Sino Splendid Holdings Limited

中國華泰瑞銀控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8006)

ANNUAL RESULTS ANNOUNCEMENT 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 Sino Splendid 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 of The Stock Exchange of Hong Kong Limited (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.

The board (the "Board") of directors (the "Directors") of Sino Splendid Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 HK$'000	2019 HK$'000
Revenue	*4*	**41,150**	107,365
Cost of sales		**(20,156)**	(57,263)
Gross profit		**20,994**	50,102
Other income and other net gains/(losses)	*6*	**10,090**	16,647
Impairment losses under expected credit loss model, net of reversal	*7*	**(20,676)**	(5,243)
Impairment loss on property, plant and equipment		**(212)**	–
Impairment loss on right-of-used assets		**(199)**	–
Selling and distribution expenses		**(3,361)**	(8,364)
Administrative and other expenses		**(35,499)**	(46,140)
Finance costs	*8*	**(202)**	(143)
(Loss)/profit before taxation		**(29,065)**	6,859
Income tax credit/(expenses)	*9*	**5,468**	(9,524)
Loss for the year	*10*	**(23,597)**	(2,665)
Other comprehensive (expenses)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,771)**	613
Other comprehensive (expenses)/income for the year, net of income tax		**(1,771)**	613
Total comprehensive expenses for the year		**(25,368)**	(2,052)
Loss for the year attributable to:			
– Owners of the Company		**(23,597)**	(2,665)
– Non-controlling interests		**–**	–
		(23,597)	(2,665)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(25,368)**	(2,052)
– Non-controlling interests		**–**	–
		(25,368)	(2,052)
Loss per share *(HK cents)*			
– Basic	*12*	**(5.58)**	(0.69)
– Diluted		**(5.58)**	(0.69)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current Assets			
Property, plant and equipment		**1,519**	451
Right-of-use assets		**679**	6,562
Goodwill		**5,161**	5,161
Intangible assets		**–**	–
Financial assets at fair value through profit or loss		**47,537**	46,387
		54,896	58,561
Current Assets			
Financial assets at fair value through profit or loss		**20,005**	5,196
Loan receivables	*13*	**9,608**	14,235
Accounts and other receivables	*14*	**66,336**	53,428
Cash and bank balances		**52,105**	106,054
		148,054	178,913
Current Liabilities			
Accounts and other payables	*15*	**42,145**	44,163
Lease liabilities		**776**	2,430
Tax liabilities		**3,240**	10,964
		46,161	57,557
Net Current Assets		**101,893**	121,356
Total Assets Less Current Liabilities		**156,789**	179,917
Non-current Liability			
Lease liabilities		**179**	4,162
Net Assets		**156,610**	175,755
Capital and Reserves			
Share capital	*16*	**4,630**	3,858
Reserves		**149,951**	169,868
Equity attributable to owners of the Company		**154,581**	173,726
Non-controlling interests		**2,029**	2,029
Total Equity		**156,610**	175,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Sino Splendid Holdings Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company are listed on GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company and its subsidiaries (the "Group") are principally engaged in (i) travel media operations with provision of advertising services through the internet and travel magazines, event organising services and magazine publication; (ii) provision of contents and advertising services in a well known financial magazine; (iii) investment in securities; (iv) provision of virtual reality business; and (v) money lending.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") other than the subsidiary established in the Republic of Singapore ("Singapore") of which the functional currency of the Company and its subsidiaries are HK$.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and the Hong Kong Companies Ordinance.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

a) 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 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.

(i) ***Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material***

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

(ii) ***Impacts on application of Amendments to HKFRS 3 Definition of a Business***

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The application of the amendments in the current year had no impact on the consolidated financial statements, but may impact future periods should the Group make any acquisition.

(iii) ***Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform***

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The application of the amendments in the current year had no impact on the consolidated financial statements.

b) New and amendments to HKFRSs in issue but not yet effective

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

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendment to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	A date to be determined
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020	1 January 2022

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

4. REVENUE

Revenue represents the aggregate amounts of (i) provision of advertising services through travel media (the "Travel Media"), (ii) provision of advertising services through financial magazine (the "Financial Magazine"), (iii) provision of virtual reality service (the "Virtual Reality") and (iv) money lending to client (the "Interest Income"), are analysed as follows:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Travel Media	**22,211**	76,792
Financial Magazine	**17,162**	27,510
Virtual Reality	**263**	–
Interest Income	**1,514**	3,063
	41,150	107,365
Timing of revenue recognition		
A point in time	**41,150**	107,365

Performance obligations for contract with customers

(i) Revenue from travel media

Revenue from travel media also include provision of hotel accommodation and hotel packages which is recognised when the services are rendered by the Group as an agent on a net basis.

Revenue from travel media includes income from management fees, registration and exhibitor fees on the various events and conferences organised by the Group. The revenue was recognised upon completion of the events and conferences.

(ii) Income from the provision of services is recognised upon the provision of the relevant services or on a time apportionment basis over the terms of the service contracts.

(iii) Interest income from loan receivables

Interest income from loan receivables on an accrued basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a short period, when appropriate, to the net carrying amount of the financial assets.

(iv) Revenue from virtual reality expenses business

Income from the provision of services is recognised upon the provision of the relevant services.

