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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

ANNUAL REPORT

2020

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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This report, for which the directors of China Trends Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purpose of giving information with regard to China Trends Holdings Limited. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Xiang Xin *(Chairman of the Board and Chief Executive Officer)*
Mr. Chan Cheong Yee (Resigned on 1 December 2020)
Mr. Yip Wing Ho (Resigned on 24 April 2020)

NON-EXECUTIVE DIRECTOR
Mr. Chan Cheong Yee (Redesignated on 1 December 2020)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Wong Chung Kin, Quentin
Ms. An Jing (Resigned on 18 February 2020)
Mr. Chen Yicheng
Ms. Qin Han (Appointed on 18 February 2020)

ALTERNATE DIRECTOR
Ms. Kung Ching, alternate director to
Mr. Xiang Xin

COMPLIANCE OFFICER
Mr. Xiang Xin

COMPANY SECRETARY
Mr. Li Wancheng

AUTHORISED REPRESENTATIVES
Mr. Xiang Xin
Mr. Li Wancheng

EXECUTIVE COMMITTEE
Mr. Xiang Xin *(Chairman)*
Mr. Chan Cheong Yee (Resigned on 1 December 2020)
Mr. Yip Wing Ho (Resigned on 24 April 2020)

AUDIT COMMITTEE AND REMUNERATION COMMITTEE
Mr. Wong Chung Kin, Quentin *(Chairman)*
Ms. An Jing (Resigned on 18 February 2020)
Mr. Chen Yicheng
Ms. Qin Han (Appointed on 18 February 2020)
Mr. Chan Cheong Yee (Appointed on 9 December 2020)

NOMINATION COMMITTEE
Mr. Xiang Xin *(Chairman)*
Mr. Wong Chung Kin, Quentin
Ms. An Jing (Resigned on 18 February 2020)
Ms. Qin Han (Appointed on 18 February 2020)

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Huaxia Bank

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AUDITOR
McMillan Woods (Hong Kong) CPA Limited

LEGAL ADVISERS
As to Cayman Islands Law
Sinclair Corporate Services Ltd

As to Hong Kong Law
Michael Li & Co

STOCK CODE
8171

WEBSITE
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CHAIRMAN'S STATEMENT

On behalf of the Board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company"), I am pleased to present you the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020.

The Company's shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and governed by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

FINANCIAL REVIEW

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

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

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

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

Loss attributable to owners of the Company for the year ended 31 December 2020 was approximately HK$4,088,000 (2019: HK$3,981,000), representing an increase of approximately 2.69% as compared to that of previous year.

The Group's trading business has been operating in a healthy and stable manner for more than 10 years. Compared with the year ended 31 December 2019, both operating revenue and gross profit have achieved continuing growth for the year ended 31 December 2020. The adjusted net profit for the year ended 31 December 2020 was approximately HK$1,803,000 after deducting non-recurring expenses of approximately HK$5,842,000, derived mainly from the litigation fee against Asia Television Limited, litigation fee for judicial review for listing status resumption, share-based payments, loss on disposal of subsidiaries, impairment loss on other receivables, other legal fee and share of loss of an associate, representing an improvement of approximately 29.53% as compared to net profit of HK$1,392,000 of previous year.

Non-GAAP Financial Measures

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

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

OPERATIONAL REVIEW

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

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

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

2. On 6 November 2019, Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company entered into a framework agreement (the "Framework Agreement") with Winn Tech-Winn Technology Co., Ltd. ("Winn Tech-Winn") in relation to electric products trading business, pursuant to which both parties agreed to cooperate in the following 10 years on electric products trading business. In the ten years from 1 November 2019 to 31 October 2029, Winn Tech-Winn would purchase the total value of goods from Boss China for approximately RMB200 million per year (including applicable value-added tax at that time). The actual payment amount would subject to the purchase order amount issued by Winn Tech-Winn.

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

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

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

UPDATE ON LISTING STATUS

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

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

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

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

On 10 October 2019, the Company was informed by its substantial shareholder, China Technology Education Trust Association ("CTE"), that CTE had made an application (the "JR Application") for leave to judicially review the Decision. CTE, a charitable organization providing financial aids to technology education and employment in Hong Kong and Mainland China, was registered under section 88 of the Inland Revenue Ordinance (Cap. 112) of the laws of Hong Kong and entitled to tax exemption.

The grounds of and the rationale behind CTE's JR Application were, inter alia, (i) the Company had significant business and net assets value; (ii) the Company's losses had been reducing in the past few years and had become profitable for the six months ended 30 June 2019 excluding non-operational and non-recurring expenditure, (iii) the Stock Exchange had not raised any concerns over the operation sufficiency of the Company in the past 10 years, so the Decision were abrupt and unreasonable; and (iv) given the Company's financial conditions were not in deterioration, CTE had legitimate expectation of continued listing of the shares of the Company.

CHAIRMAN'S STATEMENT

On 10 October 2019, CTE informed the Company that on 23 September 2019 the High Court of Hong Kong notified CTE its direction to adjourn the JR Application until the conclusion of the review hearing of the Decision. The review hearing of the Decision by the GEM Listing Committee was held on 29 October 2019.

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

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

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

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

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

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

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

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

The Company expressed its shock and regret that the Review Committee ignored the defense opinions made by the Company in accordance with Rule 17.26 of the GEM Listing Rules, and in particular made the Review Committee Decision in disregard of the substantial increase in the Company's operating revenue and gross profit in 2019. After consulting its financial advisers and legal advisers, the Company filed a judicial review of the Review Committee Decision in the High Court of Hong Kong.

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

Ground 2: Procedural unfairness, and inadequate reasons

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

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

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

Ground 3: Any deference impermissible on matters of law

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

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

For details, please refer to the announcements of the Company dated 10 June 2019, 14 June 2019, 4 July 2019, 23 August 2019, 10 October 2019, 14 November 2019, 21 November 2019, 4 December 2019, 13 December 2019, 10 March 2020, 11 March 2020, 5 May 2020, 17 May 2020, 10 June 2020, 12 June 2020, 10 September, 8 December 2020 and 31 December 2020.

UPDATE ON LEGAL PROCEEDING AGAINST ATV

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

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

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OUTLOOK AND PROSPECT

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

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

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

Xiang Xin
Chairman and Chief Executive Officer

Hong Kong
19 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. As at 31 December 2020, the Group maintained a healthy liquidity position, and total cash and bank balances amounted to approximately HK$28,017,000 (2019: HK$32,774,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 31 December 2020, the gearing ratio based on total debts over total equity was zero (2019: zero).

CAPITAL STRUCTURE AND FLUCTUATION IN FOREIGN EXCHANGE

Details in the changes of the capital structure of the Company for the year ended 31 December 2020 are set in note 23 to the consolidated financial statements. The share capital of the Group comprised only ordinary shares as at 31 December 2020.

The Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi. As at 31 December 2020, substantial portion of the assets and liabilities of the Group were current in nature, and the amount were principally denominated in Renminbi, United States dollars and Hong Kong dollars, so foreign exchange risk was considered to be minimal.

EMPLOYEES

As at 31 December 2020, there were a total of 27 (2019: 27) staff employed by the Group including full time and part-time staff. The staff costs including Directors' remuneration for the year ended 31 December 2020 were approximately HK$1,637,000 (2019: HK$1,330,000) of which HK$366,000 (2019: NIL) share-based payments expenses were incurred during the year. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share-based payments. The Company ensured that its employees were remunerated according to the prevailing manpower market condition, and individual performance with its remuneration policies reviewed on a regular basis.

CHARGE, CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2020, the Group had NIL under operating lease (2019: NIL) and there were no charges on any assets of the Group.

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

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

MANAGEMENT PROFILE

EXECUTIVE DIRECTORS

Mr. Xiang Xin ("Mr. Xiang"), aged 57, is the Chairman of the Board and chief executive officer ("Chief Executive Officer") of the Company. Mr. Xiang once worked in a number of large organizations in the PRC and engaged in technology project management and corporate strategy research for a long time. Mr. Xiang also possesses many years of experience in project investment and information technology businesses. Mr. Xiang holds a bachelor's degree in science and a master's degree in engineering from Nanjing University of Science & Technology. Mr. Xiang is a chairman of China Technology Education Trust Association. Mr. Xiang is currently a chairman of the board of director, chief executive officer and executive director of China Innovation Investment Limited (stock code: 1217), a company listed on the main board of the Stock Exchange. Mr. Xiang joined the Company on 25 February 2008.

NON-EXECUTIVE DIRECTOR

Mr. Chan Cheong Yee ("Mr. Chan"), aged 57, holds a bachelor's degree of science majoring in finance and he is a registered and licensed person under the Securities and Futures Ordinance to carry on regulated activities in advising on securities and undertaking asset management. Mr. Chan is currently the managing director of asset management of Evergrande Securities (Hong Kong) Limited and has been in the financial and investment field for over 30 years. Mr. Chan is directly involved in identifying investment opportunities, conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations. Mr. Chan is the executive director of China Investment and Finance Group Limited, the executive director of China Investment Development Limited, the executive director of Capital VC Limited, the executive director of China New Economy Fund Limited, the executive director of China Innovation Investment Limited, and the executive director of Core Economy Investment Group Limited, which are listed on the main board respectively. Mr. Chan joined the Company on 14 February 2016.

MANAGEMENT PROFILE

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yicheng ("Mr. Chen"), aged 66, received his degree in Chinese from South China Normal University. Mr. Chen is engaged in commercial and television media industry in Mainland China for 40 years, and he has extensive experience in commercial operation of television media. Mr. Chen is currently a member of Guangdong TV Artists' Association and member of Guangdong Old Correspondents Association. Mr. Chen joined the Company on 9 July 2012.

Mr. Wong Chung Kin, Quentin ("Mr. Wong"), aged 49, is the founder and the sole proprietor of Quentin Wong & Co. CPA Limited. From December 2011 to May 2016, Mr. Wong served as an independent non-executive director of China Investment Fund Company Limited (currently known as China Investment Fund International Holdings Limited) (Stock Code: 612), a company listed on the Main Board of the Stock Exchange. Since March 2012, Mr. Wong served as an independent non-executive director of Value Convergence Holdings Limited (Stock Code: 821), a company listed on the Main Board of the Stock Exchange. Since December 2018, Mr. Wong served as an independent non-executive director of Creative Enterprise Holdings Limited (Stock Code: 3992), a company listed on Main Board of the Stock Exchange. Mr. Wong obtained a bachelor's degree in accounting and financial management from the University of Essex in July 1996. He obtained a Master of Science degree in internal auditing and management from The City University, London, in July 1998. Mr. Wong has been a fellow member of The Institute of Chartered Accountants in England and Wales, a fellow member of the Taxation Institute of Hong Kong, a fellow member of the Society of Chinese Accountants & Auditors, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong joined the Company on 4 November 2016.

Ms. Qin Han ("Ms. Qin"), aged 37, holds bachelor's degree in Engineering Management from Wuhan University, master's degree in Management Science and Engineering from Wuhan University, and PhD in Industrial and Manufacturing Systems Engineering from The University of Hong Kong. Ms. Qin has served as the director of a family fund, the Chief Investment Officer of Shen Zhen Zhongxiang Capital Management Limited and the Vice President of Asia Fortune Capital Group Limited etc. and has rich experience in areas such as coordination and communication, strategic planning, organizational management, and corporate culture. Ms. Qin joined the Company on 18 February 2020.

