合寶豐年
ALPHA ERA

Alpha Era International Holdings Limited
合寶豐年控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8406)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

CHARACTERISTICS OF 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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2020 (the "**Year**") amounted to approximately RMB260,735,000 (2019: approximately RMB223,831,000).

- Profit attributable to the owners of the Company for the Year amounted to approximately RMB23,557,000 (2019: approximately RMB18,882,000).

- Basic and diluted earnings per share for the Year amounted to approximately RMB2.9 cents and RMB2.9 cents (2019: approximately RMB2.4 cents and RMB2.4 cents), respectively.

ANNUAL RESULTS

The board of Directors (the "**Board**") presents the audited consolidated results of the Company for the Year, together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*	**260,735**	223,831
Cost of sales		**(185,824)**	(171,437)
Gross profit		**74,911**	52,394
Other income and gains	*4*	**1,189**	1,205
Distribution and selling expenses		**(25,487)**	(13,385)
Administrative and other expenses		**(20,030)**	(14,625)
Net reversal of impairment on financial assets		**162**	139
Finance costs	*5*	**(2,191)**	(1,650)
Profit before tax		**28,554**	24,078
Income tax expense	*6*	**(4,997)**	(5,196)
Profit for the year	*7*	**23,557**	18,882
Other comprehensive (expense)/income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(1,085)**	936
Other comprehensive (expense)/income for the year		**(1,085)**	936
Total comprehensive income for the year		**22,472**	19,818
		RMB cents	*RMB cents*
Earnings per share			
– Basic and diluted	*9*	**2.9**	2.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		**21,855**	8,273
Right-of-use assets		**20,244**	15,788
Intangible assets		**544**	560
Deferred tax assets		**1,414**	1,335
		44,057	25,956
Current assets			
Inventories	*10*	**52,361**	36,516
Trade and other receivables	*11*	**32,137**	51,379
Tax recoverable		**128**	–
Cash and bank balances		**52,114**	44,447
		136,740	132,342
Total assets		**180,797**	158,298
Current liabilities			
Trade and other payables	*12*	**33,262**	31,534
Lease liabilities		**3,284**	2,710
Current tax liabilities		**1,274**	2,923
		37,820	37,167
Net current assets		**98,920**	95,175
Total assets less current liabilities		**142,977**	121,131
Non-current liabilities			
Lease liabilities		**18,810**	14,209
Deferred tax liabilities		**2,261**	2,060
		21,071	16,269
Net assets		**121,906**	104,862
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	*13*	**6,969**	6,969
Reserves		**114,937**	97,893
Total equity		**121,906**	104,862

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 3 November 2015.

The shares of the Company have been listed on GEM of The Stock Exchange with effect from 7 December 2017. Its parent and ultimate holding company is Nonton Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Lee King Sun.

The addresses of the registered office and the principal place of business of the Company are Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and Unit 2, 9th Floor, LT Tower, No. 31 Chong Yip Street, Kwun Tong, Kowloon, Hong Kong respectively.

The Company is an investment holding company. The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the "**functional currency**"). The functional currency of the Company is Hong Kong dollars ("**HK$**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), rounded to the nearest thousand, which is different from the functional currency of the Company as the Group's dominated operations are substantially based in the People's Republic of China (the "**PRC**").

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

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 performance and positions for the current and prior years and/or on the disclosures set out in these 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]
Amendments 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 anticipate that the application of the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the manufacturing and sales of inflatable products and related accessories. Since this is the only operating segment of the Group, no further analysis for segment information is presented.

Revenue

	2020	2019
	RMB'000	*RMB'000*
Revenue from customers		
– Sale of inflatable products and related accessories	**260,251**	220,106
– Sub-contracting income	**484**	3,725
	260,735	223,831

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of revenue is based on the locations of the customers. Save for right-of-use assets of approximately RMB85,000 (2019: approximately RMB211,000) are located in Hong Kong, the Group's other major non-current assets are all located in the PRC.