5. OPERATING SEGMENTS

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has five reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

(i) Engaged in travel media operations with provision of advertising services through the internet and travel magazines, event organizing services and magazine publication ("Travel Media Business");

(ii) Provision of contents and advertising services in a well-known financial magazine distributed in the People's Republic' of China ("PRC") ("Financial Magazine Business");

(iii) Investment in securities ("Securities Investment"); and

(iv) Money lending business provides funds to clients and receives loan interest income in return ("Money Lending").

(v) Virtual reality shop (the "Virtual Reality")

Inter-segment transactions, if any, are priced with reference to prices charged to external parties for similar products or services. Corporate revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker for assessment of segment performance.

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-maker monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of equity investments at fair value through profit or loss, cash and cash equivalent and other corporate assets. Segment liabilities include all liabilities managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments without allocation of corporate administrative expenses, corporate directors' emoluments, corporate interest income and income tax expense. Segment results include all revenue and expenses, other than reporting inter-segment provided by one segment to another.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended 31 December 2020

	Travel Media Business *HK$'000*	Financial Magazine Business *HK$'000*	Securities Investment *HK$'000*	Money Lending *HK$'000*	Virtual Reality *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	**22,211**	**17,162**	**–**	**1,514**	**263**	**41,150**
Reportable segment loss	**(3,955)**	**(15,477)**	**(3,418)**	**(1,268)**	**(543)**	**(24,661)**
Depreciation and amortisation	**(1,638)**	**–**	**–**	**–**	**(101)**	**(1,739)**
Impairment loss on other receivables	**–**	**(38)**	**–**	**–**	**–**	**(38)**
Impairment losses on loan receivables	**–**	**–**	**–**	**(1,125)**	**–**	**(1,125)**
Impairment losses on accounts receivable	**(137)**	**(19,376)**	**–**	**–**	**–**	**(19,513)**
Impairment losses on property, plant and equipment	**(212)**	**–**	**–**	**–**	**–**	**(212)**
Impairment losses on right-of-use assets	**(199)**	**–**	**–**	**–**	**–**	**(199)**
Reportable segment assets	**40,093**	**26,251**	**46,074**	**10,847**	**1,530**	**124,795**
Additions to non-current assets: – Property, plant and equipment	**–**	**–**	**–**	**–**	**1,403**	**1,403**
Reportable segment liabilities	**8,082**	**30,308**	**–**	**2,037**	**1,039**	**41,466**

For the year ended 31 December 2019

	Travel Media Business *HK$'000*	Financial Magazine Business *HK$'000*	Securities Investment *HK$'000*	Money Lending *HK$'000*	Total *HK$'000*
Reportable segment revenue from external customers	76,792	27,510	–	3,063	107,365
Reportable segment profit/(loss)	10,728	(2,536)	(1,943)	468	6,717
Depreciation and amortisation	(220)	(6,524)	–	–	(6,744)
Depreciation of right-of-use assets	(2,359)	–	–	–	(2,359)
Reversal of impairment losses on loan receivables	–	–	–	260	260
Impairment losses on accounts receivable	(412)	(5,091)	–	–	(5,503)
Reportable segment assets	98,603	37,446	32,267	17,059	185,375
Reportable segment liabilities	19,434	27,782	–	2,037	49,253

(b) Reconciliation of reportable segment profit or loss, assets and liabilities:

	Year ended 31 December **2020** ***HK$'000***	2019 *HK$'000*
Revenue		
Reportable segment revenue	**41,150**	107,365
Profit or loss		
Reportable segment (loss)/profit	**(24,661)**	6,717
Unallocated corporate income	**8,832**	18,150
Unallocated corporate expenses	**(13,236)**	(18,008)
Consolidated (loss)/profit before taxation	**(29,065)**	6,859
Assets		
Segment assets	**124,795**	185,375
Unallocated corporate assets	**78,155**	52,099
Consolidated total assets	**202,950**	237,474
Liabilities		
Segment liabilities	**41,466**	49,253
Unallocated corporate liabilities	**4,874**	12,466
Consolidated total liabilities	**46,340**	61,719

(c) Geographic information

The Group's operations and workforce are mainly located in Singapore and Hong Kong. The following table provides an analysis of the Group's revenue from external customers.

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Singapore	**21,913**	76,792
Hong Kong	**18,974**	30,573
PRC	**263**	–
	41,150	107,365

The following table provides an analysis of the Group's non-current assets.

	2020	2019
	HK$'000	*HK$'000*
Singapore	**–**	5,364
Hong Kong	**53,493**	53,197
PRC	**1,403**	–
	54,896	58,561

(d) Information about major customers

For the year ended 31 December 2020, revenue attributable to the Group's largest customer accounted for 13% (2019: 13%) of the Group's total revenue and aggregate revenue attributable to the five largest customers of the Group accounted for 30% (2019: 49%) of the Group's total revenue.

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

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Customer A	**5,292**	13,560

Except for disclosed above, no other customers contributed 10% or more to the Group's total revenue for both years.

