**	**–**
Total	**166,723**	**–**	**166,723**
Timing of revenue recognition			
At a point in time	**166,723**	**–**	**166,723**
Over time	**–**	**–**	**–**
Total	**166,723**	**–**	**166,723**

Segments	For the year ended 31 December 2019 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

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.

	2020	2019
	HK$'000	*HK$'000*
Other income		
Bank interest income	**121**	135
Government grants	**99**	–
Surcharge income	**2,919**	2,607
	3,139	2,742
Gains or losses, net		
Gain on disposal of an associate	**–**	1,869
Loss on disposal of subsidiaries	**(25)**	–
Net exchange (losses) gains	**(228)**	272
	(253)	2,141
	2,886	4,883

5. LOSS BEFORE TAX

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

	2020	2019
	HK$'000	*HK$'000*
Cost of sales	**161,952**	147,963
Auditor's remuneration	**470**	456
Employee benefits expenses (including directors' remuneration):		
– Wages, salaries and allowances	**1,103**	1,147
– Other benefits in kind	**135**	98
– Pension scheme contributions	**33**	85
– Share-based payments	**366**	–
Total employee benefits expenses	**1,637**	1,330
Depreciation of property, plant and equipment	**98**	160
Depreciation of right-of-use assets	**1,842**	1,916
Impairment loss of other receivables	**252**	–

6. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at a rate of 16.5% (2019: 16.5%) for the bears ended 31 December 2020 and 2019. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (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.

No provision for taxation has been made since the Group has incurred tax loss for taxation purpose during the years ended 31 December 2020 and 2019.

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

	2020	2019
	HK$'000	*HK$'000*
Loss before tax:	**(4,039)**	(3,928)
Tax at the statutory tax rate of 16.5% (2019: 16.5%)	**(666)**	(648)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**422**	446
Net effect of expenses not deductible and income not subject to tax	**1,478**	120
Tax effect of tax losses not recognised	**8**	82
Utilisation of tax losses previously not recognised	**(1,242)**	–
Tax charge at the Group's effective tax rate	**–**	–

At 31 December 2020, the Group has unused tax losses of approximately HK$41,291,000 (2019: HK$69,041,000) available for offset against future profits. No deferred tax asset (2019: HK$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:

	2020	2019
	HK$'000	*HK$'000*
Losses		
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	**(4,088)**	(3,981)

Shares	Number of shares *('000)* **2020**	2019
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 2020 and 2019. Since the Group has no other dilutive potential ordinary share for the year, no diluted earnings per share is presented.

8 OTHER NON-CURRENT ASSET

As at 31 December 2020 and 2019, the amount represented the prepayment paid for the acquisition of rights of use and distribution rights of contents copyright of "Viva Reading" in 2018 at a consideration of HK$30,000,000. As at 31 December 2020 and 2019, 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 2020, and up to the approval date of these consolidated financial statements the platform was still in development and not ready to use due to the outbreak of COVID-19 pandemic during the year. The management of the Group was of the view that the acquisition was not completed and the Group has not obtained the control of the rights. As a result, HK$15,000,000 was classified as prepayment as at 31 December 2020 and 2019.

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.

	2020 *HK$'000*	2019 *HK$'000*
Trade receivables	**48,182**	46,147
Less: allowance for expected credit losses	**–**	–
Carrying amount	**48,182**	46,147

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

	2020	2019
	HK$'000	*HK$'000*
Within 30 days	**16,923**	69
31 to 60 days	**11,655**	21,086
61 to 90 days	**19,604**	24,992
	48,182	46,147

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 2020					
Receivable amount *(HK$'000)*	**48,182**	**–**	**–**	**–**	**48,182**
Allowance for expected credit losses *(HK$'000)*	**–**	**–**	**–**	**–**	**–**
At 31 December 2019					
Receivable amount *(HK$'000)*	46,147	–	–	–	46,147
Allowance for expected credit losses *(HK$'000)*	–	–	–	–	–