	2020	2019
	RMB'000	*RMB'000*
Revenue from external customers:		
– China	**30,447**	32,703
– Europe	**26,860**	39,580
– Australia and Oceania	**16,352**	17,368
– North America	**130,867**	45,671
– Asia	**56,194**	85,711
– Central and South America	**15**	2,753
– Africa	**–**	45
	260,735	223,831

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's total revenue are as follows:

	2020	2019
	RMB'000	*RMB'000*
Customer A	**34,474**	55,757
Customer B	**N/A[1]**	27,744
Customer C	**39,975**	N/A[1]
Customer D	**33,582**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the Group's total revenue.

4. OTHER INCOME AND GAINS

	2020 *RMB'000*	2019 *RMB'000*
Interest income on bank deposits	**86**	243
Grants and subsidies	**833**	367
Others	**270**	595
	1,189	1,205

5. FINANCE COSTS

	2020 *RMB'000*	2019 *RMB'000*
Interest on lease liabilities	**2,191**	1,650

6. INCOME TAX EXPENSE

	2020 *RMB'000*	2019 *RMB'000*
Current tax		
Hong Kong Profits Tax		
– Current tax	**2,021**	2,114
– Over-provision in prior years	**–**	(390)
PRC withholding tax	**–**	497
PRC Enterprise Income Tax		
– Current tax	**2,856**	2,559
– Over-provision in prior years	**–**	(154)
Deferred tax	**120**	570
Total income tax recognised in profit or loss	**4,997**	5,196

Hong Kong Profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years, unless preferential rate is applicable. A wholly-owned subsidiary of the Company located in the Zhongshan City is registered as a High and New Technology Enterprise and is entitled to the preferential corporate income tax rate of 15% for a period of 3 years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2020	2019
	RMB'000	*RMB'000*
Auditors' remuneration	**579**	546
Cost of inventories recognised as an expense	**185,824**	171,437
Depreciation of property, plant and equipment	**1,638**	1,740
Depreciation of right-of-use assets	**3,815**	3,283
Write-down of inventories	**1,953**	1,002
Amortisation of intangible assets	**108**	106
Net foreign exchange losses	**3,973**	275
Short-term lease expenses	**–**	437
Employee benefits expense (including directors' emoluments):		
Salaries, wages and other benefits	**50,365**	38,224
Contribution to retirement benefits schemes	**1,506**	3,441
Total employee benefits expense	**51,871**	41,665

8. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Dividends recognised as distribution	**5,428**	5,238

During the Year, a final dividend in respect of the year ended 31 December 2019 of HK$0.75 cents per ordinary share in an aggregate amount of HK$6,000,000 had been proposed and paid.

No final dividend was proposed by the Board in respect of the Year.

9. EARNINGS PER SHARE

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**23,557**	18,882

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	800,000

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during years ended 31 December 2020 and 2019.

10. INVENTORIES

	2020	2019
	RMB'000	*RMB'000*
Raw materials	**7,326**	9,545
Work in progress	**18,730**	15,902
Finished goods	**26,305**	11,069
	52,361	36,516

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**18,122**	45,587
Allowance for credit losses	**(52)**	(221)
	18,070	45,366
Value-added tax	**2,449**	2,268
Deposit paid	**1,234**	1,206
Other receivables and prepayment	**10,384**	2,539
	32,137	51,379

The following is an analysis of trade receivables by age, net of allowance for credit losses, presented based on the invoice date:

	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**11,656**	29,018
31 – 60 days	**6,414**	11,421
61 – 90 days	**–**	1,876
91 – 120 days	**–**	2,867
121 – 365 days	**–**	184
	18,070	45,366

12. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**17,314**	20,029
Contract liability	**3,109**	2,618
Accrued salaries and other benefits	**8,457**	5,788
Other payables and accruals	**4,382**	3,099
	33,262	31,534

The following is an analysis of trade payables based on the invoice date:

	2020	2019
	RMB'000	*RMB'000*
0 – 30 days	**7,059**	9,432
31 – 60 days	**7,628**	6,173
61 – 90 days	**2,220**	2,701
91 – 120 days	**217**	1,359
121 – 365 days	**70**	296
Over 365 days	**120**	68
	17,314	20,029

The trade payables are non-interest bearing.

13. SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

	2020	2019
	RMB'000	*RMB'000*
Authorised:		
1,000,000,000 ordinary shares of HK$0.01 each	**10,000**	10,000
Issued and fully paid:		
800,000,000 ordinary shares of HK$0.01 each	**8,000**	8,000
Equivalents to RMB'000	**6,969**	6,969

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group is principally engaged in the manufacturing and sales of inflatable products and related accessories. Founded in 2003, the Group has over 10 years' experience in designing, manufacturing and marketing high quality inflatable playgrounds and other inflatable products. The Group sells inflatable products under various brand. Through years of effort in marketing and promotion, the inflatable products the Group produce have been sold widely in various overseas markets.

The Group manufactures its products mainly in the production facilities in Dongcheng Industrial Zone located in Zhongshan City, Guangdong Province. The Group is committed to maintaining high standards of quality in all of the products and follow stringent quality control procedures throughout its production processes. The Group believes its product design and development capabilities will help to strengthen its competitiveness through product differentiation and innovation.

Although the outbreak of the Novel Coronavirus (the "**COVID-19**") pandemic since the beginning of 2020 had impact on the production and operations of the Group, it also brought new business opportunities to the Group. Since the outbreak of the COVID-19 pandemic in North America since March 2020, local citizens have reduced their outings and increased their time to stay and play at home. The demand of inflatable playgrounds, being the principal products offered by the Group, has increased significantly. In addition to the increase in sales to the existing customers of the Group in North America, retail sales through e-commerce platforms also increased significantly.

The Group recorded a total revenue of approximately RMB260,735,000 for the Year, representing an increase of approximately RMB36,904,000 or 16.5% as compared to approximately RMB223,831,000 for the year ended 31 December 2019. Gross profit margin increased from 23.4% last year to 28.7% this Year. The profit for the Year was approximately RMB23,557,000, representing an increase of approximately RMB4,675,000 or 24.8% as compared to the profit of approximately RMB18,882,000 for the year ended 31 December 2019.

Looking forward to 2021, the Group expects to maintain a steady growth in revenue from the sales of inflatable products. In order to meet the future production capacity requirement, the Group has set up a new factory in Yongzhou City, Hunan Province in December 2020. Furthermore, the Group's new spunbond meltblown spunbond non-woven fabric production line has started trial production in January 2021, this production line can produce medical and sanitary non-woven fabrics, as well as non-woven fabrics for a wide range of applications. The Group expects these new production facilities can provide long term contribution to the Group's revenue and profits.

FINANCIAL REVIEW

REVENUE

The Group's revenue was approximately RMB260,735,000 for the Year, representing an increase of approximately RMB36,904,000 or 16.5% as compared to the revenue of approximately RMB223,831,000 for the year ended 31 December 2019. Revenue from the sales of inflatable playgrounds with air blowers for the Year was approximately RMB236,423,000 (2019: approximately RMB196,769,000, representing an increase of by approximately RMB39,654,000 or 20.2% compared with the corresponding period in 2019, which accounted for approximately 90.7% of the Group's total revenue (2019: approximately 87.9%); revenue from the sales of other inflatable products for the Year was approximately RMB2,890,000 (2019: approximately RMB6,547,000), representing a decrease of approximately RMB3,657,000 or 55.9% compared with the corresponding period in 2019, which accounted for approximately 1.1% of the Group's total revenue (2019: approximately 2.9%); revenue from the sales of electronic solar products for the Year was approximately RMB7,345,000 (2019: approximately RMB8,845,000), representing a decrease of approximately RMB1,500,000 or 17.0% compared with the corresponding period in 2019, which accounted for approximately 2.8% of the Group's total revenue (2019: approximately 4.0%); revenue from the sales of inflatable products related accessories and subcontracting work for the Year was approximately RMB14,077,000 (2019: approximately RMB11,670,000), representing an increase of by approximately RMB2,407,000 or 20.6% compared with the corresponding period in 2019, which accounted for approximately 5.4% of the Group's total revenue (2019: approximately 5.2%).