6. OTHER INCOME AND OTHER NET GAINS/(LOSSES)

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**5**	1
Dividend income from financial assets at FVTPL	**7,483**	18,149
Other income	**402**	320
Government grant	**4,472**	–
Gain on termination of lease	**85**	–
Realised loss on financial assets at FVTPL	**(77)**	–
Fair value changes on financial assets at FVTPL	**(2,280)**	(1,823)
	10,090	16,647

During the current year, the Group recognised government grants of approximately HK$4,472,000 in respect of COVID-19 related subsidies, of which approximately HK$206,000 relates to Employment Support Scheme provided by the Government.

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Impairment losses (recognised)/reversal on:		
– accounts receivable	**(19,513)**	(5,503)
– loan receivables	**(1,125)**	260
– other receivable	**(38)**	–
	(20,676)	(5,243)

8. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Interest on lease liabilities	**202**	143

9. INCOME TAX CREDIT/(EXPENSES)

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong	**(243)**	(39)
– Singapore	**65**	(1,817)
Tax overprovision/(provision) *(Note)*	**5,646**	(8,745)
Deferred tax	**–**	1,077
Income tax credit/(expenses)	**5,468**	(9,524)

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Group's subsidiaries in Hong Kong did not qualify for the two-tiered profits tax rates regime. Accordingly, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit (2019: 16.5%).

The calculation of current tax of the Group' s subsidiaries in Singapore is based on a prevailing corporate tax rate of 17% (2019: 17%).

Note:

During the year ended 31 December 2019, the Group received enquiry letters from the Hong Kong Inland Revenue Department (the "HKIRD") in relation to the tax affairs of the Group's travel media operation, which is principally operated in Singapore, including but not limited to the operating model and the related source of income ("Tax Affairs"). The Company has filed an objection to the HKIRD in relation to the Tax Affairs and purchased tax reserve certificates amounting to approximately HK$2,465,000 as at 31 December 2019.

The Tax Affairs might lead to additional tax being charged on profits from the Group's Singapore subsidiary in respect of the source of income as concerned that have not been previously included in the scope of charge for Hong Kong Profits Tax. Based on the legal and other professional advice that the Company has sought, provision of taxation in relation to the Tax Affairs of approximately HK$8,745,000 has been made in the consolidated financial statements as at the year ended 31 December 2019.

During the year ended 31 December 2020, the Company has purchased tax reserve certificates amounting to approximately HK$3,290,000 arising from the Tax Affairs. On 16 March 2021, the HKIRD was issued the final years assessment that the HKIRD will refund approximately HK$4,779,000 to the Company.

The income tax credit/expenses for the year can be reconciled to (loss)/profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit before taxation	**(29,065)**	6,859
Tax at Singapore flat corporate tax rate of 17% (2019: 17%)	**(4,941)**	1,166
Effect of different tax rate of operation in Hong Kong	**80**	(184)
Tax effect of income not taxable	**(1,970)**	(2,995)
Tax effect of non-deductible expenses	**6,633**	2,105
Tax effect of deductible temporary differences not recognised	**376**	687
Tax (overprovision)/provision	**(5,646)**	8,745
Income tax (credit)/expenses	**(5,468)**	9,524

10. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

(a) Staff costs

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Staff costs (excluding directors' remuneration):		
– Salaries, allowances and benefits in kind	**18,588**	21,967
– Contributions to defined contribution pension plans	**2,126**	1,733
– Equity-settled share-based payment expenses for employee	**474**	–
	21,188	23,700

For the year ended 31 December 2020, COVID-19 related government grants/assistance amounted to approximately HK$206,000 have been offset against employee benefits expense.

(b) Other items

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit service	**410**	460
– Non-audit service	**–**	–
Amortisation of intangible assets	**–**	6,524
Depreciation of property, plant and equipment	**441**	589
Depreciation of right-of-use assets	**2,376**	2,359
Net foreign exchange gain	**(927)**	(310)

11. DIVIDEND

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

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Loss per share		
Loss for the purpose of computation of basic loss per share	**(23,597)**	(2,665)
Effect of dilutive potential ordinary shares:		
Adjustment for Share option	**–**	–
Loss for the purpose of diluted loss per share	**(23,597)**	(2,665)

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basis loss per share	**422,714**	385,821
Effect of dilutive potential ordinary shares:		
– Share option	**–**	–
Weighted average number of ordinary shares in issue for the purpose of diluted loss per share	**422,714**	385,821

There were 27,007,400 of outstanding share options as at 31 December 2020 (2019: Nil).

13. LOAN RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Loans to customers	**11,000**	13,177
Accrued interest receivables	**–**	1,325
	11,000	14,502
Less: Allowance of credit losses	**(1,392)**	(267)
	9,608	14,235
Analysed as:		
Current assets	**9,608**	14,235

As at 31 December 2020, included in the Group's loan receivables balance are debtors with aggregate carrying amount of approximately HK$9,608,000 (2019: HK$14,235,000) which were neither past due nor impaired related to debtors for whom there was no recent history of default. Overdue balances are reviewed regularly and handled closely by senior management.

14. ACCOUNTS AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Accounts receivable	**56,910**	56,480
Less: Allowance for credit losses	**(32,094)**	(12,561)
	24,816	43,919
Prepayments, deposits and other receivables	**41,558**	9,509
Less: Allowance for credit losses	**(38)**	–
	41,520	9,509
Total accounts and other receivables	**66,336**	53,428

The general credit period ranged from 30 days to 90 days, extending up to 180 days for major customers.