ALTERNATE DIRECTOR

Ms. Kung Ching ("Ms. Kung"), aged 51, graduated from Nanjing University of Science and Technology and holds a MBA degree from the University of South Australia. Ms. Kung once worked for large organizations in China, such as China National Defense Science and Technology Information Centre and CITIC International Cooperation Limited, engaged in technology management and economic management for many years. Ms. Kung is the spouse of Mr. Xiang, and is an alternate director to Mr. Xiang in China Innovation Investment Limited, a company listed on the main board of the Stock Exchange. Ms. Kung joined the Company on 8 October 2012.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2020 and the state of affairs of the Group at that date are set out in the financial statements on pages 45 to 48. The Directors do not recommend the payment of any dividend in respect of the year.

FINANCIAL INFORMATION SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 102. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

Details of movements in the Company's share options during the year are set out in note 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions during the year ended 31 December 2020 are disclosed in note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity and in note 25 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 100% of the total sales for the year and sales to the largest customer included therein accounted for 84.20%. Purchases from the Group's five largest suppliers accounted for 100% of the total purchases for the year and purchases from the largest supplier included therein accounted for 81.98%.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:
Mr. Xiang Xin
Mr. Chan Cheong Yee (Resigned on 1 December 2020)
Mr. Yip Wing Ho (Resigned on 24 April 2020)

Non-Executive Director:
Mr. Chan Cheong Yee (Redesignated on 1 December 2020)

Independent non-executive Directors:
Ms. An Jing (Resigned on 18 February 2020)
Mr. Chen Yicheng
Mr. Wong Chung Kin, Quentin
Ms. Qin Han (Appointed on 18 February 2020)

Alternate Directors:
Ms. Kung Ching

REPORT OF THE DIRECTORS

According to Article 87(1), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. In addition, according to Article 86(3), any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for reelection.

In accordance with article 87(1) of the Articles of Association of the Company, Mr. Xiang Xin and Mr. Chen Yicheng shall retire by rotation at the annual general meeting of the Company. Mr. Xiang Xin and Mr. Chen Yicheng, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

In accordance with article 86(3) of the Articles of Association of the Company, Mr. Chan Cheong Yee shall retire at the general meeting of the Company. Mr. Chan Cheong Yee, being eligible, offer himself for re-election at the forthcoming annual general meeting of the Company.

The independent non-executive directors are not appointed for specific term and are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association of the Company.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on page 13 and page 14 of the annual report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has entered into a service contract with the Company and they are not appointed for a specific term. Their appointment will be subject to retirement and re-election by the shareholders pursuant to the articles of association of the Company.

Apart from the foregoing, no director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remuneration are subject to the authority granted by the shareholders of the Company to the Board to fix their remuneration or shareholders' approval at general meetings and monitored by the remuneration committee on a continuous basis. Other emoluments are determined by the Company's remuneration committee with reference to directors' duties, responsibilities and performance and the results of the Group.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN CONTRACTS

Apart from those details in note 27(i) to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

Apart from those details in note 27(i) to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, the interests of the Directors or chief executive and their associates in the shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interest in the underlying shares of the Company — share option

Name of Director	Date of grant	Exercise period	Nature of interest	Exercise price per share *HK$* *(note 2)*	Number of underlying Shares for Share Options	Approximately percentage of interest
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial interest	0.025	120,000,000 (L)	0.28%
Chan Cheong Yee	4 April 2018	4 April 2018 to 3 April 2028	Beneficial interest	0.025	120,000,000 (L)	0.28%
Wong Chung Kin, Quentin	4 April 2018	4 April 2018 to 3 April 2028	Beneficial interest	0.025	60,000,000 (L)	0.14%
Qin Han	18 May 2020	18 May 2020 to 17 May 2030	Beneficial interest	0.025	60,000,000 (L)	0.14%
Chen Yicheng	6 July 2014	6 July 2014 to 5 July 2024	Beneficial interest	0.025	60,000,000 (L)	0.14%

Notes:

1. The letter "L" denotes the Shareholders' long position in the Shares.

2. Adjustment of share option upon completion of bonus shares issued on 24 March 2016.

REPORT OF THE DIRECTORS

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2020, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Company:

(i) Interest in issued shares

Name	Nature of interest	Number of Shares held	Approximately percentage of interests
Honour Sky International Limited *(note 2)*	Beneficial owner	12,583,683,830 (L)	29.46%
China Technology Education Trust Association *(note 2)*	Interest of controlled corporation	12,583,683,830 (L)	29.46%
Yu Bin *(note 3) (note 5)*	Beneficial owner	3,255,360,000 (L)	7.62%
Zheng Yan *(note 3) (note 5)*	Beneficial owner	3,255,360,000 (L)	7.62%
Kuan Hsin Huei *(note 3)*	Beneficial owner	1,637,440,000 (L)	3.83%
Ruan Xiaoping *(note 3)*	Beneficial owner	1,500,000,000 (L)	3.51%
Chen Yingjiu *(note 3)*	Beneficial owner	602,400,000 (L)	1.41%
Wang Jianjun *(note 3)*	Beneficial owner	300,000,000 (L)	0.70%

(ii) Interest in the underlying shares of the Company — 2021 Warrants (warrant code: 8015)

Name	Date of grant	Exercise period	Nature of interest	Exercise price per share *HK$*	Number of underlying shares for 2021 Warrants	Approximately percentage of interests *(note 4)*
Kuan Hsin Huei *(note 3)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	875,152,000 (L)	2.05%
Yu Bin *(note 3) (note 5)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	569,760,000 (L)	1.33%
Zheng Yan *(note 3) (note 5)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	569,760,000 (L)	1.33%
Ruan Xiaoping *(note 3)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	300,000,000 (L)	0.70%
Chen Yingjiu *(note 3)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	120,480,000 (L)	0.28%
Wang Jianjun *(note 3)*	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	60,000,000 (L)	0.14%

Notes:

1. The letter "L" denotes the Shareholders' long position in the Shares.

2. Honour Sky International Limited is a private company wholly and beneficially owned by China Technology Education Trust Association (the "Trust Association"). Accordingly, the Trust Association is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to technology education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of the Trust Association.

3. According to the disclosure of interest of the Stock Exchange, Kuan Hsin Huei, Ruan Xiaoping, Yu Bin, Zheng Yan, Chen Yingjiu and Wang Jiajun are the parties acting in concert. They are interested in shares of approximately 17.07% and in warrants of approximately 4.50% of the total issued share capital of the Company.

4. The approximately percentage of interests in the Company is calculated on the basis of 42,716,118,022 Shares in issue as at 31 December 2020.

5. According to the disclosure of interest of the Stock Exchange, Yu Bin and Zheng Yan are in the interest of children under 18 and/or spouse.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at 31 December 2020, there was no person (other than a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Company.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with business of the Group during the year under review.

SHARE OPTION SCHEME

As regards to the share option scheme ("Share Option Scheme") approved by shareholders on 1 November 2010 and 6 May 2016, there were 1,207,000,000 Shares available for issue under Share Option Scheme which represents approximately 2.83% of the issued share capital of the Company as at 31 December 2020. Details of Share Option Scheme and share options movements are set out in note 24 to the consolidated financial statement.

2021 WARRANTS (WARRANT CODE: 8015)

The Company has issued the bonus warrants on the basis of two bonus warrants for every five existing shares held on 17 March 2016, subjects to adjustment. The subscription rights attached to the bonus warrants will be exercisable from 29 March 2016, the date of issuance until the close of business on 28 March 2021.

However, due to the fact that 28 March 2021 is not a business day, the 2021 Warrants will expire on the next business day after such day pursuant to the Instrument, i.e. at 4:00pm. on Monday, 29 March 2021. Thereafter, any Subscription Rights which have not been exercised by 4:00 p.m. on Monday, 29 March 2021 will lapse and the certificates of the 2021 Warrant will cease to be valid for any purpose.

After ordinary resolution has been passed at extra ordinary general meeting on 7 March 2016 to approve the bonus warrants issue, 8,159,911,432 units of bonus warrants (warrant code: 8015) with initial subscription price of HK$0.0125 per bonus warrants has been issued and listed on the GEM of the Stock Exchange of Hong Kong Limited.

During the year under review, zero units of bonus warrants has been exercised by warrantholders of the Company and 6,283,350,568 units of bonus warrants are outstanding as at 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

CORPORATE GOVERNANCE

The Company has complied with most of the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules ("Code") throughout the Year. Please refer to the Corporate Governance Report on page 23 to 30 of this annual report for details.

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

AUDIT COMMITTEE

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

The Audit Committee has examined the accounting principles and practices adopted by the Company and its subsidiaries and discussed with the management its internal controls and accounts. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

AUDITOR

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

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

ON BEHALF OF THE BOARD

Xiang Xin
Chairman and Chief Executive Officer

Hong Kong
19 March 2021

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. Mr. Xiang Xin is the Chairman of the Board and Chief Executive Officer of the Company during the year 2020. Such practice deviates from code provision A.2.1 of the CG Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Xiang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Xiang to hold both positions as the Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

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

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

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

The Board of the Company as at the date of the annual report comprises:

Executive Directors:	Mr. Xiang Xin
	Mr. Chan Cheong Yee (Resigned on 1 December 2020)
	Mr. Yip Wing Ho (Resigned on 24 April 2020)
Non-Executive Director:	Mr. Chan Cheong Yee (Redesignated on 1 December 2020)
Independent non-executive Directors:	Mr. Wong Chung Kin, Quentin
	Ms. An Jing (Resigned on 18 February 2020)
	Mr. Chen Yicheng
	Ms. Qin Han (Appointed on 18 February 2020)
Alternate Director:	Ms. Kung Ching

CORPORATE GOVERNANCE REPORT

The Board is responsible for the leadership and control of the Company. It also oversees the Group's businesses, strategic decisions and directions, and performances. The management was delegated the authority and responsibility by the Board for the general management of the Group. In addition, the Board has also delegated various responsibilities to other committees. Further details of other committees are set out in this report.

The Board has at least four scheduled regular meetings a year at quarterly interval and meets as and when required. The attendance of each director at the board meetings during the year are as follows:

Directors	**Number of attendance**
Mr. Xiang Xin	7/7
Mr. Chan Cheong Yee	7/7
Mr. Yip Wing Ho	2/2
Ms. An Jing	1/1
Mr. Chen Yicheng	7/7
Mr. Wong Chung Kin, Quentin	7/7
Ms. Qin Han	5/5

Board minutes are kept by the company secretary of the Company. Draft and final versions of the Board minutes are sent to the Directors for their comments and records, in both cases within a reasonable time after the meeting.

The Directors are able, upon the reasonable request, to seek independent professional advice under appropriate circumstances, at the Company's expenses, in order to discharge their responsibilities and duties under appropriate independent professional advice.

Appropriate insurance cover has been arranged in respect of legal action against its Directors and senior management.

BOARD DIVERSITY POLICY

The Company has a Board Diversity Policy whereby it recognizes and embraces the benefits of a diversity of Board members. It endeavors to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The following tables further illustrate the diversity of the Board members as of the date of this annual report:

	Gender		**Age Group**			**Area**	
Name of Director	**Male**	**Female**	**30 to 49**	**50 to 69**	**60+**	**Hong Kong**	**China Mainland**
Mr. Xiang Xin	✓			✓		✓	
Mr. Chan Cheong Yee	✓			✓		✓	
Mr. Yip Wing Ho	✓			✓		✓	
Ms. An Jing		✓	✓				✓
Mr. Chen Yicheng	✓				✓		✓
Mr. Wong Chung Kin, Quentin	✓			✓		✓	
Ms. Kung Ching		✓		✓		✓	
Ms. Qin Han		✓	✓			✓	

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Xiang Xin is the Chairman of the Board and the Chief Executive Officer of the Company. The chairman's and the chief executive officer's responsibility is to manage the Board and the Company's day-to-day business, respectively. Management is responsible for the day-to-day operations of the Company under the leadership of the chief executive officer. The chief executive officer, working with other executive Directors, is responsible for managing the business of the Company, including implementation of the strategies and decisions approved by the Board and assuming full responsibility to the Board for operation of the Company.