10. CASH AND BANK BALANCES

	2020	2019
	HK$'000	*HK$'000*
Cash and bank balances	**28,017**	32,774

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB, USD and HK$ was RMB6,683,000 (2019: RMB12,627,000) (equivalent to approximately HK$7,937,000 (2019: HK$14,342,000), USD625,000 (2019: USD649,000) (equivalent to approximately HK$4,846,000 (2019: HK$5,053,000)) and HK$15,234,000 (2019: HK$13,379,000), respectively. 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 banks 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 consolidated financial statements, the Group had the following material transactions with related parties during the year:

		2020	2019
		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		**1,253**	990
Rental deposit paid		**235**	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:

	2020	2019
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**638**	270
Pension scheme contributions	**–**	–
Share-based payments	**366**	–
	1,004	270

DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2020 (2019: nil).

FINANCIAL REVIEW

During the year ended 31 December 2020, the Group recorded a revenue of approximately HK$166,723,000 (2019: HK$152,449,000), representing an increase of approximately 9.36% as compared to that of previous year. All the revenue made from the Company's trading business.

During the year ended 31 December 2020, the Group recorded a cost of sales of approximately HK$161,952,000 (2019: HK$147,963,000), representing an increase of approximately 9.45% as compared to that of previous year.

The Group's gross profit increased to approximately HK$4,771,000 for the year ended 31 December 2020 from approximately HK$4,486,000 for the year ended 31 December 2019, representing an increase of approximately 6.35% as compared to that of previous year.

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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 2019, both operating revenue and gross profit have achieved continuing growth for the year ended 31 December 2020. The adjusted net profit for the year ended 31 December 2020 was approximately HK$1,803,000 after deducting non-recurring expenses of approximately HK$5,842,000, derived mainly from the litigation fee against Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate, representing an improvement of approximately 29.53% as compared to net profit of HK$1,392,000 of previous year.

Non-GAAP Financial Measures

To supplement the consolidated financial results presented in accordance with Hong Kong Financial Reporting Standards (''HKFRSs''), the Group uses the following measures defined as Non-GAAP financial measures:

Non-GAAP profit/loss is profit/loss excluding litigation fee against Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate.

The presentation of these Non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRSs. For more information on this Non-GAAP financial measures, please see the table captioned ''Unaudited reconciliations of Non-GAAP measures to the most comparable HKFRS measures'' set forth below.

The Group believes that these Non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding litigation fee against Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate that are non-recurring expenses.

The Group believes that both management and investors benefit from referring to these Non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These Non-GAAP financial measures also facilitate management's internal comparisons to the Group's historical performance and liquidity.

The Group believes these Non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using Non-GAAP profit/loss is that these Non-GAAP measures exclude Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate that may not continue to be in the foreseeable future recurring expenses in our business. Management compensates for these limitations by providing specific information regarding the amounts excluded from each Non-GAAP measure. The accompanying tables have more details on the reconciliations between HKFRS financial measures that are most directly comparable to Non-GAAP financial measures.

Unaudited Reconciliation of Non-GAAP Measures to The Most Comparable HKFRS Measures

	For the year ended 31 December 2020 *HK$'000*	For the year ended 31 December 2019 *HK$'000*
Net profit (loss)	**(4,039)**	(3,928)
Litigation fee against Asia Television Limited	**3,160**	3,524
Litigation fee for judicial review for listing status resumption	**1,357**	500
Share-based payments	**366**	–
Share of loss of an associate	**–**	1,296
Loss on disposal of subsidiaries	**25**	–
Impairment loss on other receivables	**252**	–
Other legal fee	**682**	–
Non-GAAP net profit (loss)	**1,803**	1,392

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 19 July 2019, the Company entered into a cooperation framework agreement ("Framework Agreement") with Shen Zhen HengKangda International Food Corp., Ltd.* (深圳市恆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.

   On 7 April 2020, the Company was informed by Mr. Li, that Shen Zhen HengKangda had been actively pushing forward the Framework Agreement entered into between Shen Zhen HengKangda and the Company. As the Company's share has been suspension of trading decided by The Stock Exchange of Hong Kong Limited from 11 March 2020, Shen Zhen HengKangda considers suspending the aforementioned cooperation projects and looks forward to promoting new cooperation the next step after the Company's development being clearer.