The following is an aging analysis of accounts receivable, net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2020 *HK$'000*	2019 *HK$'000*
Within 90 days	**7,040**	18,753
91 – 120 days	**671**	3,411
121 – 180 days	**3,280**	2,142
Over 180 days and within 1 year	**3,011**	19,613
Over 1 year	**10,814**	–
	24,816	43,919

As at 31 December 2020, included in the Group's accounts receivables balance were debtors with aggregate gross carrying amounts of approximately HK$23,872,000 (2019: HK$6,970,000) which were neither past due nor impaired.

Included in deposits, prepayments and other receivables was approximately HK$5,118,000 (2019: HK$2,465,000) of tax reserve certificate in relation to the Tax Affairs as disclosed in note 9 and approximately HK$26,039,000 of security accounts were included into deposits, prepayment and other receivables.

15. ACCOUNTS AND OTHER PAYABLES

	2020 *HK$'000*	2019 *HK$'000*
Accounts payable *(Note (a))*	**351**	2,245
Accrued expenses	**24,428**	30,575
Other payables	**16,287**	7,162
Contract liabilities *(Note (b))*	**1,079**	4,181
	42,145	44,163

(a) Accounts payable

The average credit period on purchase is generally ranged 1.5 to 3 months.

The following is an aged analysis of accounts payable presented based on the invoice date at the end of the reporting period:

	2020 *HK$'000*	2019 *HK$'000*
Within 90 days	**351**	2,243
91 – 120 days	**–**	2
	351	2,245

(b) Contract liabilities

Movements in contract liabilities

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**4,181**	9,597
Decrease in contract liabilities as a result of recognising revenue during the year	**(4,084)**	(5,416)
Increase in contract liabilities as a result of receiving sales deposits and investment during the year	**982**	–
At 31 December	**1,079**	4,181

16. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	**Share capital**
		HK$'000
Authorised:		
As at 1 January 2019, as at 31 December 2019, 1 January 2020 and 31 December 2020	**50,000,000,000**	**500,000**
Issued and fully paid:		
As at 1 January 2019, 31 December 2019 and 1 January 2020	385,820,923	3,858
Issue of share under placing *(Note)*	77,160,000	772
As at 31 December 2020	**462,980,923**	**4,630**

Note: On 12 June 2020, Yuet Sheung International Securities Limited (the "Placing Agent") entered into a placing agreement pursuant to which the placing agent agreed to place on a best efforts basis, to not less than six independent places for up to 77,160,000 new share of the Company at a price of HK$0.07 per placing share. The placing was completed and 77,160,000 new shares were issued and allotted on 10 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2020, the Group are principally engaged in (i) travel media operations with provision of advertising services through the internet and travel magazines, event organizing services and magazine publication ("Travel Media Business"); (ii) provision of contents and advertising services in a well-known financial magazine distributed in The People's Republic of China ("PRC") ("Financial Magazine Business"); (iii) investment in securities ("Securities Investment"); (iv) money lending ("Money Lending Business"); and (v) virtual reality business ("Virtual Reality Business").

The Group's total revenue decreased by HK$66.2 million or 61.7%, from HK$107.4 million last year to HK$41.2 million for the year ended 31 December 2020 primarily due to the revenue decrease from Travel Media Business.

Gross profit of the Group was HK$21.0 million for the year ended 31 December 2020, representing an decrease of HK$29.1 million or 58.2% as compared with HK$50.1 million in 2019. Gross profit margin for the year reached approximately 51.0% (2019: 46.7%), representing an increase of 4.3% over the last year.

The Group recorded other income, gains and losses in the net gain amount of HK$10 million during the year, compared with HK$16.6 million net gain in the corresponding period of 2019, which was mainly due to an increase in loss on held-for-trading investments in 2020 and decrease of dividend income from financial assets at fair value through profit or loss by HK$10.7 million or 58.8% from HK$18.2 million last year to HK$7.5 million for the year ended 31 December 2020.

The impairment approach in HKFRS 9 is based on expectations as opposed to incurred losses under the predecessor accounting standard. This means it is not necessary for a loss event to occur before credit losses are recognised. Instead, a loss allowance is recognised for expected credit losses and is remeasured at each reporting date for changes in those expected credit losses. HKFRS 9 is purposefully designed to be forward looking and reflect expectations of future credit events impacting loans and receivables on the statement of financial position. It is important when determining what 'forward looking' information should be used as it must reflect the forward-looking information that existed at the reporting date.

At the reporting date, the COVID-19 pandemic was affecting all major economic and financial markets, resulting in many sectors facing challenges associated with the economic conditions. As the pandemic evolved, the management expected all entities to experience conditions often associated with a general economic downturn, including, but not limited to, financial market volatility and erosion, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and other restructuring activities. Contingent on the continuation of these circumstances a potential broader economic downturn could result with a prolonged negative impact on the Group's financial results.

In determining the recoverability of the trade receivables, the management had from time to time during the financial period, communicated with the debtors about their financial condition.