EXECUTIVE COMMITTEE

An executive committee (the "Executive Committee") was established by the Board in March 2012 and delegated with powers from the Board to deal with all matters relating to the daily operations of the Company. The Executive Committee comprises all executive Directors of the Company.

Full minutes of Executive Committee meetings are kept by the duly appointed company secretary. Draft and final versions of minutes of the Executive Committee meetings are sent to all members of the committee for their comments and records, in both cases within a reasonable time after the meeting.

The Executive Committee held periodical meetings during the financial year to review, discuss and evaluate the business performance and operational matters of the Company. The attendance of each member at the meeting(s) during the year is set out as follows:

Directors	Number of attendance
Mr. Xiang Xin	2/2
Mr. Chan Cheong Yee	2/2
Mr. Yip Wing Ho	1/1

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors of the Company are persons of high calibre, with academic and professional qualifications in the field of accounting and law. With their solid experience, they can provide strong support to perform their duties delegated by the Board effectively.

All independent non-executive Directors are considered to be independent by the Board as the Board received the annual confirmation of independence from each of them as required by the GEM Listing Rules.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") in December 2005. All of the members of the Remuneration Committee are the independent non-executive Directors or non-executive Director of the Company. The attendance of each member at the meeting(s) during the year is set out as follows:

	Number of attendance
Mr. Wong Chung Kin, Quentin	0/0
Mr. Chen Yicheng	0/0
Ms. An Jing	0/0
Ms. Qin Han	0/0
Mr. Chan Cheong Yee	0/0

Full minutes of Remuneration Committee meetings are kept by the duly appointed company secretary. Draft and final versions of minutes of the Remuneration Committee meetings are sent to all members of the Remuneration Committee for their comments and records, in both cases within a reasonable time after the meeting. The Remuneration Committee determines the policy for the remuneration of executive Directors, assesses performance of executive Directors and approves the terms of executive Directors' service contracts.

EXTERNAL AUDITORS

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the consolidated financial statements. Members of the Committee are of the view that the Company's auditor, McMillan Woods (Hong Kong) CPA Limited is independent and recommended to the Board to re-appoint it as the Company's external auditor at the forthcoming annual general meeting.

McMillan Woods (Hong Kong) CPA Limited has rendered audit services to the Company for the Year and the remuneration paid/payable to it by the Company is set out as follows:

	HK$'000
McMillan Woods (Hong Kong) CPA Limited	
Annual audit services	470

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Audit Committee comprises all independent non-executive Directors and non-executive Director of the Company. The attendance of each member at the meetings during the year is set out as follows:

	Number of attendance
Mr. Wong Chung Kin, Quentin	4/4
Mr. Chen Yicheng	4/4
Ms. An Jing	0/0
Ms. Qin Han	4/4
Mr. Chan Cheong Yee	0/0

Full minutes of Audit Committee meetings are kept by the duly appointed company secretary. Draft and final versions of minutes of the Audit Committee meetings are sent to all members of the Audit Committee for their comments and records, in both cases within a reasonable time after the meeting.

The Audit Committee reviews the quarterly, interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the GEM Listing Rules and the legal requirements in the review of the Company's quarterly, interim and annual reports.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Board in March 2012 in accordance with the requirements of the GEM Listing Rules. The Nomination Committee comprises three Directors of the Company. The attendance of each member at the meetings during the year is set out as follows:

	Number of attendance
Mr. Xiang Xin	1/1
Mr. Wong Chung Kin, Quentin	1/1
Ms. An Jing	0/0
Ms. Qin Han	0/0

Full minutes of Nomination Committee meetings are kept by the duly appointed company secretary. Draft and final versions of minutes of the Nomination Committee meetings are sent to all members of the committee for their comments and records, in both cases within a reasonable time after the meeting.

In considering the new appointment of Directors, the Nomination Committee will make reference to certain criteria such as integrity, independent mindedness, experience, skill and the ability to commit time and effort to carry out his duties and responsibility effectively.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at the year ended 31 December 2020, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

The responsibilities of the external auditor on financial reporting are set out in the Independent Auditor's Report attached to the Company's Financial Statements for the Year.

The Board has regularly reviewed the effectiveness of the Company's internal control system with an aim to safeguard the shareholders' interests and the Company's assets. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Company's business objectives.

DIRECTORS' TRAININGS

Newly appointed Directors receive briefings and orientation on legal responsibilities as a Director and the role of the Board. The Company Secretary also provides latest information of the business development, market changes and updates in the Listing Rules and relevant legal and regulatory requirements to the Directors in a timely manner in order to make an informed decision and discharge their duties and responsibilities.

The Company has also arranged for Directors to attend training sessions and forums which place emphasis on the roles, functions and duties of a listed company director, as well as the development of regulatory updates and issues.

All the current Directors have, during the financial year under review, pursued continuous professional development, such as attending seminars and/or conferences and/or forums, and/or reading journals, updates, articles and/or materials, etc.

COMPANY SECRETARY

The Company Secretary, Mr. Li Wancheng, is a seasoned employee of the Company and is familiar with the Company's state of affairs. He reports to the Chairman and the Board of Directors directly. The main responsibility of the Company Secretary is supervision of the Company's compliances with laws and regulations, for instances, the GEM Listing Rules, the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), the Companies Ordinance (Cap 622 of the laws of Hong Kong) and the Codes on Takeovers and Mergers and Share Buy-back.

All Directors have access to the advices and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are obligated.

The Company Secretary confirmed that he had taken no less than 15 hours of relevant professional training during the financial year.

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING

The Board acknowledges its responsibilities for overseeing the preparation of financial statements for the financial year, which shall give a true and fair view of the financial position of the Group and of the Group's financial performance and cash flows for the relevant periods, and in compliance with all the relevant statutory requirements, GEM Listing Rules requirements and applicable accounting standards. The Board is committed to present a clear, balanced and understandable assessment of the Group's performance and financial positions in all its financial reporting and to ensure relevant publications in a timely manner.

Below principles are strictly observed in preparation of the financial statements of the Group:

- appropriate accounting policies are selected, applied consistently and in accordance with the Hong Kong Financial Reporting Standards;

- appropriate and reasonable judgments and estimates are made; and

- reasons for any significant departure from applicable accounting standards, if any, is clearly stated.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern as referred to in C.1.3 of the Corporate Governance Code.

The Directors are satisfied with the Group's performance on the basis that the Company generates or preserves value over the longer term and delivers the Company's objectives through its business model.

RISK GOVERNANCE STRUCTURE

The Board has overall responsibilities for the Group's risk management and internal control systems to safeguard the interests of the Group and its Shareholders as a whole. To this end, the Board oversees and approves the Group's risk management and internal control strategies and policies, which are aimed at evaluating and determining the nature and extent of the risks that are compatible with the Group's strategic objectives and risk appetite, with the main purpose of providing of reasonable assurance against material misstatement or loss rather than absolute elimination of the risk of failure to achieve business objectives.

Reporting to the Board, the Audit Committee is delegated with the authority and responsibility for ongoing monitoring and evaluation of the effectiveness of the relevant systems.

INTERNAL CONTROL

The Group conducted an annual review for the need of setting up an internal audit department. Given the Group's simple operating structure, it was decided by the Board that a person, being designated as internal compliance officer, would be directly responsible for the internal control system of the Group and for reviewing its effectiveness.

Procedures have been designed to safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance of applicable laws, rules or regulations. However, such a system is designed to manage the Group's risk within an acceptable risk profile, rather than to eliminate the risk of failure, to achieve the business objectives of the Group. Accordingly, it can provide only reasonable assurance but not absolute assurance against material misstatement of management and financial information and records or against financial losses or frauds.

The Board has conducted a review of the effectiveness of the Company's internal control system, and is of the view that the system of internal controls in place for the year under review and up to the date of issuance of annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders, employees, and the Company's assets.

The Audit Committee of the Company agreed with the Board that the adequacy and effectiveness of the Company's internal control systems is sufficient.

To enhance the Company's internal control, the Company has setup internal compliance officer position, which is independent of the Company's business operation departments. The internal compliance officer will monitor on the risk in the daily operation and internal control system of the Company and make annual internal audit report to the audit committee and the board of directors of the Company.

SHAREHOLDERS' RIGHTS

The Company maintains an on-going communication with its shareholders through various channels including announcements and annual, interim and quarterly reports published on its website at www.8171.com.hk and the Company's general meetings. All shareholders are encouraged to attend general meetings and they may put to the Board any enquiries about the Group through its website at www.8171.com.hk or in writing sent to the principal office of the Company at 26/F, No. 9, Des Voeux Road West, Sheung Wan, Hong Kong.

The directors, company secretary or other appropriate members of senior management respond to enquiries from shareholders promptly. The Chairman, chairman of board committees (or their respective delegates) and external auditor attend the annual general meeting and are available to answer questions raised by shareholders. Shareholders may also access the Company's corporate website for the Group's information.

Under code provision A.6.7, independent non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders.

RELATIONSHIP AMONG MEMBERS OF THE BOARD

There is no relationship among members of the Board in respect of financial, business, family or other material/relevant relationship.

INVESTOR RELATIONS

The Company maintains a website at www.8171.com.hk where information and updates on the Company's business developments and operations, list of Directors and their role and function, constitutional documents, terms of reference of the Board and its committees, shareholders' rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information are posted. Information on the Company's website will be updated from time to time.

There was no significant change in the Company's constitutional documents during the Year.

ENVIRONMENTAL ISSUES

The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The report discloses the sustainability initiatives by the Company and was prepared in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide set out in Appendix 20 of the Rules of Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited. Unless otherwise specified, the time frame of this report is from 1 January 2020 to 31 December 2020.

The Company and its subsidiaries (collectively the "Group") are principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services. The company realized that a socially responsible corporation earns support from the public and its clients, thus it is able to create profit for its shareholders in the long run.

The Company seeks to facilitate the long-term sustainable development of the environment and the society in which it operates in, and is therefore committed to minimizing any negative social and environmental impacts resulting from our operations. The Company values the importance of compliance with all relevant laws and regulations.

KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

As a information technology and investment holding company, the Group encounters and manages a range of environmental, social and governance ("ESG") issues. This report is designed to focus on the set of ESG issues we have identified as among the most relevant to our business and of highest interest to our key stakeholders.

We have identified the following categories and specific key issues that are discussed in this report:

Categories	Key Issues
Friendly Environment	• Managing our Environmental Impact • Reducing Emissions • Sustainable Paper Use • Managing Information Technology Equipment • Environmental Data
Social Responsibility	• Employment • Workforce, Recruitment and Promotion • Remuneration and Benefits • Health and Safety • Development and Training • Labour Standards • Supply Chain Management • Product Responsibility • Anticorruption
Sound Governance	• Accountability of Management • Independence of Board of Directors

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a public listed company on the GEM of the Hong Kong Stock Exchange, the company has always insisted on being a company with good social responsibility, not only strictly abiding by the requirements of the listing rules, but also standardizing the company's specific implementation plan in the several aspects with high standards such as: Social responsibility Propaganda, public welfare, carbon reduction, power management, greening the environment, air purification, environmental responsibility, caring for the community, social responsibility training, anti-corruption measures, paper-saving management, and social responsibility scheme competition.