An analysis of the Group's revenue for the Year by geographical location is set out in Note 3 to this annual results announcement.

COST OF SALES

The cost of sales increased by approximately RMB14,387,000 or 8.4% from approximately RMB171,437,000 for the corresponding period in 2019 to approximately RMB185,824,000 for the Year which is generally in line with the increase in revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group recorded a gross profit of approximately RMB74,911,000 for the Year, representing an increase of approximately RMB22,517,000 as compared with that for the year ended 31 December 2019 (2019: approximately RMB52,394,000). The gross profit margin was approximately 28.7% for the Year, representing a significant increase of approximately 5.3% as compared to the that of previous year (2019: approximately 23.4%). The increase in gross profit margin was mainly attributable to the substantial increase in retail sales of inflatable products in North America via the e-commerce sales platforms which are of relatively higher profit margin.

OTHER INCOME AND GAINS

Total other income and gains was approximately RMB1,189,000 for the Year, representing a decrease of approximately RMB16,000 as compared with that for the year ended 31 December 2019 (2019: approximately RMB1,205,000). The decrease was mainly due to (i) the Group recorded a decrease in interest income of approximately RMB157,000; (ii) a decrease in other income and gains of approximately RMB325,000; partially offset by (iii) an increase in grants and subsidies of approximately RMB466,000.

DISTRIBUTION AND SELLING EXPENSES

Total distribution and selling expenses was approximately RMB25,487,000 for the Year (2019: approximately RMB13,385,000), representing an increase of approximately RMB12,102,000 or 90.4% as compared with last year. The increase was mainly due to the increase in (i) freight and transportation expenses of approximately RMB8,214,000; (ii) advertising and promotion expenses of approximately RMB161,000; and (iii) commission and sales services expenses of approximately RMB3,531,000. Such increase was mainly incurred in the operation of overseas sales platforms in North America and Europe.

ADMINISTRATIVE AND OTHER EXPENSES

The administrative and other expenses was approximately RMB20,030,000 for the Year (2019: approximately RMB14,625,000), representing an increase of approximately RMB5,405,000 or 37.0% as compared with last year. The increase was mainly resulted from the (i) increase in employees and benefits expenses of approximately RMB982,000; and (ii) the increase in net foreign exchange loss of approximately RMB3,698,000.

FINANCE COSTS

The Group recorded an interest on lease liabilities of approximately RMB2,191,000 for the Year, representing an increase of approximately RMB541,000 or 32.8% (2019: approximately RMB1,650,000).

INCOME TAX EXPENSE

Income tax expenses was approximately RMB4,997,000 for the Year (2019: approximately RMB5,196,000), representing a decrease of approximately RMB199,000 or 3.8% as compared with last year. An analysis of the Group's income tax expense for the Year is set out in Note 6 to the annual results announcement.

PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit and total comprehensive income attributable to owners of the Company for the Year was approximately RMB22,472,000 (2019: approximately RMB19,818,000).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group finances its liquidity and financial requirements primarily through cash generated from operations and equity contributed from the shareholders of the Company.

The Group's shares were successfully listed on GEM on 7 December 2017 (the "**Listing**"). There has been no change in the capital structure of the Group since the date of Listing and up to the date of this annual results announcement.

As at 31 December 2020, the Group's total equity attributable to owners of the Company amounted to approximately RMB121.9 million (2019: RMB104.9 million).