Based on the Group's understanding from the foregoing communication and the results of its review on their respective financial information and after taking into account their repayment history and certain forward-looking factors specific to each of them, especially on the effect on the COVID-19, the Group recorded the impairment of losses under expected credit loss model, net of reversal of approximately HK$20.7 million (2019: HK$5.2 million). Loss on impairment of financial assets mainly included net loss on an impairment on the accounts receivables in the sum of HK$19.5 million (2019: HK$5.5 million). The Group made full provision for impairment losses on accounts receivable when the borrowers with overdue payments for more than 12 months. The Directors considered that the amount of the impairment loss was fair and reasonable.

The selling and distribution costs decreased by HK$5 million to HK$3.4 million during the year (2019: HK$8.4 million), representing a decrease of 59.8% against the year of 2019. The administrative expenses decreased by approximately HK$10.6 million to approximately HK$35.5 million during the year (2019: HK$46.1 million) representing a decrease of 23.0% against the year of 2019.

As a result, the loss attributable to owners of the Company was HK$23.6 million for the year ended 31 December 2020 as compared with a loss of HK$2.7 million in 2019 which was mainly due to the significant decrease on the revenue of travel media business and the impairment losses on account receivables.

During the current year, the Group recognised government grants of approximately HK$4.5 million in respect of COVID-19 related subsidies, of which approximately HK$0.2 million relates to Employment Support Scheme provided by the Government.

BUSINESS REVIEW

Travel Media Business

For the year ended 31 December 2020, the Travel Media Business recorded a revenue of HK$22.2 million, decreased by 71.1% or HK$54.6 million as compared with that of HK$76.8 million in 2019. This amount represented 54% of the Group's total revenue for the year under review.

The business recorded a segment loss of HK$4.0 million this year, representing a decrease of HK$14.7 million with that a segment profit of HK$10.7 million in last year.

Industry Review

Market Overview

As per most reports on the rampage caused by COVID-19 pandemic, almost all economies singled out travel and tourism as one of the most affected economic sector, and predicted several years for the sector to recover to pre-pandemic levels. Pressure on revenue and profitability for this sector will be particularly critical over the near term due to the resurgence in infections and restrictions on traveler mobility both domestically and internationally despite the availability of coronavirus vaccines.

In 2020, International tourist arrivals fell by 72% in the first 10 months, and the decline represents 900 million fewer international tourist arrivals compared to the same period in 2019. This translates into a loss of US$935 billion in revenues from international tourism, more than 10 times the loss than in 2009 under the impact of the global economic crisis. In Asia Pacific context, more than 97% decrease in arrivals were recorded from July-September 2020 as compared to the same period a year ago.

While other business sectors may have recovered to some extent from the pandemic towards the end of 2020, international travel and tourism remained difficult after many countries failed in their attempt to establish travel bubbles due to new wave of infections. Some reports plotted the scenarios for 2021-2024 which point to a rebound in international tourism possibly in the second half of 2021. Nonetheless, a return to pre pandemic levels in terms of international arrivals could take 2½ to 4 years.

Quarter 4 2020

Sales for the company in Q4 2020 were slow due to prolonged impact of the pandemic. Revenue was down by 71% at $967,000 as compared to the same period the preceding year. Most scheduled print publications, projects and physical events for the quarter were cancelled due to unrealized revenue from our partners whom are primarily from the travel and tourism sector. However, unlike the previous two quarters which suffered significant losses, the group managed to turn in a profit for Q4 albeit profit was down as compared to the same period a year ago. The positive results for the quarter can be attributed to a number of factors:

– New sources of revenue from publishing and virtual events

– Effective cost management

– Write back, reversal and government funding

Financial Year 2020

TTG is an established brand with strong B2B position in the travel and tourism industry globally. The company enjoyed good fortune in its past 46 years of business but in 2020, the company was faced with unprecedented challenge due to COVID-19 global pandemic. TTG's main business focus is in the travel and tourism sector, one of the hardest hit business sectors by the pandemic. 2020 was undoubtedly a year with the most difficult financial situation that the company has ever encountered. The company suffered losses due to major shortage of revenue from its traditional sources.

Year 2020 for TTG started on a high note with profits in Q1 2020 surpassing that of Q1 2019. However, the situation turned for the worse when the World Health Organization officially announced that COVID-19 had become a global pandemic. Since then, traditional revenue sources for the company such as advertising, B2B physical events and exhibition came to a standstill. With little or hardly any business, the company implemented cost cutting measures starting with operational and direct costs such as print-run, distribution, contributor's fees and non-essential expenditures with the hope that the pandemic will go away within a few months. When it was clear that COVID-19 pandemic was not going away any time soon and with the expected prolonged tough time ahead, the company implemented further cost cutting measures to conserve cash flow as well as introduce non-traditional and new sources of revenue.

Despite all the additional efforts and measures taken to cut costs and drive new revenue, the company ended the year in red with losses. This is the first time the company has ever ended the year in a loss position, and the losses could have gone further and beyond, had it not been cushioned by government funding.