The company also reviews the effectiveness of various social responsibility work every year, and regularly changes the implementation plan to improve the sustainable development of corporate social responsibility.

Focus on the six perspectives of society, environment, community, market, operation, and charity to guide employees' diverse thinking and encourage comprehensive proposals. Encourage all employees to have thinking with innovation, research and design innovative solutions for social responsibility work, and set high bonuses for solution competition throughout the Group.

By publicizing the effectiveness of corporate social responsibility and the importance of social responsibility work in major medias, the Company shows to the society four benefits including image improvement, business promotion, capital appreciation and cost reduction.

Share the specific work methods and work results of fulfilling social responsibilities with partners (service providers, product suppliers, business partners, etc.). Promote the implementation of social responsibility to the community.

FRIENDLY ENVIRONMENT

Managing our Environmental Impact

As a information technology and investment-holding corporation, our direct environmental impacts stem primarily from the operation of our office buildings where are in Hong Kong and Beijing. Electricity Energy used and associated greenhouse gas ("GHG") emissions are the most significant environmental impacts of our facilities. The company's other key environmental impacts result from paper consumption and use of information technology (IT) equipment.

The Group recognizes its responsibility to protect the planet and preserve its beauty and resources to the next generation. We strive to enhance production efficiency and strengthen our environmental protection efforts on conserving resources and managing waste from our business activities. The Group should bring great focus on these issues, for its own benefits and for environmental protection consideration, in order to contribute to the continuous development of society.

When contact with its clients and suppliers, the Company prefer to the more efficient ways, such as internet, email, phone call and conference call, rather than business trip.

Develop a standard office greening plan, and carefully select and arrange the green plants in each functional area of the office. Make the office environment full of greenness, allow employees to improve work efficiency, and protect the physical and mental health of employees.

Eliminate toner printing and use more environmentally friendly and energy-efficient ink printers with simple, non-heating, non-contact technology. Because there is low-heat involvement, daily office energy consumption is greatly reduced. Due to no toner leakage, protect employees' health.

Formulate the Group's energy-saving and environmental protection procurement standards for office electronic equipment, and uniformly use equipment that meets national environmental protection requirements. At the same time, in accordance with this procurement standard, all office equipment purchases use energy-saving equipment. On the other hand, environmentally friendly design is adopted in company's office, and environmentally friendly materials are also used in office decoration.

Reducing Emissions

Operating office facilities consumes power that generate GHGs indirectly.

In 2020, the Group took the following specific actions for minimizing energy wastage from electric power consumption equipment such as lighting, computer and central air-conditioning of the offices. The details are as follows:

1. Every employee is required to turn off the lights once they leave working area for more than 10 minutes.

2. Every employee is required to shut down office computer, while make sure that air conditioners and lights being switched off after office hours.

3. Install automatic controlling power socket to shut down the power suppling to those machine which is not necessary to run after workday, such as internal network switch, internet router, etc.

Committing to resources-saving and environmental protection is the Group's social responsibility and building a green community is its obligation to property owners.

Sustainable Paper Use

We think it is important to select the paper we use from supplier with "Zero Deforestation Commitment", which supports responsible forest management and provide many significant long-term benefits for the environment and communities. In 2020, 100% of the paper we purchased was from suppliers with "Zero Deforestation Commitment".

We also strive to use paper efficiently and make it convenient for and customers, suppliers and employees to do so. We offer paperless billing options for customers and suppliers and have implemented smart printing methods for employees. Meanwhile, we recycle the paper we have used. Some steps include:

1. Only in absolute necessary could the documents be printed.

2. If printing is unavoidable, it is highly recommended to use double-sided printing.

3. If possible, reusing used papers as scratch paper.

Formulate the Group's office paper management methods, standardize employees' requirements for paper-saving work, and calculate monthly paper usage across the Group to review paper usage.

Managing Information Technology Equipment

The use and disposal of IT equipments such as computers and servers is another focus of our operational sustainability efforts. IT hardware has a range of potential social and environmental impacts across its life cycle from production, use and eventual disposal.

The Group aims to maximize the lifespan of IT equipment by finding opportunities to refurbish and redeploy assets internally whenever feasible. When we cannot reuse equipment internally, we work with our suppliers to recycle the materials or seek to donate them to nonprofit organizations. All IT equipment we refurbish, recycle or donate meets our strict data privacy standards.

Design standardized intelligent office control equipment solutions for controlling electric lights, air conditioners, etc., so as to reduce power waste and ensure the safety of the office environment.

Environmental Data

Printing paper consumption

	2020		2019	
	Hong Kong Office	Beijing Office	Hong Kong Office	Beijing Office
Printing Paper Consumption (A4 Sheets)	13,342	2,929	9,752	4,570

Electronic Energy consumption data and Greenhouse Gas Emissions

	2020		2019	
	Electronic Energy Consumption (kWh)	Greenhouse Gas Emissions tCO_2e (Kg)	Electronic Energy Consumption (kWh)	Greenhouse Gas Emissions tCO_2e (Kg)
Hong Kong Office[1]	8,020	6,496	9,299	7,439
Beijing Office[2]	5,796	5,459	9,067	8,656
Total	13,816	11,955	18,366	16,095

1 Using the emission factor stated in the 2019 Sustainability Reports of The Hong Kong Electric Co. Ltd., which is 0.81 (2018: 0.80) CO2e per electricity unit sold (kg/kWh).

2 Using the emission factor stated in the 2019 China Regional Grid Baseline Emission Factor issued by the Response to Climate Change Division of China National Development and Reform Commission, which is 0.9419 (2018: 0.9547) CO2e per electricity unit sold (kg/kWh) regarding Northeast Regional Power Grid.

SOCIAL RESPONSIBILITY

Employment

The Group has so strictly complied with relevant standards that there was no material non-compliance event in 2020.

Working Environment

The Company is dedicated to employee development by providing them with incentives based on their performance and contribution. The Group has a fair and open incentive award scheme whereby the remuneration structure and package will be reviewed annually, and the performance will be reviewed monthly to ensure the remuneration is fair and competitive. The Group provides full social insurance for employees in China Mainland, Mandatory Provident Fund for employees in Hong Kong and accident insurance for all employees. The employees can also enjoy various products and services discounts from the Group's business partners, including enjoying the welfare plan in the Wealth Storm Platform, thereby enhancing a sense of belonging to the Group.

In addition to air purification measures such as regular cleaning of the air-conditioning dust filter of the office, bamboo charcoal sheets were placed behind the corporate culture placards in various offices. This reflects the company's inspirational culture while achieving air purification and employee care.

The integration of air purification and corporate cultural work is the innovation of this social responsibility fulfillment, so that social responsibility is not just a concept, but closely integrated with each employee's work.

Workforce, Recruitment and Promotion

The Group prepared a set of staff recruitment standards and position manuals, and recruited staff according to personal capability, experience and characters of candidates. The Group recruits and trains talents regardless of their gender, age, family status and religious belief. The Group offers equal opportunities to all employees and job applicants.

In 2020, the Group recruited talents mainly through third party online recruitment platforms which allowed effective sharing of information on candidates and enhanced recruitment efficiency.

As at 31 December 2020, the Group had a total of 27 (2019: 27) staff, including full time and part-time persons. Staff of the Group ranged in age from 20 to over 50, with the majority of around 64% (2019: 64%) aged between 30 and 50. The ratio of male to female is around 1.2:1 (2019: 1.2:1) both in total and in the management level. The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competencies which contribute to the Group's success.

The chief executive of the Group oversees the operation of the Group with the support of the department heads of the personnel, business, finance, investment, administration, project, legal and media departments.

The Personnel Department/Business Department has six employees. It is mainly in charge of communication and business jobs. Their daily responsibility includes personnel recruitment, personnel management, business implementation and work follow-up.

The Finance Department/Investment Department has six employees. It is mainly in charge of bookkeeping and accounting jobs. Their daily responsibility includes handling payment for goods, paying fees, remuneration insurance and asset management.

The Administration Department/Project Department has eight employees. It is mainly in charge of administration and project jobs. Their daily responsibility includes property management, propagating information, guest reception and asset management.

The Legal Department/Media Department has seven employees. It is mainly in charge of internal control and legal jobs. Their daily responsibility includes company registration, due diligence, legal opinion and litigation management.

The Group has offices in Hong Kong and Beijing. There is no big difference for staff turnover rate by gender, by age group and geographical region.

Remuneration and Benefits

The Group is dedicated to improving employees' work enthusiasm by providing them with incentives based on their performance and contribution. The Group has a fair and open incentive award scheme whereby the remuneration structure and package will be reviewed annually and the performance will be reviewed monthly to ensure the remuneration is fair and competitive. The Group provides full social insurance for employees in Mainland China, Mandatory Provident Fund for employees in Hong Kong and accident insurances for all employees. The employees can also enjoy discounts on various products and services provided by from the Group's business partners, including enjoying the welfare plan in the Wealth Storm Platform in order to enhance employee's a sense of belonging to the Group.

To reflect the working performance of each department, the Group has set up performance valuation guideline for employees. The bonus will be based on the employees' performance and the Group's business results. Through the performance valuation guideline, the Group hopes to incentivize the employees to gain profits with integrity by taking active initiative in their work.

The Group adheres to the people-oriented employment policy by highly appreciating the staff as its most valuable assets and the vitality of enterprises. The Group encourages employees to obtain professional qualifications by providing necessary subsidies and allowances to enhance their personal development, to further develop their working capability and then to be entitled competitive remuneration and benefits.

Health and Safety

The Group has adopted a people-oriented principle, and has endeavored to maintain a healthy and safe workplace for its employees. The Group has a low safety risk profile, however, potential injury hazards from slips, trips and falls for staffs still remain. The Group therefore gives great importance on the issue of health and safety.

There were no work-related fatalities in the Group in 2020. There was no case resulted in lost days of any employee due to work injury. The Group places much emphasis on safe and healthy work for employees. The Group always endeavors to build up a healthy and comfortable working environment.

The Group has arranged the Administration Department for the management and control of all kinds of safety accidents from subsidiaries in Mainland China and Hong Kong. The Administration Department is responsible for monitoring health and safety performance, and reporting to the senior management of the Company on hazardous and unsafe practices in a timely manner. Once a health and safety incident happens, the Administration Department would be informed immediately to take all necessary actions. After investigation, all subsidiaries will be informed the reason leading to this accident immediately and taking all safety precautions, with the aim to eliminate potential safety hazard. The Group emphasizes safety awareness and enhances emergency response and self-rescue capacity among employees. The Administration Department has always kept contact with all subsidiaries to monitor and examine the implementation of health and safety regulations by each subsidiary, with a view to maintain a better work safety protection and environment.

The Group has strictly complied with relevant standard and there was no material non-compliance event in 2020.

Charity Activities

The Company has been adhering to the tradition of charity care and enthusiasm for public welfare, actively fulfilling its corporate social responsibility, taking responsibility for consumers, communities and the environment while encouraging profitability and taking legal responsibility for shareholders and employees and encouraging employees to participate in different Charity activities, corporate social responsibility as an important part of sustainable development of the Company.

The Group encourages colleagues to wash some old clothes that are not worn and donate them to non-profit societies and organizations.

DEVELOPMENT AND TRAINING

The Group focuses on reserving talents and promoting their development. The Group organizes weekly one-hour internal trainings for all employees. Trainings were charged by the department managers and/or directors, with over 50 trainings hours in 2020 covering all important aspects of the business of the Group. Nearly 100% of all employees had joined in the weekly internal trainings in 2020.