2. On 6 November 2019, Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company entered into a framework agreement (the "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 RMB200 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.

   On 9 April 2020, Boss China was informed by Winn Tech-Winn, that Winn TechWinn had been actively pushing forward the implementation of the Framework Agreement between Winn Tech-Winn and Boss China. As the Company's share has been suspension of trading decided by the Stock Exchange from 11 March 2020, Winn Tech-Winn considers suspending the aforementioned cooperation project and looks forward to promoting new cooperation when there is new opportunity in the future.

3. On 1 March 2021, the Company entered into a cooperation agreement ("Cooperation Agreement") with 創新未來有限公司 ("Innovation Future"), Mr. Wong Wai Man and Ms. Lau Nga Sze so as to expand the business scale of the Company.

   Pursuant to the Cooperation Agreement, any electronic products with innovative materials or consumer products that have been approved by the Company and have overseas markets (in countries or regions other than Mainland China) can be developed and produced by Innovation Future. Innovative Future is responsible for the sales of the above-mentioned products in the overseas market, and the Company is responsible for arranging sales in the Mainland China market (only sell to companies designated or approved by the Company). No matter which market it is sold to, Innovation Future guarantees that the gross margin of sales will not be less than 10%, and for the first year of sales, the total sales revenue will not be less than HK$ 50 million, and after that the total sales revenue every year will not be less than HK$100 million.

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 status.

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 in 2019. After consulting its financial advisers and legal advisers, the Company filed a judicial review of the Review Committee Decision in the High Court of Hong Kong.

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

On 5 May 2020, the Company received a letter from the Stock Exchange setting out the resumption guidance for the resumption of trading in the shares of the Company: "demonstrate its compliance with GEM Rule 17.26". Under GEM Rule 9.14A(1), the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 12 months. In the case of the Company, the 12-month period expires on 10 March 2021. If the Company fails to remedy the issue(s) causing its trading suspension, fully comply with the GEM Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 10 March 2021, the Listing Division of the Stock Exchange will recommend the GEM Listing Committee to proceed with the cancellation of the Company's listing. Under GEM Rule 9.15, the Stock Exchange has the right to impose a shorter specific remedial period, where appropriate.

On 5 May 2020, the Company has engaged legal advisers to file its application (Action No.: HCAL 818/2020) (the "Judicial Review Case") for leave to apply for judicial review against the Review Committee Decision in the High Court of Hong Kong (the "High Court") on the following grounds:

(1) The Review Committee Decision is Wednesbury Unreasonable and has failed to take into account relevant considerations which should be done.

    1) After analyzing the financial situation (including assets, income and profits) of the Company and its subsidiaries (collectively, the "Group"), no rational decision maker can reasonably make this decision.

    2) With reference to recent years' and the latest data on assets, income and profits of the Group, including the written submissions submitted by the Company to the Review Committee in which the financial status of the Group is mentioned, and comparing the financial data of those listed companies that were delisted in the past. It is showed that the Group is not an extreme case and has a large number of assets that can generate sufficient revenue and profits.

(2) The Review Committee Decision is of Procedural Unfairness on the basis of legitimate expectation and inadequacy of reasons.

    1) The Company and its shareholders have legitimate expectation. That is to say, the Company's stock trading can be continued on the condition that the Company's financial situation has not changed significantly compared to the past ten years and the GEM Listing Rules remain unchanged.

    2) Based on the principle of procedural justice, any reason for making decision needs to be sufficient and clear.

On 7 May 2020, the Company received a letter (the "Case Letter") from the High Court in relation to the Judicial Review Case. In the letter, the High Court made the following directions ("Court Directions"):

"1. There shall be a rolled-up hearing of (i) the application for leave to apply for judicial review; (ii) the substantive application for judicial review, with 1 day reserved.

2. The Applicant shall serve the papers filed in this application on the Putative Respondent within 14 days from the date hereof.