In year 2020, TTG organised and executed the following events/projects as new revenue sources, which include virtual events, webinars and publishing projects:

- IT&CM China and CTW China Virtual event: August 3 to 5
- IT&CMA and CTW Asia-Pacific Virtual event: November 16 to 20
- TTG Conversations (1-Hour Series): 29 April, 21 May, 8 July, 13 August
- TTG Conversations (5-Questions Series): 18 sessions since September
- Travel Spark Series, a new webinar platform for destinations to market their B2B outreach programme: 19 November and 15 December
- Created innovative publishing concept of combining leisure and mice content into single issues with a new print size: July/Aug issue and November/December issue
- B2C live streaming selling hotel staycation packages: October (10.10)
- Implemented plans for The Great ASEAN Travel Fest – a B2B and B2C event for ASEAN markets commencing in 2021

Concurrently, the company also adopted the following cost cutting measures to manage costs and cash flow:

- Terminated some retainer contracts with external vendors and moved outsourced work in-house.
- Terminated or postponed outstanding services/purchases relating to publishing and physical event requirements without penalty/compensation.
- Only spend on direct-costs relating to events and publishing services.
- Reduced office rental costs, downsizing office space by 70% with staff to work on new telecommuting, and/or alternate with hot-desking arrangements.
- Streamlined human resources, reduced headcount by 20% with pay cuts tiered between 15% and 50% for all remaining staff.

Summary

TTG Publishing: Most of the scheduled print publications for the year were cancelled due to lack of revenue. These were converted to digital-only publications in order to maintain our market position and save on printing and distribution costs. When special project print publications were produced, the group made significant optimisations of its circulation and distribution. Some issues were combined to create new medium for advertising opportunities.

TTG Events: No physical events took place in 2020. The Events team had to cancel both IT&CM China (Shanghai in March) and IT&CM Asia pacific (Bangkok in September) in view of the many restrictions of event organisation, social distancing rules and international travel restrictions that came about as a result of COVID-19. In place of the physical events, the Events team organised two successful virtual events and other revenue generating projects.

TTG Global Commence: Limited revenues were realised from Global Commence for the year due to the circuit breaker lock-down, closed borders, and restrictions on capacity for the few attractions and hotels that are open locally. The group used this downtime to fine tune partnership with various vendors in preparation for the eventual lifting of travel restrictions and resumption of international travel.

Outlook for 2021

The first half of 2021 will continue to be challenging as the world kick-starts vaccination. While vaccines might result in the resumption of events and travel on limited scales, new virus strains and new waves of outbreak may be causing destinations to back-track on re-opening and easing of restrictions. Expectations are that events resumption and travel spending will be contained within each market's domestic segment, limiting participation numbers at physical events, as well as ratio of exhibitor and attendee.

Businesses may stage a slow recovery in 2nd half of 2021 if global vaccination begin to show results and the pandemic can be better controlled. However, on the reverse side of the coin, recovery will be muted if the vaccines do not work as expected.

Other factors such as the tension of trade wars between China and the US, the geo-political circumstances like the feud between China and Australia will also dampen business sentiment. Within North Asia, significant clients such as cruise suppliers have yet to roll-out their sailing schedule, even within China, which is leading in terms of a global recovery. All these will add to the pessimism of business recovery in the coming months.

Financial Magazine Business

Revenue from this business was HK$17.1 million, which contributed 41.7% of the Group's total revenue for the year under review. Segmental loss of this business during the year amounted to HK$15.5 million.

Securities Investment

As at 31 December 2020, total market value for the held-for-trading investments of the Group was approximately HK$20.0 million and recorded fair value loss of approximately HK$3.3 million. During the current years, the Group realised a losses on financial assets at fair value through profit or loss of approximately HK$0.08 million (2019: Nil).

HELD-FOR-TRADING INVESTMENTS

Details of the top three held-for-trading investments, in terms of market value as at 31 December 2020, are as follows:

				For the year ended 31 December 2020	
Company name	**Stock Code**	**Market value as at 31 December 2020**	**Proportion to the total assets of the Group**	**Gain/(loss) on fair value changes of the investments**	**Dividend received**
		HK'000		*HK$'000*	*HK$'000*
CITIC Securities Company Limited	6030	6,992	3.45%	(1,218)	–
Hangjin Technology Company Limited	000818.SZ	2,211	1.09%	35	–
China Aerospace Times Electronics Company Limited	600879.SH	5,330	2.63%	25	–
Others		5,472	2.70%	(2,113)	–
		20,005	9.87%	(3,271)	–

Money Lending Business

Revenue from this business was HK$1.5 million, which accounted for 3.7% of the Group's total revenue for the year.

VIRTUAL REALITY BUSINESS

The Group entered into virtual reality business in January 2020. The Group currently applied virtual reality technology in games and may apply the technology in other areas later. Revenue from this business was approximately HK$0.2 million for the year, which accounted for approximately 0.6% of the Group's total revenue for the year.

MATERIAL ACQUISITIONS AND DISPOSALS

No material acquisitions and disposals of subsidiaries, associates and joint ventures in the course of the year.

PROSPECT

Looking back at the Sino-US trade disputes over the past year, even though China and the US had signed the phase one trade agreement, the outlook for international trade is still clouded by remaining uncertainties. Coupled with the plight brought about by the outbreak of COVID-19 across the world in 2020, the global economy and consumer sentiment has been affected, and the operating environment will remain difficult.

In view of the uncertainty as to when the COVID-19 pandemic might come to an end, the business environment in the first half of 2021 will continue to remain challenging for the Group. Above all, while the various countries and the global population is actively fighting against the COVID-19 epidemic, it is uncertain how it will impact the global economy in the near future. In response, the Group will continue to sharpen its strategies and monitor the external environment and internal resources carefully to meet the Group's business development.