In 2020, the Group made active progress in terms of talents pooling and promotion of their development, building up a training strategy as the catalyst of further development. Training efficiency was greatly enhanced as regular training subjects were implemented in the afternoon of every Friday via video conference meeting so that all employees can participate the training courses at the same time and openly discuss the topics in depth.

1. Every week, one department will be responsible for the training topics and contents. Every employee would act as tutor.

2. The training topics are discussed and agreed in the regular management meeting of the Group on every Monday.

Labour Standards

The Group always upholds core principles of fairness and compliance, and its personnel policies, salaries and benefits and business operation are in full compliance with Hong Kong laws and ordinances, PRC laws and regulations as well as industry standards. The Company has formulated transparent recruitment rules to provide equal employment opportunities and create a fair and harmonious working environment. Moreover, the Group bases its welfare policy upon state and local regulations to ensure that female employees are entitled to their legitimate rights and interests including maternal leave, breastfeeding leave and Women's Day holiday, and in combination with strict workplace code of conduct, to eliminate gender discrimination and other injustices.

As to labor standards, the Company's employment policy is in full compliance with the Employment Ordinance (CAP 57), the Mandatory Provident Fund Schemes Ordinance (CAP 485), the Race Discrimination Ordinance (CAP 602), the Disability Discrimination Ordinance (CAP 487), the Family Status Discrimination Ordinance (CAP 527) in Hong Kong, and the Labour Law, the Labour Contract Law, the Enterprise Labour Union Regulations and local labour regulations in China, stipulating the code of conduct for the management in recruiting employees and entering into employment contracts and forbidding recruitment of child labor, forced labor and other illegal acts.

Supply Chain Management

The Group adopts a personalized approach to the building of long-term relationships with its cooperative suppliers.

To regulate procurement activities, enhance the efficiency and effectiveness of procurements and promote fair transactions, the Group implements an open and transparent policy of selecting products and services suppliers. For example, before purchase of office utilities, the responsible staff will contact with at least three suppliers at the same time with the same requirements, and make competitive negotiation and price bidding. In addition, in daily business, the Group performs continuous training and assessment on the compliance of its merchandisers to the work standards set out on the management manual, procedural documents and ethical codes.

On the other hand, for upholding the principle of professionalism, the Group subcontracted some specialized works including important legal issues, compliance, security and cleaning, to professional third-party enterprises. These cooperating parties constitute key part of the Group's business chain. The Group selects the subcontractors based on value includes service capabilities, experiences, personnel management skills and specialized equipment. The Group will assess sub-contractors' service performance in accordance with problem-solving skills and work efficiency. Furthermore, the Group adopted a series of measures, to ensure that the sub-contractors do not violate human rights or be not against the legitimate rights of workers.

In 2020, the Group engaged about 10 main professional service providers in Hong Kong and selected 5 main products suppliers in Mainland China.

Protection of consumer interests

The Group places significant emphasis on customer satisfaction. The Group ensures the great emphasis to that and put great efforts into providing high quality products and services. Clients Satisfaction is regarded as one of the key indicator for business assessment.

The Group strictly complies with all the national, regional and local laws and regulations. Considering the benefits of customers, the Group takes positive measures, including protecting the data privacy of customers. At the same time, the Group trains its employees on a regular basis on knowledge of customer's interests protection, and reviews its internal control system frequently.

The Group respects Intellectual Property Rights ("IPR") of other parties and require its suppliers to ensure that all products and services would not infringe any third parties' IPR.

Anti-Corruption

The Group lists the Code of Conduct into the Employees Handbook, and makes a set of internal control policies and measures in order to prevent corruption and deception, which are supervised and implemented by the Human Resources Department. The Human Resources Department is directly under the leadership of the Chief Executive Officer aim for maintaining a fair, open and transparent environment for business operations without corruption or deception.

Meanwhile, the Group clarifies its determined stance on fighting against corruption and deception to all employees, suppliers and business partners. Appropriate binding terms have been introduced into the respective contracts so as to ensure the relevant parties acted under the Group's requirement. The Human Resources Department conducts separate supervision until the general mechanism is perfect.

In addition, having discovered any suspicious behavior, employees could report to the relevant business department or (if necessary) to the Human Resources Department or management of the Group upon any suspicion cases. The Group provides anonymous reporting channels for the sake of preventing corruption and deception.

The Group remains vigilant of corruption and deception and continues to explore more effective policies to constrain its staff and business partners. The Group will optimize its internal control system through continuous study and exploration. Special events will be held regularly to sum up and learn from experience.

From the perspective of daily operations of the company, the Company organically integrates anti-corruption awareness with daily work, by requiring all employees to sign and receive the "the Employee's Handbook" containing anti-corruption measures, enhance recognition of anti-corruption, and promote anti-corruption works, such as:

- Compare prices of at least three vendors for hotel and travel expense
- Compare prices of at least three vendors for fixed assets
- Multiple reviews of internal control procedures to prevent corruption
- Regular anti-corruption training courses

SOUND GOVERNANCE

Accountability of Management

The Group consistently adheres to the high ethical standards that our shareholders, regulators and others expect of us and that we expect of ourselves. This includes clearly promoting sound governance and the right tone from the top, having in place strong leadership and management processes that properly incentivate appropriate behaviors.

Our senior management team develops the company's strategic direction and oversees its execution, while the Board of Directors is in charge with providing oversight of management's performance.

Our Directors bring a strong combination of experience and expertise to their role. The Board has been engaged with management on the importance of strong corporate standards, working together to emphasize the Company's commitment to doing the right things.

Our annual report contains detailed information about the members of our Board, including the Director biographical information and the Board's role in risk management oversight.

Independence of Board of Directors

Board independence is essential to effective governance. An independent Board serves the interests of shareholders by effectively carrying out its fundamental obligation of oversight of management. Four of our five Board members and each of the members of Audit Committee and Remuneration Committee are independent directors or non-executive director, and the majority of the Nomination Committee are independent, under the standards established by the Hong Kong Stock Exchange and the Group's independence standards.

For more information, please refer to the part of corporate governance in the annual report.

PROSPECTS

Considering itself as part of the society as a whole and the natural environment and integrate social responsibility with corporate culture, the Group:

- will be oriented towards sustainable development, actively face future opportunities and challenges, and engage in interactive cooperation with the interests of all parties;
- resists commercial bribery and unfair competition, oppose commercial fraud, and build cooperative relationships based on trust, honesty, frankness and integrity;
- in the context of the global trend of energy conservation and emission reduction, implements low-carbon production strategies, save energy, reduces consumption and reduce emissions, and actively responds to global climate change;
- builds a diverse staff team and train employees to value the relationship between the company and society in their daily work;
- helps more people in need through charitable donations;
- conducts rigorous compliance audits of partners and promotes the importance of social responsibility to all partners.

INDEPENDENT AUDITORS' REPORT

McMillanWoods
Professionalism at the forefront

TO THE SHAREHOLDERS OF CHINA TRENDS HOLDINGS LIMITED
中國趨勢控股有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Trends Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 101, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matter we identified is impairment assessment of trade receivables.

Impairment Assessment of Trade Receivables

Refer to Notes 19 and 29 to the consolidated financial statements.

In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. The impairment assessment on trade receivables is significant to our audit because the balance of trade receivables of HK$48,182,000 as at 31 December 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

INDEPENDENT AUDITORS' REPORT

Our audit procedures included, among others:

- Evaluating the design and effectiveness of impairment assessment process adopted by the Group;
- Assessing the appropriateness of the expected credit losses provisioning methodology;
- Assessing the Group's relationship and transaction history with the customers;
- Testing the accuracy of the ageing of the debts;
- Assessing creditworthiness of the customers by discussion with management, obtaining settlement profile of the customers and collaborated by checking subsequent settlements from the customers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

INDEPENDENT AUDITORS' REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants
Chan Chun Sing
Audit Engagement Director
Practising Certificate Number P05537
3/F., Winbase Centre
208 Queen's Road Central, Hong Kong
Hong Kong, 19 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE	6	**166,723**	152,449
Cost of sales		**(161,952)**	(147,963)
Gross profit		**4,771**	4,486
Other income and gains or losses, net	6	**2,886**	4,883
Share of losses of an associate		**–**	(2,519)
Impairment loss on other receivables		**(252)**	–
Administrative and other operating expenses		**(11,257)**	(10,710)
Finance costs	7	**(187)**	(68)
LOSS BEFORE TAX	8	**(4,039)**	(3,928)
Income tax expense	11	**–**	–
LOSS FOR THE YEAR		**(4,039)**	(3,928)
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**3,587**	1,658
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(452)**	(2,270)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(4,088)**	(3,981)
Non-controlling interests		**49**	53
		(4,039)	(3,928)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(501)**	(2,323)
Non-controlling interests		**49**	53
		(452)	(2,270)
LOSS PER SHARE	12	**HK$ cents**	HK$ cents
– Basic		**(0.01)**	(0.01)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**19**	95
Right-of-use assets	15	**5,197**	464
Intangible assets	16	**–**	–
Other non-current asset	17	**15,000**	15,000
Total non-current assets		**20,216**	15,559
CURRENT ASSETS			
Trade receivables	19	**48,182**	46,147
Prepayments, deposits and other receivables	20	**24,252**	30,068
Cash and bank balances	21	**28,017**	32,774
Total current assets		**100,451**	108,989
CURRENT LIABILITIES			
Other payables and accruals		**605**	9,192
Lease liabilities	22	**2,165**	475
Total current liabilities		**2,770**	9,667
Net current assets		**97,681**	99,322
TOTAL ASSETS LESS CURRENT LIABILITIES		**117,897**	114,881
NON-CURRENT LIABILITY			
Lease liabilities	22	**3,102**	–
NET ASSETS		**114,795**	114,881
EQUITY			
Equity attributable to owners of the Company			
Share capital	23	**427,161**	427,161
Other reserves	25	**(313,941)**	(313,806)
		113,220	113,355
Non-controlling interests		**1,575**	1,526
TOTAL EQUITY		**114,795**	114,881

Approved by the Board of Directors on 19 March 2021 and are signed on its behalf by:

Xiang Xin
Director

Chan Cheong Yee
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the Company									
	Issued capital	**Share premium**	**Share option reserve**	**Foreign currency translation reserve**	**Special reserve**	**Capital reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2019	427,161	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	115,678	1,473	117,151
Total comprehensive income (expense) for the year	–	–	–	1,658	–	–	(3,981)	(2,323)	53	(2,270)
At 31 December 2019 and 1 January 2020	427,161	298,065	10,448	643	11,157	(1,638)	(632,481)	113,355	1,526	114,881
Total comprehensive income (expense) for the year	–	–	–	3,587	–	–	(4,088)	(501)	49	(452)
Share-based payments	–	–	366	–	–	–	–	366	–	366
Lapse of share options	–	–	(726)	–	–	–	726	–	–	–
At 31 December 2020	427,161	298,065	10,088	4,230	11,157	(1,638)	(635,843)	113,220	1,575	114,795