3. The Parties shall submit to the court agreed directions for the further conduct of this application within 28 days after the date of services of documents under paragraph 2 above. In the event that directions could not be agreed, the Applicant shall be at liberty to fix a 30-minute hearing for further directions."

On 8 May 2020, the Company has served the copy of papers filed in the Judicial Review Case on the Putative Respondent, the Stock Exchange, according to the Court Directions. The judicial review has been scheduled for hearing on 9 October 2020, at 10:00 am, with 1 day reserved.

On 9 October 2020, the rolled-up hearing of the leave application and the application for judicial review of the Review Committee Decision was heard before the High Court of Hong Kong.

On 8 December 2020, the High Court of Hong Kong handed down its judgment (the "Judgment"). Pursuant to the Judgment, the application for leave to apply for judicial review is granted on the basis that the intended application for judicial review is reasonably arguable and has a realistic prospect of success. However, the application for judicial review of the Review Committee Decision is dismissed again upon consideration of the merits by the Court.

The Company is really surprised by the content of the Judgment. According to Article 59 of the Rules of the High Court, Cap. 4A of the Laws of Hong Kong, the Company can appeal against the Judgment within 28 days after receiving the Judgment, i.e. on or before 5 January 2021.

On 29 December 2020, the Company lodged an appeal (the "Appeal", Appeal No. CACV 652/2020) against the Judgement of the Judicial Review in the High Court of Hong Kong according to Order 59 of the Rules of the High Court, Cap. 4A of the Laws of Hong Kong. The grounds for the Appeal include but not limited to:

Ground 1: GEM Listing Review Committee's Decision irrational and Wednesbury unreasonable; wrong test applied

The judge at the Court of First Instance (the "Judge") and the Stock Exchange had essentially (and wrongly) applied the amended GEM Rule 17.26 (amendment effective from 1 October 2019 and not applicable to the present case).

The effective GEM Rule 17.26 when the Stock Exchange made its decision required: An issuer shall carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value. And the Characteristics of issuers which are unable to comply with rule 17.26 include: (i) financial difficulties to an extent which seriously impairs an issuer's ability to continue its business or which has led to the suspension of some or all of its operations; and/or (ii) issuers which have net liabilities as at their balance sheet date i.e. issuers whose liabilities exceed their assets".

The Company has never experienced any one of the Characteristics of issuers which are unable to comply with rule 17.26 as said above.

Ground 2: Procedural unfairness, and inadequate reasons

The Judge erred in law in wrongly rejecting the Company's complaint based on the GEM Listing Review Committee's failure to give adequate and intelligible reasons, and on procedural unfairness.

The GEM Listing Review Committee failed to give adequate reasons while making Review Decisions, particularly when most part of paragraphs of the Review Decision dated 10 March 2020 by the GEM Listing Review Committee appear to be a verbatim copy of or copied from contents in a report dated 12 December 2019 done by the GEM Listing Department.

The Judge erred in procedure for not taking into account the following contents:

(1) The GEM Listing Review Committee's deviation from the relevant law, guidance and practice, namely their deviation from the effective GEM Rule 17.26 and their taking into account of something irrelevant to the GEM Rule 17.26.

(2) The GEM Listing Review Committee's failure to address the "comparable" argument raised by the Company before the GEM Listing Review Committee, although the Company specifically submitted that "the results of the Company for FY2019 outperformed 143 to 233 of the 385 GEM listed issuers.

In any event, the duty to give reasons is imposed to foster a desirable intellectual discipline and concentration on the relevant issues, to demonstrate that a tribunal has carried out its task properly, and to promote and enhance consistency in decision making. This also enables a person adversely affected by a decision to know whether the decision-maker has addressed his grievance, and whether there may be any basis for challenging the decision.

The Judge ought to have held that the GEM Listing Review Committee failed to give adequate reasons, particularly as to:

(1) Any material difference and/or changes in the financial positions of the Company since its business in 2009 justifying the Review Decision.

(2) The relevant matters raised in Ground 1 hereinabove and submitted by the Company in the review hearing.

(3) The Company's "comparable" argument stated hereinabove.