The current ratio of the Group as at 31 December 2020 was approximately 3.62 times as compared to that of approximately 3.56 times as at 31 December 2019. The quick ratio of the Group as at 31 December 2020 was approximately 2.23 times as compared to that of approximately 2.58 times as at 31 December 2019. The Directors believe that the Group is in a healthy financial position to expand its core business and to achieve its business objectives.

Since no borrowings was outstanding as at 31 December 2020 and 31 December 2019, no gearing ratio was applicable.

CAPITAL EXPENDITURE

During the Year, there was capital expenditure of approximately RMB15,225,000 (2019: approximately RMB3,627,000) which was used in the purchase of property, plant and equipment.

PROPOSED FINAL DIVIDEND

The Board does not propose the payment of any final dividend for the year (2019: HK0.75 cents per ordinary share) to the shareholders of the Company.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group did not have any significant contingent liabilities (2019: Nil).

PLEDGE OF ASSETS

As at 31 December 2020, the Group had no assets pledged for bank borrowings or for other purpose (2019: Nil).

CAPITAL COMMITMENTS

As at 31 December 2020, the Group is committed to contribute RMB200,000 to the registered capital of an indirect wholly-owned subsidiary (2019: RMB200,000), and has entered into contractual commitments for the acquisition of property, plant and equipment of approximately RMB863,000 (2019: approximately RMB208,000).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Year, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies (2019: Nil).

SIGNIFICANT INVESTMENTS HELD BY OUR GROUP

During the Year, there was no significant investment held by the Group (2019: Nil).

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed in the announcement dated 17 December 2020 in relation to the expansion of production facilities in Yongzhou City with expected initial capital investment of approximately RMB400,000, the Group does not have any plan for material investment and capital assets for the coming year.

FOREIGN CURRENCY EXPOSURE

As approximately 88.1% and 84.7% of the Group's revenue for the years ended 31 December 2020 and 31 December 2019 respectively are denominated in US Dollars but the costs incurred for the production are denominated in RMB, significant fluctuation in the exchange rate between RMB against US Dollars may materially affect the Group's business results of operations. As a result of the Group's business expansion to overseas markets, the Group may continue to generate a significant amount of sales, assets and liabilities denominated in a currency other than RMB. In this case, the Group would be exposed to risks related to the exchange rate and the currency in which its assets and liabilities are denominated. A depreciation of RMB would require the Group to use more RMB funds to service the same amount of foreign currency liabilities, or a depreciation of foreign currency against RMB would result in receipts from receivables substantially less than the contractual amounts in terms of RMB at the settlement date.

Having considered the cost effectiveness with reference to the Group's business model, the Group currently does not have a formal foreign currency hedging policy or engage in hedging activities designed or intended to manage such exchange rate risk during the reporting years. Because RMB is not freely convertible, the Group's ability to reduce foreign exchange rate risk is limited.

TREASURY POLICIES

The Group is exposed to credit risk primarily arising from trade receivables and bank deposits. Trade receivables are from customers with good collection track records with the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risks. During the Year, a reversal of allowance for credit losses in relation to trade receivables of approximately RMB162,000 (2019: approximately RMB139,000) was recognised.

Bank deposits are mainly the deposits with banks with good credit ratings assigned by international credit-rating agencies or with good reputation. For bank deposits, the Group adopts the policy of dealing only with high credit quality counterparties.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 726 full-time employees (31 December 2019: 536). Most of the employees are located in Zhongshan City and Heyuan City, Guangdong Province, the PRC. The total employee remuneration, including remuneration of the Directors, for the Year amounted to approximately RMB51,871,000 (2019: approximately RMB41,665,000).

The Group entered into separate labour contracts with each of the Group's employees in accordance with the applicable labour laws in Hong Kong and the PRC. The Group provides its employees with various benefits including discretionary bonus, contribution to social insurance premium and housing provident fund, and contribution to mandatory provident fund. The Group also offers options that may be granted to employees under the share option scheme.