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 HK$'000	2019 HK$'000
Cash flows from operating activities		
Loss before tax	**(4,039)**	(3,928)
Adjustments for:		
Finance costs	**187**	68
Interest income	**(121)**	(135)
Share of losses of an associate	**–**	2,519
Surcharge income	**(2,919)**	(2,607)
Share-based payments	**366**	–
Impairment loss on other receivables	**252**	–
Depreciation of property, plant and equipment	**98**	160
Depreciation of right-of-use assets	**1,842**	1,916
Gain on disposal of an associate	**–**	(1,869)
Loss on disposal of subsidiaries	**25**	–
Operating cash flows before working capital changes	**(4,309)**	(3,876)
Change in trade receivables	**44**	(11,138)
Change in prepayments, deposits and other receivables	**10,082**	(3,102)
Change in other payables and accruals	**(8,587)**	6,657
Cash used in operations	**(2,770)**	(11,459)
Interest on lease liabilities	**(187)**	(68)
Interest received	**121**	135
Net cash flows used in operating activities	**(2,836)**	(11,392)
Cash flows from investing activities		
Disposal of subsidiaries	**(890)**	–
Purchase of property, plant and equipment	**(4)**	–
Proceeds from disposal of an equity investment at fair value through other comprehensive income	**–**	11,400
Proceeds from disposal of an associate	**–**	11,390
Net cash flows (used in) generated from investing activities	**(894)**	22,790
Cash flows from financing activity		
Repayment of principal of lease liabilities	**(1,774)**	(1,904)
Net cash flows used in financing activity	**(1,774)**	(1,904)
Net (decrease) increase in cash and cash equivalents	**(5,504)**	9,494
Cash and cash equivalents at beginning of year	**32,774**	21,616
Effect of foreign exchange rate changes	**747**	1,664
Cash and cash equivalents at end of year	**28,017**	32,774
Analysis of cash and cash equivalents		
Bank and cash balances	**28,017**	32,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CORPORATE INFORMATION

China Trends Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Sinclair Group Centre, 3rd Floor Genesis Building, Genesis Close P.O. Box 498, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business in Hong Kong is situated at 26/F., No. 9 Des Voeux Road West, Sheung Wan, Hong Kong. The shares of the Company have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 July 2002.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

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

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

New and amendments to HKFRSs in issue but not yet effective

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and by disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below and are presented in Hong Kong dollars with all values rounding to the nearest thousand except otherwise indicated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements. The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Consolidation ***(Continued)***

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Impairment of non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGU to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGU.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets other than goodwill *(Continued)*

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGU. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGU. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Related parties

A related party is a person or entity that is related to the Group.

(A) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(B) An entity is related to the Group (reporting entity) if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The principal annual rates used for this purpose are as follows:

Leasehold improvements	20%
Furniture and fixtures	20%
Office and computer equipment	25%
Motor vehicles	25%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Right-of-use assets *(Continued)*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Lease liabilities ***(Continued)***

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments ***(Continued)***

Interest/dividend income (others to specify) which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and bank balances) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets ***(Continued)***

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation ; or

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings , or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets ***(Continued)***

(v) Measurement and recognition of ECL (Continued)

Lifetime ECL for trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provisions and contingent liabilities *(Continued)*

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation ***(Continued)***

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Other income

Interest income is recognised using the effective interest method.

Other income is recognised whenever it is received or receivable.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Retirement benefit and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to other reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. CRITICAL JUDGEMENTS AND ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that have the most significant effect on the amounts recognised in the Group's financial statements.

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

4. CRITICAL JUDGEMENTS AND ESTIMATES *(Continued)*

Key estimate uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade receivables

The management of the Group estimates the amount of impairment loss for ECL on trade receivables based on the credit risk of trade receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2020, the carrying amounts of trade receivables and other receivables are approximately HK$48,182,000 (2019: approximately HK$46,147,000) and approximately HK$12,183,000 (2019: approximately HK$6,575,000), respectively. No allowance has been made on trade receivables and other receivables.

5. OPERATING SEGMENT INFORMATION

The accounting policies of the operating segments are the same as the Group's accounting polices described in note 3. The Group's revenue and result for the year ended 31 December 2020 were mainly derived from its operating segment of trading of electronic technology and related products. For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segment as follows:

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

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

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

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

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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

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

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

5. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

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

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

(b) Non-current assets

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

Revenue from major customers

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

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

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

6. REVENUE, OTHER INCOME AND GAINS OR LOSSES, NET

Disaggregation of revenue from contracts with customers:

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

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

6. REVENUE, OTHER INCOME AND GAINS OR LOSSES, NET *(Continued)*

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

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

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

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

7. FINANCE COSTS

	2020 **HK$'000**	2019 HK$'000
Interest on lease liabilities	**187**	68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

8. LOSS BEFORE TAX

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

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

9. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the GEM Listing Rules and the Hong Kong Companies Ordinance, is as follows:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

9. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' remuneration *(Continued)*

		For the year ended 31 December 2020				
	Notes	**Fees HK$'000**	**Salaries, allowances and benefits in kind HK$'000**	**Pension scheme contributions HK$'000**	**Share-based payments HK$'000**	**Total HK$'000**
Executive directors:						
Mr. Xiang Xin		**–**	**120**	**–**	**–**	**120**
Mr. Yip Wing Ho	(i)	**–**	**38**	**–**	**–**	**38**
		–	**158**	**–**	**–**	**158**
Non-executive director:						
Mr. Chan Cheong Yee	(ii)	**–**	**120**	**–**	**–**	**120**
Independent non-executive directors:						
Ms. An Jing	(iii)	**–**	**16**	**–**	**–**	**16**
Mr. Chen Yicheng		**–**	**120**	**–**	**–**	**120**
Mr. Wong Chung Kin Quentin		**–**	**120**	**–**	**–**	**120**
Ms. Qin Han	(iv)	**–**	**104**	**–**	**366**	**470**
		–	**360**	**–**	**366**	**726**
		–	**638**	**–**	**366**	**1,004**

		For the year ended 31 December 2019				
	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors:						
Mr. Xiang Xin		–	60	–	–	60
Mr. Chan Cheong Yee		–	60	–	–	60
Mr. Yip Wing Ho		–	60	–	–	60
		–	180	–	–	180
Independent non-executive directors:						
Ms. An Jing		–	30	–	–	30
Mr. Chen Yicheng		–	30	–	–	30
Mr. Wong Chung Kin Quentin		–	30	–	–	30
		–	90	–	–	90
		–	270	–	–	270

Note:

(i) Mr. Yip Wing Ho resigned as the executive director on 24 April 2020.

(ii) Mr. Chan Cheong Yee has been the executive director and was redesignated as a non-executive director on 1 December 2020.

(iii) Ms. An Jing resigned as the independent non-executive director on 18 February 2020.

(iv) Ms. Qin Han was appointed as the independent non-executive director on 18 February 2020.

9. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' remuneration *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

No emolument was paid to the director as an inducement to join or upon joining the Company; or as compensation for loss of office during the reporting period (2019: Nil).

(b) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 27(i) to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

10. FIVE HIGHEST PAID INDIVIDUALS

There were four Directors' emolument (2019: two) included in the five highest paid employees during the year, details of whose remuneration are set out in note 9 above. Details of the remuneration of the one (2019: three) highest paid employees for the year ended 31 December 2020 are as follows:

	2020 **HK$'000**	2019 HK$'000
Salaries, allowances and benefits in kind	**180**	550
Pension scheme contributions	**9**	25
	189	575

The number of non-directors, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
Emolument band:		
HK$nil – HK$1,000,000	**1**	3

11. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at a rate of 16.5% (2019: 16.5%) for the years ended 31 December 2020 and 2019. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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

11. INCOME TAX EXPENSE *(Continued)*

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

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

At 31 December 2020, the Group has unused tax losses of approximately HK$41,291,000 (2019: HK$69,041,000) available for offset against future profits. No deferred tax asset (2019: HK$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

12. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

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

	Number of shares ('000)	
Shares	**2020**	2019
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**42,716,118**	42,716,118

The computation of diluted earnings per share does not assume the exercise the Company's share options because the exercise price of those options was higher than the average market price for shares for 2020 and 2019. Since the Group has no other dilutive potential ordinary share for the year, no diluted earnings per share is presented.

13. DIVIDENDS

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

14. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 December 2020				
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2020	974	155	2,115	1,779	5,023
Addition	–	–	4	–	4
Disposal of a subsidiary (note 31(a))	–	–	(51)	–	(51)
Exchange realignment	–	1	84	80	165
At 31 December 2020	974	156	2,152	1,859	5,141
Accumulated depreciation					
At 1 January 2020	974	155	2,115	1,684	4,928
Charge for the year	–	–	–	98	98
Disposal of a subsidiary (note 31(a))	–	–	(51)	–	(51)
Exchange realignment	–	1	84	62	147
At 31 December 2020	974	156	2,148	1,844	5,122
Carrying amount					
At 31 December 2020	–	–	4	15	19

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Year ended 31 December 2019				
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2019	974	155	2,077	1,778	4,984
Exchange realignment	–	–	38	1	39
At 31 December 2019	974	155	2,115	1,779	5,023
Accumulated depreciation					
At 1 January 2019	974	155	1,973	1,620	4,722
Charge for the year	–	–	104	56	160
Exchange realignment	–	–	38	8	46
At 31 December 2019	974	155	2,115	1,684	4,928
Carrying amount					
At 31 December 2019	–	–	–	95	95

15. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
As at 31 December 2020	
Carrying amount	**5,197**
As at 31 December 2019	
Carrying amount	**464**
For the year ended 31 December 2020	
Additions to right-of-use assets	**6,406**
Depreciation charge	**1,842**
For the year ended 31 December 2019	
Additions to right-of-use assets	**–**
Depreciation charge	**1,916**

15. RIGHT-OF-USE ASSETS *(Continued)*

For both years, the Group leases offices for its operations. Lease contracts are entered into for fixed term of three years, but may have extension and termination options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contracts are enforceable.

Lease liabilities of approximately HK$5,267,000 (2019: HK$475,000) are recognised with related right-of-use assets of approximately HK$5,197,000 as at 31 December 2020 (2019: HK$464,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. INTANGIBLE ASSETS

	Year ended 31 December 2020		
	Rights in sharing of profit streams from online network operation in internet cafes HK$'000 (note (a))	Rights granted by a mobile location-based service provider HK$'000 (note (b))	Total HK$'000
Cost			
At 1 January 2020 and 31 December 2020	**482,794**	**19,485**	**502,279**
Accumulated amortisation and impairment losses			
At 1 January 2020 and 31 December 2020	**482,794**	**19,485**	**502,279**
Carrying amount			
At 31 December 2020	**–**	**–**	**–**

16. INTANGIBLE ASSETS *(Continued)*

	Year ended 31 December 2019		
	Rights in sharing of profit streams from online network operation in internet cafes HK$'000 (note (a))	Rights granted by a mobile location-based service provider HK$'000 (note (b))	Total HK$'000
Cost			
At 1 January 2019 and 31 December 2019	482,794	19,485	502,279
Accumulated amortisation and impairment losses			
At 1 January 2019 and 31 December 2019	482,794	19,485	502,279
Carrying amount			
At 31 December 2019	–	–	–

Notes:

(a) The rights (the "C Y Rights") in sharing of profit streams (the "Profit Streams") from online network operation in internet cafes of approximately HK$482,794,000 represents the C Y Rights arising from a co-operation agreement (the "C Y Co-operation Agreement") entered into between a subsidiary of the Company and C Y Foundation Group Limited. Pursuant to the C Y Co-operation Agreement, the Group is entitled to participate in the co-operation and share the Profits Streams for a period of 15 years.

During the year ended 31 December 2011, the execution of the C Y Co-operation Agreement was interrupted. Due to the unpredictability of future profit streams, an impairment loss of the C Y Rights of approximately HK$482,794,000 was recognised in the consolidated financial statements for the same reporting period.

(b) The rights granted by a mobile location-based service provider (the "Agent Rights") to a subsidiary of the Company as an agent of the products of the mobile location-based services provider in the PRC and the sole franchised dealer in overseas market. During the year ended 31 December 2011, the execution of the project was interrupted. Due to the unpredictability of future profit streams, an impairment loss of the Agent Rights of approximately HK$19,485,000 was recognised in the consolidated financial statements for the same reporting period.