FINANCIAL REVIEW

Liquidity and financial resources

The Group generally financed its operations with its internally generated cash flows. The Group's total equity was HK$156.6 million as at 31 December 2020, representing a decrease of HK$19.1 million as compared with that of HK$175.8 million as at 31 December 2019. Total assets amounted to HK$203 million as at 31 December 2020 (2019: HK$237.5 million), of which HK$52.1 million (2019: HK$106.1 million) was bank balances and cash, HK$47.5 million (2019: HK$46.4 million) was equity investments at fair value through profit or loss, HK$20.0 million (2019: HK$5.2 million) was held-for-trading investments.

Capital structure

As of 31 December 2020, the Group's consolidated net assets was HK$156.6 million, representing a decrease of HK$19.1 million as compared with that of HK$175.8 million in 2019.

As at 31 December 2020, the Company has 462,980,923 shares of HK$0.01 each in issue. The value of share capital was approximately HK$4.6 million as at 31 December 2020(31 December 2019: approximately HK$3.9 million).

For the placing of 64,300,000 Company's shares that was completed on 13 December 2017, please refer to the Company's announcements dated 22 November 2017, 24 November 2017 and 13 December 2017, respectively for details. As at 31 December 2020, the Group had utilized approximately HK$5,000,000 for salaries expenses, including directors' emoluments and other staff costs, approximately HK$1,500,000 for rental expenses for Hong Kong premises and approximately HK$5,000,000 for legal and professional fee and other administrative expenses. As at 31 December 2020, the Group had unutilized net proceeds of approximately HK$1,010,000 for other possible investment.

On 12 June 2020 (after trading hours), the Company and Yuet Sheung International Security Limited, being the placing agent, entered into the placing agreement pursuant to which the placing agent agreed to place, on a best efforts basis, to not less than six independent placees for up to 77,160,000 new shares of the Company at a price of HK$0.07 per placing share.

On 10 July 2020, the conditions of the placing have been fulfilled and the completion of the placing took place, where a total of 77,160,000 placing shares have been successfully placed by the placing agent to not less than six placees pursuant to the terms and conditions of the placing agreement. For details, please refer to the Company's announcements dated 12 June 2020 and 10 July 2020 respectively. As at 30 September 2020, the Group had utilized net proceeds of approximately HK$1,000,000 for the operation of the virtual reality business in PRC and unutilized net proceeds of approximately HK$4,100,000, which was intended to be used for development and operation of the virtual reality business of the Group in the first quarter of 2021.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "2013 Share Option Scheme") on 31 December 2013, which was approved by the shareholders at the extraordinary general meeting of the Company held on the same date. The 2013 Share Option Scheme will expire on 31 December 2023.

The purpose of the 2013 Share Option Scheme is to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

According to the 2013 Share Option Scheme, the Board may grant share options to eligible participants including employees, directors of the Company and its subsidiaries, consultant, adviser, agent, contractor, customer and supplier of any member of the Group and the Board has sole discretion to consider eligibility for the 2013 Share Option Scheme on the basis of their contribution to the development and growth of the Group.

The maximum number of shares which may be issued upon the exercise of all share options to be granted under the 2013 Share Option Scheme and any other share option scheme(s) of the Company, is 38,582,092 shares which represents 10% of the issued shares of the Company as at the date of this annual report, must not exceed 10% of the issued share capital of the Company on the date of approval and adoption of the 2013 Share Option Scheme provided that the Company may at any time seek approval from shareholders to refresh the limit to 10% of the shares in issue as at the date of approval by the shareholders in general meeting where such limit is refreshed. Share options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised) will not be counted for the purpose of calculating the limit as refreshed.

The total number of shares issued and may fall to be issued upon exercise of the share options granted under the 2013 Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible participant in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue as at the date of grant unless such grant has been duly approved by an ordinary resolution of the shareholders in general meeting at which the relevant eligible participant and his associates were abstained from voting. Share options granted to substantial shareholders or INEDs or any of their respective associates in any 12-month period in excess of 0.1% of the Company's issued share capital on the date of grant and with a value in excess of HK$5 million must be approved in advance by the shareholders.

Options granted must be taken up within 7 days from the date of the offer upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board. There is no general requirement on the minimum period for which option must be held before it can be exercised. All options must be exercised within 10 years from the date of grant.

The exercise price is determined by the Board and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

The table below shows the details of the outstanding share options granted to all grantees under the 2013 Share Option Scheme as at 31 December 2020. There were no share options granted being cancelled or lapsed during the reporting period. 27,007,400 options were granted during the year, for further information please refer to the Company's announcement dated 15 May 2020. For further details on the movement of the options during the year, please see below.