(4) How the Company fell within the category of an extreme case under GEM Rule 17.26. The GEM Listing Review Committee needs to address the issue of whether the Company fell within the category of an extreme case under GEM Rule 17.26 in view of shareholders' interests (including a substantial shareholder which is a charitable organization. Particularly in view of (a) the legitimate expectation engendered by the fact that the Exchange had not raised any issue in the past 10 years, especially when the track record period is only 3 years; and (b) the fact that the Company was not given a grace period of 12 months within which to comply with GEM Rule 17.26 before invoking GEM Rule 9.04 to suspend trading of the Company, as is given to other listed issuers in similar situation.

Ground 3: Any deference impermissible on matters of law

Ground 1 hereinabove concerns the correct approach to be adopted when applying GEM Rule 17.26, and ground 2 hereinabove concerns the duty to give reasons imposed by the law.

In the premises, any deference to the professional judgment of the GEM Listing Review Committee cannot be justified, as *"where no particular expertise is required to reach a conclusion of fact and that conclusion is challenged as being irrational, there is no reason to approach the matter in any different way from that generally applied in judicial review claims".*

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, 11 March 2020, 5 May 2020, 17 May 2020, 10 June 2020, 12 June 2020, 10 September, 8 December 2020 and 31 December 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 Liquidators 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 Liquidator 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 meet (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.

On 31 August 2020, ATV already sent its expert's valuation report to the Company and deposited the same in the court. The experts of both parties have been in the process of compiling a joint valuation report.

Both parties to the Case 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 coming 10 years.

In the environment of the global pandemic, the continuous Sino-US Trade War, and the decision of the Stock Exchange for the Company to enter into the delisting process, three big contracts having been suspended by the business partners, the Group still achieved a continuing performance improvement compared to the same period in 2019, which fully demonstrates the growth of the Group's business.

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. As at 31 December 2020, the Group maintained a healthy liquidity position, and total cash and bank balances amounted to approximately HK$28,017,000 (2019: HK$32,774,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 31 December 2020, the gearing ratio based on total debts over total equity was zero (2019: zero).

CAPITAL STRUCTURE AND FLUCTUATION IN FOREIGN EXCHANGE

The share capital of the Group comprised only ordinary shares as at 31 December 2020.

The Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi. As at 31 December 2020, 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 2020, there were a total of 27 (2019: 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 2020 were approximately HK$1,637,000 (2019: HK$1,330,000) of which HK$366,000 (2019: NIL) 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 2020, the Group had NIL under operating lease (2019: NIL) and there were no charges on any assets of the Group.

As at 31 December 2020, the Group had capital commitments amounting to HK$15,000,000 (2019: HK$15,000,000).

The Group did not have any contingent liabilities at the end of the reporting year. Except for to 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 2020. 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.

3. The Company failed to renew the Directors' & Officers' Management Liability Insurance policy after its expiration on 20 February 2020. Such practice deviates from the provision A.1.8 of the CG Code which requires that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Board had tried all its efforts to seek renewal quotation from insurers but no positive response. The Company has lodged a complaint with the Hong Kong Insurance Authority. The Company will continue to seek all possible solutions to solve this non-compliance matter.

AUDITOR

The consolidated financial statements for the years ended 31 December 2019 and 31 December 2020 were audited by McMillan Woods (Hong Kong) CPA Limited.

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 and non-executive Director of the Company, Mr. Wong Chung Kin, Quentin as the chairman, Ms. Qin Han, Mr. Chen Yicheng and Mr. Chan Cheong Yee 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 2020.

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.

EVENTS AFTER THE REPORTING PERIOD

The outburst of COVID-19 has brought additional uncertainties in the global macroeconomic situation which may affect the Group's financial performance. However, since the outburst is a fluid and challenging situation facing all the industries globally, the degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the outburst and assess its impact on the financial position and operating results of the Group. The Group does not have other significant subsequent events.

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, 19 March 2021

As at the date of this announcement, the executive Director of the Company is Mr. Xiang Xin (Chairman); the non-executive Director of the Company is Mr. Chan Cheong Yee; 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.

This announcement will remain on GEM website on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and the Company website at www.8171.com.hk.