17 OTHER NON-CURRENT ASSET

As at 31 December 2020 and 2019, the amount represented the prepayment paid for the acquisition of rights of use and distribution rights of contents copyright of "Viva Reading" in 2018 at a consideration of HK$30,000,000. As at 31 December 2020 and 2019, 50% of the consideration, amounting to HK$15,000,000 was paid. The remaining consideration of HK$15,000,000 is disclosed as capital commitment in note 26 to the consolidated financial statements.

As stated in the agreement, the vendor would cooperate with the Company and its media and e-commerce platform, ensuring that the media and e-commerce platform can obtain content and links of the "Viva Reading" platform, and authorising the media and e-commerce platform the rights of use and distribution. However, as at 31 December 2020 and up to the approval date of these consolidated financial statements, the platform was still in development and not ready to use due to the outbreak of COVID-19 pandemic during the year. The management of the Group was of the view that the acquisition was not completed and the Group has not obtained the control of the rights. As a result, HK$15,000,000 was classified as prepayment as at 31 December 2020 and 2019.

18. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Issued and paid up capital	Percentage of equity attributable to the Company		Principal activities
			2020	2019	
Directly held:					
Boss Education Limited ("Boss Education")	Hong Kong	HK$1,000 ordinary shares	**0%**	100%	Inactive
Boss Power Limited ("Boss Power")	Hong Kong	HK$1,000,000 ordinary shares	**0%**	100%	Inactive
Boss Systems Limited	BVI	500 ordinary shares of US$1 each	**100%**	100%	Investment holding
China Trends Technologies Limited	Hong Kong	HK$1 ordinary share	**100%**	100%	Trading of electronic equipments, components and LCD/LED products
Nopo International Limited	Hong Kong	HK$10,000 ordinary shares	**100%**	100%	Investment holding

18. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name	Place of incorporation/ registration and operations	Issued and paid up capital	Percentage of equity attributable to the Company		Principal activities
			2020	2019	
Indirectly held:					
Boss Dream (China) Limited* 博思夢想(中國)有限公司 ("Boss China") (Note a)	PRC	RMB200,000,000	**99%**	99%	Trading of electronic equipments, components and LCD/LED products

* *The English name is for identification only*

Note:

(a) The subsidiary is registered as a sino-foreign investment enterprise under the PRC laws.

19. TRADE RECEIVABLES

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

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

19. TRADE RECEIVABLES *(Continued)*

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

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

The Group applies the simplified approach under HKFRS 9 "Financial Instruments" to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. Details of impairment assessment of trade receivables is set out in note 29 to the financial statements.

	Current	Over 30 days past due	Over 60 days past due	Over 120 days past due	Total
At 31 December 2020					
Receivable amount (HK$'000)	48,182	–	–	–	48,182
Allowance for expected credit losses (HK$'000)	–	–	–	–	–
At 31 December 2019					
Receivable amount (HK$'000)	46,147	–	–	–	46,147
Allowance for expected credit losses (HK$'000)	–	–	–	–	–

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Prepayments	274	374
Deposit paid for acquisition of a subsidiary	–	3,000
Receivable from disposal of an associate	–	11,391
Receivable from disposal of an equity investment at fair value through other comprehensive income	11,400	11,400
Rental deposit	395	328
Other receivables	12,183	6,575
Less: allowance for expected credit losses (note 29)	–	(3,000)
	24,252	30,068

21. CASH AND BANK BALANCES

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

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB, USD and HK$ was RMB6,683,000 (2019: RMB12,627,000) (equivalent to approximately HK$7,937,000 (2019: HK$14,342,000), USD625,000 (2019: USD649,000) (equivalent to approximately HK$4,846,000 (2019: HK$5,053,000)) and HK$15,234,000 (2019: HK$13,379,000), respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

22. LEASE LIABILITIES

	Present value of minimum lease payments	
	2020 HK$'000	**2019 HK$'000**
Lease liabilities payable:		
Within one year	**2,165**	475
Within a period of more than one year but not exceeding two years	**2,276**	–
Within a period of more than two years but not exceeding five years	**826**	–
	5,267	475
Less: Amount due for settlement within 12 months shown under current liabilities	**(2,165)**	(475)
Amount due for settlement after 12 months shown under non-current liabilities	**3,102**	–

The Group leases various properties to operate its offices and these lease liabilities are measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflows for leases including payments of principal and interest portion of lease liabilities for the year ended 31 December 2020 was approximately HK$1,961,000 (2019: HK$1,972,000).

22. LEASE LIABILITIES *(Continued)*

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities
At 1 January 2019	2,380
Repayment of lease liabilities	(1,972)
Interest expenses	68
Exchange adjustments	(1)
At 31 December 2019	475
New leases entered	**6,406**
Repayment of lease liabilities	**(1,961)**
Interest expenses	**187**
Exchange adjustments	**160**
At 31 December 2020	**5,267**

23. SHARE CAPITAL

	2020 HK$'000	2019 HK$'000
Authorised:		
100,000,000,000 ordinary shares (2019: 100,000,000,000 ordinary shares) of HK$0.01 each	**1,000,000**	1,000,000
Issued and fully paid:		
42,716,118,022 ordinary shares of HK$0.01 each (2019: 42,716,118,022 ordinary shares of HK$0.01 each)	**427,161**	427,161

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares '000	**Amount** HK$'000
At 1 January 2019, 31 December 2019 and 31 December 2020	42,716,118	427,161

23. SHARE CAPITAL *(Continued)*

Notes:

On 18 February 2016, the Board proposed the bonus warrants ("Bonus Warrant") issue to the qualifying shareholders on the basis of two (2) Bonus Warrants for every five (5) existing shares held on the record date ("Bonus Warrant Issue"). Each Bonus Warrant will entitle the holder thereof to subscribe in cash for one Bonus Warrant share at an initial subscription price of HK$0.0125, subject to adjustment. The subscription rights attached to the Bonus Warrants will be exercisable from 29 March 2016, the date of issuance until the close of business on 28 March 2021. 8,159,911,432 Bonus Warrants will be issued pursuant to the Bonus Warrants Issue.

On 29 March 2016, the Board announced a total of 8,159,911,432 Bonus Warrants are to be issued by the Company to the shareholders pursuant to the Bonus Warrants Issue, represented by the bonus warrant certificates, conferring the subscription rights, being the rights in their registered form to the bonus warrantholders to subscribe in cash for 8,159,911,432 Shares at HK$101,998,893 at the initial subscription price of HK$0.0125 per bonus warrant share (subject to adjustments), during the subscription period (i.e. the five-year period from the date of issue of the Warrants, 29 March 2016 to 28 March 2021, both days inclusive). Any subscription rights which have not been exercised upon the expiry of the subscription period will lapse and the bonus warrant certificate(s) shall cease to be valid for any purpose whatsoever.

At 31 December 2020, 6,283,350,568 (2019: 6,283,350,568) Bonus Warrants remained outstanding.

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes other payables and accruals, less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

The externally imposed capital requirements is that for the Group to maintain its listing on the GEM of the Stock Exchange it has to have a public float of at least 25% of the shares of the Company. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the year ended 31 December 2020.

24. SHARE OPTION SCHEME

Pursuant to an extra-ordinary general meeting of all the shareholders passed on 1 November 2010, a share option scheme (the "Scheme") was adopted for the purpose of providing incentive to directors, employees and consultants. It was expired on 31 October 2020.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK$5,000,000 in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

On 18 May 2020, the Company granted 60,000,000 share options to a Director at the exercise price of HK$0.025 per share and are vested and exercisable immediately. The closing share price at the date of grant on 18 May 2020 was HK$0.01. The fair values of the share options granted in 2020 were determined using the Binomial Option Pricing Model. Significant inputs into the calculation included expected volatilities of 92.22%, estimated expected life of 10 years, risk-free interest rate of 0.53% and dividend yield of 0%. The Binomial Option Pricing Model was developed for use in estimating the fair value of traded options and requires input of highly subjective assumptions, including the expected life and stock price volatility. Since the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimates, the Binomial Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

24. SHARE OPTION SCHEME *(Continued)*

The fair value of the share options granted in 2020, measured at the date of grant, were approximately HK$366,000. As the options are vested immediately, the amounts are recognised as share-based payment in profit or loss at the date of grant. An aggregate amount of approximately HK$366,000 has been charged as directors' remuneration during the year. The corresponding amount has been credited to the share option reserve. 60,000,000 share options held by an ex-Director lapsed during the year ended 31 December 2020.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Details of the options granted under the Scheme and outstanding at 31 December 2020 and 2019 are as follows:

			Number of share options						
Grantee	**Date of grant**	**Exercise period**	**Outstanding as at 1 January 2020**	**Lapsed during the year**	**Granted during the year**	**Exercised during the year**	**Reclassified during the year**	**Outstanding as at 31 December 2020**	**Exercise price per share option HK$**
Executive directors									
Xiang Xin	6 July 2014	6 July 2014-5 July 2024	**120,000,000**	**–**	**–**	**–**	**–**	**120,000,000**	0.025
Sun Kuan Chi	6 July 2014	6 July 2014-5 July 2024	**60,000,000**	**–**	**–**	**–**	**(60,000,000)**	**–**	0.025
An Jing	6 July 2014	6 July 2014-5 July 2024	**60,000,000**	**(60,000,000)**	**–**	**–**	**–**	**–**	0.025
Zhong Keying	1 December 2014	1 December 2014-30 November 2024	**39,000,000**	**–**	**–**	**–**	**(39,000,000)**	**–**	0.025
Chan Cheong Yee	4 April 2018	4 April 2018-3 April 2028	**120,000,000**	**–**	**–**	**–**	**(120,000,000)**	**–**	0.025
			399,000,000	**(60,000,000)**	**–**	**–**	**(219,000,000)**	**120,000,000**	
Non-executive directors									
Chan Cheong Yee	4 April 2018	4 April 2018-3 April 2028	**–**	**–**	**–**	**–**	**120,000,000**	**120,000,000**	0.025
Independent non-executive directors									
Chen Yicheng	6 July 2014	6 July 2014-5 July 2024	**60,000,000**	**–**	**–**	**–**	**(60,000,000)**	**–**	0.025
Wong Chung Kin Quentin	4 April 2018	4 April 2018-3 April 2028	**60,000,000**	**–**	**–**	**–**	**–**	**60,000,000**	0.025
Qin Han	18 May 2020	18 May 2020-17 May 2030	**–**	**–**	**60,000,000**	**–**	**–**	**60,000,000**	0.025
			120,000,000	**–**	**60,000,000**	**–**	**(60,000,000)**	**120,000,000**	
Others	6 July 2014	6 July 2014-5 July 2024	**688,000,000**	**–**	**–**	**–**	**159,000,000**	**847,000,000**	0.025
			1,207,000,000	**(60,000,000)**	**60,000,000**	**–**	**–**	**1,207,000,000**	

24. SHARE OPTION SCHEME *(Continued)*

Grantee	Date of grant	Exercise period	Number of share options: Outstanding as at 1 January 2019	Lapsed during the year	Granted during the year	Exercised during the year	Outstanding as at 31 December 2019	Exercise price per share option HK$
Executive directors								
Xiang Xin	6 July 2014	6 July 2014–5 July 2024	120,000,000	–	–	–	120,000,000	0.025
Sun Kuan Chi	6 July 2014	6 July 2014–5 July 2024	60,000,000	–	–	–	60,000,000	0.025
An Jing	6 July 2014	6 July 2014–5 July 2024	60,000,000	–	–	–	60,000,000	0.025
Zhong Keying	1 December 2014	1 December 2014– 30 November 2024	39,000,000	–	–	–	39,000,000	0.025
Chan Cheong Yee	4 April 2018	4 April 2018–3 April 2028	120,000,000	–	–	–	120,000,000	0.025
			399,000,000	–	–	–	399,000,000	
Independent non-executive directors								
Chen Yicheng	6 July 2014	6 July 2014–5 July 2024	60,000,000	–	–	–	60,000,000	0.025
Wong Chung Kin Quentin	4 April 2018	4 April 2018–3 April 2028	60,000,000	–	–	–	60,000,000	0.025
			120,000,000	–	–	–	120,000,000	
Others	6 July 2014	6 July 2014–5 July 2024	688,000,000	–	–	–	688,000,000	0.025
			1,207,000,000	–	–	–	1,207,000,000	

For share options outstanding at the end of the period, the weighted average remaining contractual lives is 4.4 years (2019: 5.1 years).