Name or category of grantee	Date of grant	Exercise price per share *(HK$)*	Closing price Immediately before the date of grant *(HK$)*	Vesting date *(%)*	Exercisable period	Number of options granted	Number of shares Underlying share options granted	Number of options exercised during the reporting period	Outstanding share options as at 31 December 2020
Directors									
Mr. Chow Chi Wa	15 May 2020	0.0866	0.077	None	15 May 2020 to 14 May 2022	3,858,200	–	–	3,858,200
Mr. Wang Tao	15 May 2020	0.0866	0.077	None	15 May 2020 to 14 May 2022	3,858,200	–	–	3,858,200
Mr. Yang Xingan	15 May 2020	0.0866	0.077	None	15 May 2020 to 14 May 2022	3,858,200	–	–	3,858,200
Other employees									
4 employees	15 May 2020	0.0866	0.077	None	15 May 2020 to 14 May 2022	15,432,800	–	–	15,432,800
Total						27,007,400	–	–	27,007,400

During the period ended 31 December 2020, share options were granted by the Company to its directors and employees, details of which are as follows:

	Number of share options	**Date of grant**	**Exercise period**	**Exercise price per share** *HK$*	**Fair value per option at grant date** *HK$*
Directors	11,574,600	15/05/2020	15/05/2020 to 14/05/2022	0.087	0.03009
Employees	15,432,800	15/05/2020	15/05/2020 to 14/05/2022	0.087	0.03071

In accordance with the terms of the Scheme, the options granted vested at the date of grant.

The fair value of the share options was estimated to be approximately HK$822,220, which was determined using the binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past one year. The variances and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

SHARE-BASED PAYMENT TRANSACTIONS

The Group issues equity-settled share-based payments to certain employees (including directors). Equity-settled share based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straighted-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Inputs into the model

	Share options granted on 15 May 2020
Grant date share price	HK$0.077
Exercise price	HK$0.087
Expected volatility	92.62%
Expected life	2 years
Expected dividend yield	–
Risk-free interest rate	0.342%

Charges on the Group's assets

There was no charges on the Group's assets as at 31 December 2020 and 2019.

Debt structure

The Group has no borrowings for financial institutions as at 31 December 2020 and 2019. The Group's total bank balances and cash amounted to HK$52.1 million as at 31 December 2020, which decreased by HK$54.0 million as compared with that of HK$106.1 million as at 31 December 2019.

The gearing ratio (net debts divided by shareholders' equity) was zero as at 31 December 2020 and 2019.

IMPAIRMENT ON GOODWILL ALLOCATED TO TRAVEL MEDIA BUSINESS

For the goodwill which has been allocated to Travel Media Business and included in reserves as the acquisition of operation were made prior to 1 January 2005.

In accordance with the Hong Kong Financial Reporting Standards No. 36 – Impairment of Assets, the Company performed impairment test on the goodwill that have impairment indication by the year ended of 2020.

Being the Travel Media Business is the largest segment of the Group, recorded a decrease of revenue by approximately 71.1% to approximately HK$22.2 million for the year ended of 2020 from approximately HK$76.8 million for the year ended of 2019. Indeed, COVID-19 pandemic was not going away any time soon and with the expected prolonged tough time ahead, the Company implemented further cost cutting measures to conserve cash flow as well as introduce non-traditional and new sources of revenue. Accordingly, impairment on goodwill allocated to Travel Media Business of approximately HK31.2 million (2019: HK$ Nil) was recognised during the year ended of 2020.

Exposure to fluctuations in exchange rates and any related hedges

The majority of the Group's assets and liabilities and business transactions were denominated in Singapore dollars and Hong Kong dollars. During the years ended 31 December 2020 and 2019, the Group had not entered into any hedging arrangements. However, the management will continue to monitor closely its foreign currency exposure and requirements and to arrange for hedging facilities when necessary.

Contingent liabilities

The Group had no material contingent liability as at 31 December 2020 and 2019.

Employee information

As at 31 December 2020, the Group had 47 (2019: 67) full time employees, of which 6 (2019: 10) were based in Hong Kong, 7 (2019: 13) in China, 33 (2019: 43) in Singapore, and 1 (2019: 1) in Malaysia. The Group's employees are remunerated largely based on their performance and experience, alongside with the current industry practices. The Group has introduced share option scheme to recognize the contributions of the employees to the growth of the Group. The scheme has been or will be amended from time to time to take into account changes in market conditions and the GEM Listing Rules. Remuneration packages of employees include salaries, insurance, medical cover, mandatory provident fund, discretionary bonuses and share option (if any).

DIVIDEND

No payment of dividend has been recommended by the Board in respect of the year ended 31 December 2020 (2019: Nil).

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Board is always committed to maintaining high standard of corporate governance. The Company throughout the year 2020 has fully complied with the applicable code provisions in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules.

SCOPE OF WORK OF ELITE PARTNERS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, Elite Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Elite Partners CPA 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 HKICPA and consequently no assurance has been expressed by Elite Partners CPA Limited on the preliminary announcement.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2020.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of HKExnews (www.hkexnews.hk) as well as the website of the Company (http://www.sinosplendid.com). The Company's 2020 annual report is estimated to be dispatched to shareholders on 31 March 2021 and will be published on the aforementioned websites in due course.

By order of the Board
Sino Splendid Holdings Limited
Chow Chi Wa
Executive Director

Hong Kong, 29 March 2021

As at the date hereof, the Board comprises Mr. Chow Chi Wa, Mr. Wang Tao and Mr. Yang Xingan as executive Directors; Ms. Yang Shuyan, Ms. Wang Qingling and Ms. Lee Yim Wah as independent non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at www.sinosplendid.com.