USE OF PROCEEDS FROM SHARE OFFER

The net proceeds from the issue of new shares of the Company at the time of its listing on GEM on 7 December 2017 through a share offer of 120,000,000 shares of HK$0.01 each in the share capital of the Company at the price of HK$0.315 per share, after deduction of the related underwriting fees, professional service fees and issuance expenses paid by the Group in connection thereto, were approximately HK$20.7 million.

The actual net proceeds from the issue of new shares of the Company under the share offer was different from the estimated net proceeds of approximately HK$17.1 million as set out in the Prospectus. The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which was (i) approximately 26.5% of the net proceeds, or approximately HK$5.5 million, will be used for expanding and enhancing product offerings through continuous product development efforts and continuing to strengthen brand recognition; (ii) approximately 26.5% of the net proceeds, or approximately HK$5.5 million, will be used for expanding production capacity; (iii) approximately 21.1% of the net proceeds, or approximately HK$4.4 million, will be used for attracting and retaining quality personnel; (iv) approximately 20.7% of the net proceeds, or approximately HK$4.3 million, will be used for uplifting marketing effort, expanding distribution network and exploring new business opportunities; and (v) approximately 5.2% of the net proceeds, or approximately HK$1.0 million, will be used as general working capital.

Up to 31 December 2020, all of the net proceeds from the Listing had been fully utilised and the net proceeds had been applied as follows:

	Planned use of proceeds up to 31 December 2020 *HK$'000*	Actual use of proceeds balance up to 31 December 2020 *HK$'000*
Expand and enhance the product offerings	5,464	5,464
Expand production capacity	5,464	5,464
Attract and retain quality personnel	4,371	4,371
Increase marketing effort, expand distribution network and explore new business opportunities	4,282	4,282
General working capital	1,077	1,077
Total	20,658	20,658

CORPORATE GOVERNANCE PRACTICE

The Board considers that good corporate governance of the Company is central to safeguarding the interests of the shareholders and enhancing the performance of the Group. The board is committed to maintaining and ensuring high standards of corporate governance. The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules. In the opinion of the Board, the Company has complied with the Code during the Year.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision making processes are regulated in a proper and prudent manner.

SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme on 15 November 2017 (the "**Scheme**") pursuant to the written resolution of the shareholders of the Company on 15 November 2017 for the purpose of providing additional incentives eligible participants for their contribution to the Group and/or enabling the Group to attract and retain best available personnel that are valuable to the Group.

No share option has been granted under the scheme since its adoption and up to the date of this annual results announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the Year.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 7 May 2021 (the "**AGM**").

In order to establish entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 4 May 2021 to Wednesday, 7 May 2021, both days inclusive, during which period no transfer of the shares of the Company will be registered. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 May 2021.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 December 2020 and up to the date of this annual results announcement.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual results announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained the amount of public float as required under the GEM Listing Rules.

REVIEW OF THE ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 December 2020 have been reviewed by the audit committee of the Company (the "**Audit Committe**e"). The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2020 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2020 as set out in this annual results announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this results announcement.

PUBLICATION OF 2020 ANNUAL REPORT

The 2020 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at www.alpha-era.co and the "Latest Listed Company Information" page of the Stock Exchange at www.hkexnews.hk in due course and in accordance with the requirements under the GEM Listing Rules.

APPRECIATION

The Company would like to thank the Group's customers, suppliers, business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

By order of the Board
Alpha Era International Holdings Limited
Huang Xiaodong
Chairman and executive Director

Hong Kong, 24 March 2021

As at the date of this announcement, the Board comprises Mr. Huang Xiaodong and Mr. Xiao Jiansheng as executive Directors; Mr. Lee Kin Kee as non-executive Director; and Mr. Mao Guohua, Mr. Liu Zexing and Mr. Ho Hin Chung as independent non-executive Directors.

This announcement will remain on the Stock Exchange website at www. hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its posting and on the Company's website at www.alpha-era.co.