There was no share option exercised during the years ended 31 December 2020 and 2019.

25. OTHER RESERVES

(a) The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

25. OTHER RESERVES *(Continued)*

(b) Reserves of the Company

	Share premium HK$'000	Share option reserve HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2019	298,065	10,448	14,879	(632,885)	(309,493)
Total comprehensive expense for the year	–	–	–	(8,480)	(8,480)
At 31 December 2019 and 1 January 2020	298,065	10,448	14,879	(641,365)	(317,973)
Total comprehensive expense for the year	–	–	–	(9,593)	(9,593)
Share-based payments	–	366	–	–	366
Lapse of share options	–	(726)	–	726	–
At 31 December 2020	298,065	10,088	14,879	(650,232)	(327,200)

(c) Nature and purpose of reserves of the Group

(i) Share option reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

(ii) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange rates movements arising from the consolidation of Group entities with different reporting currencies.

(iii) Special reserve

Special reserve represents the difference between the nominal value of shares issued by the Company as consideration and the underlying net assets of the then subsidiaries acquired pursuant to the group reorganisation in relation to the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited on 31 July 2002.

(iv) Capital reserve

The Company had made a capital contribution to a subsidiary but no equivalent capital was injected by the non-controlling interest. Capital reserve represents the difference between the capital injected by the Company and the adjustment of non-controlling interest.

(v) Special reserve and share premium

Under section 34 of the Companies Law of the Cayman Islands, the special reserve and share premium account is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company and no distribution may be paid to shareholders out of the special reserve and share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

26. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	2020 HK$'000	2019 HK$'000
Intangible asset contracted but not provided for	**15,000**	15,000

27. RELATED PARTY TRANSACTIONS

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

		2020 HK$'000	2019 HK$'000
New Era Group (China) Limited	*Note*		
Rental paid		**960**	960
Rental deposit paid		**160**	160
New Era Foundation (China) Limited	*Note*		
Rental paid		**1,253**	990
Rental deposit paid		**235**	168

Notes:

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

(ii) Compensation of key management personnel:

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

Further details of directors' emoluments are included in note 9 to the consolidated financial statements.

28. FINANCIAL INSTRUMENTS BY CATEGORY

	2020 HK$'000	2019 HK$'000
Financial assets:		
Financial assets at amortised cost (including cash and cash equivalents)	**100,177**	108,615
Financial liabilities:		
At amortised cost	**605**	9,192

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate. The Group's results and operating cash flows are substantially independent of changes in a market interest rate.

Foreign currency risk

The Group has minimal foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities in RMB and HK$. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

29. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk

Credit risk and impairment assessment

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort and trade balances with credit impaired were assessment individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Other receivables

The Group assessed the impairment for its other receivables based on internal credit rating of these debtors which, in the opinion of the directors of the Company, has no significant increase in credit risk since initial recognition. Estimated loss rate is based on probability of default and loss given default with reference to market data and is adjusted for forward-looking information that is available without undue cost or effort.

Cash and bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agency. The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

The Group is exposed to concentration of credit risk as at 31 December 2020 on trade receivables from the Group's five major customers accounted for 100% (2019: 100%) of the trade receivables. The major customers of the Group are recognised and creditworthy third parties. The directors of the Company consider that the credit risk is limited in this regard.

29. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk ***(Continued)***

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/ other items
Low risk	The counterparty has a low risk of default and may have past due amounts but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

29. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk ***(Continued)***

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2020 HK$'000	Gross carrying amount 2019 HK$'000
Financial assets at amortised cost						
Trade receivables	19	N/A	Low risk (Note 1)	Lifetime ECL (provision matrix)	**48,182**	46,147
Other receivables	20	N/A	Low risk (Note 2)	12-month ECL	**23,978**	29,694
Cash and bank balances	21	Ba1 to A1	N/A	12-month ECL	**28,017**	32,774

Notes:

1. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix.

2. For the purposes of internal credit risk management, the Group uses the past-due information to assess whether credit risk has increased significantly since initial recognition. The balance of other receivables has been past due and is not considered as in default as there has not been a significant change in credit quality and the amounts is still considered recoverable.

For the assessment of lifetime ECL for trade receivables by management, the estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forwardlooking information that is available without undue cost or effort.

The Group's credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings and good reputation.

The credit risk of trade receivables and other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of the reporting period.

As at 31 December 2020 and 2019, no trade receivables are past due or considered to be credit-impaired and no credit loss allowance was made during the years ended 31 December 2020 and 2019.

The Group writes off a trade receivable when there is information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

29. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk ***(Continued)***

Credit risk and impairment assessment (Continued)

Gross carrying amount

	Average loss rate %		Trade receivables HK$'000	
	2020	2019	**2020**	2019
Internal credit rating				
Low risk	**0**	0	**48,182**	46,147

The following tables show reconciliation of allowance for expected credit losses that has been recognised for other receivables.

	12-months ECL HK$'000
At 1 January 2019	**4,870**
Write-off	**(1,870)**
As at 31 December 2019	**3,000**
Write-off	**(3,000)**
As at 31 December 2020	**–**

29. FINANCIAL RISK MANAGEMENT *(Continued)*

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table detailed the contractual maturity of the Group for its financial liabilities. The table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. The amounts represented both interest and principal cash flow.

	At 31 December 2020						
	Weighted average interest rate %	**On demand or less than 3 months HK$'000**	**3 months to 1 year HK$'000**	**1-2 years HK$'000**	**2-5 years HK$'000**	**Total undiscounted cash flow HK$'000**	**Total carrying amount HK$'000**
Other payables and accruals	**–**	**605**	**–**	**–**	**–**	**605**	**605**
Lease liabilities	**5.0**	**592**	**1,777**	**2,369**	**832**	**5,570**	**5,267**
		1,197	**1,777**	**2,369**	**832**	**6,175**	**5,872**

	At 31 December 2019						
	Weighted average interest rate %	On demand or less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Other payables and accruals	–	9,192	–	–	–	9,192	9,192
Lease liabilities	5.0	240	240	–	–	480	475
		9,432	240	–	–	9,672	9,667

Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

30. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	–	–
Right-of-use assets	2,246	464
Intangible assets	–	–
Other non-current asset	15,000	15,000
Interests in subsidiaries	53,247	65,549
Total non-current assets	70,493	81,013
CURRENT ASSETS		
Prepayments, deposits and other receivables	12,497	11,948
Cash and bank balances	19,727	17,154
Total current assets	32,224	29,102
CURRENT LIABILITIES		
Other payables and accruals	495	452
Lease liabilities	871	475
Total current liabilities	1,366	927
Net current assets	30,858	28,175
TOTAL ASSETS LESS CURRENT LIABILITIES	101,351	109,188
NON-CURRENT LIABILITY		
Lease liabilities	1,390	–
NET ASSETS	99,961	109,188
EQUITY		
Equity attributable to owners of the Company		
Share capital	427,161	427,161
Other reserves	(327,200)	(317,973)
TOTAL EQUITY	99,961	109,188

Approved by the Board of Directors on 19 March 2021 and are signed on its behalf by:

Xiang Xin
Director

Chan Cheong Yee
Director

31. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Boss Education

During the year, the Group disposed of its entire equity interest in Boss Education for a cash consideration of HK$1 to MPH Foundation. The chairman of MPH Foundation is an employee of a subsidiary of Full Smart Asia Limited, which was disposed of by the Group in 2019. The disposal of Boss Education was completed on 6 August 2020.

	Notes	HK$'000
Net assets disposed of:		
Property, plant and equipment	14	–
Prepayments, deposits and other receivables		2
		2
Loss on disposal of a subsidiary		(2)
		–
Satisfied by cash		–*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Boss Education is as follows:

	HK$'000
Cash consideration and inflow of cash and cash equivalents in respect of the disposal of a subsidiary	–*

* Less than HK$1,000

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of Boss Power

During the year, the Group disposed of its entire equity interest in Boss Power for a cash consideration of HK$1 to MPH Foundation. The chairman of MPH Foundation is an employee of a subsidiary of Full Smart Asia Limited, which was disposed of by the Group in 2019. The disposal of Boss Power was completed on 6 August 2020.

	HK$'000
Net assets disposed of:	
Prepayments, deposits and other receivables	23
Cash and cash equivalents	890
Amount due to the Company	(890)
	23
Loss on disposal of a subsidiary	(23)
	–
Satisfied by cash	–*

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Boss Power is as follows:

	HK$'000
Cash consideration	–*
Cash and cash equivalent disposed of	(890)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(890)

* Less than HK$1,000

32. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme. The total cost charged to profit or loss of HK$18,000 (2019: HK$30,000) represents contributions paid or payable to the above scheme by the Group for the year.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. The total cost charged to profit or loss of HK$15,000 (2019: HK$55,000) represents contributions paid or payable to the above scheme by the Group for the year.

During the year, there were no forfeited contributions which arose upon employees leaving the above schemes prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

33. EVENTS AFTER THE REPORTING PERIOD

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

34. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 19 March 2021.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**166,723**	152,449	87,040	80,935	90,047
Cost of sales	**(161,952)**	(147,963)	(83,683)	(77,650)	(86,559)
Gross profit	**4,771**	4,486	3,357	3,285	3,488
Other income and gains or losses, net	**2,886**	4,883	4,836	278	1,324
Share of losses of an associate	**–**	(2,519)	(1,612)	–	–
Impairment loss on intangible asset	**–**	–	–	–	(2,219)
Impairment loss on other receivables	**(252)**	–	(1,870)	–	(3,000)
Administrative and other operating expenses	**(11,257)**	(10,709)	(10,064)	(11,830)	(13,698)
Finance costs	**(187)**	(68)	–	–	–
LOSS BEFORE TAX	**(4,039)**	(3,927)	(5,353)	(8,267)	(14,105)
Income tax	**–**	–	–	–	–
LOSS FOR THE YEAR	**(4,039)**	(3,927)	(5,353)	(8,267)	(14,105)
Attributable to:					
Owners of the Company	**(4,088)**	(3,980)	(5,406)	(8,273)	(14,111)
Non-controlling interests	**49**	53	53	6	6
	(4,039)	(3,927)	(5,353)	(8,267)	(14,105)

CONSOLIDATED ASSETS AND LIABILITIES

	As at 31 December				
	2020	2019	2018	2017	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**120,667**	124,548	119,686	143,445	128,603
Total liabilities	**(5,872)**	(9,667)	(2,535)	(19,262)	(337)
Net assets	**114,795**	114,881	117,151	124,183	128,266