



# 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)

INTERIM REPORT  
**2017**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. 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, 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 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

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chung Kin, Quentin  
Ms. An Jing  
Mr. Chen Yicheng

### 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

### AUDIT COMMITTEE AND REMUNERATION COMMITTEE

Mr. Wong Chung Kin, Quentin (*Chairman*)  
Ms. An Jing  
Mr. Chen Yicheng

### NOMINATION COMMITTEE

Mr. Xiang Xin (*Chairman*)  
Mr. Wong Chung Kin, Quentin  
Ms. An Jing

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

26/F, No. 9 Des Voeux Road West  
Sheung Wan  
Hong Kong

### PRINCIPAL BANKERS

Bank of China  
Minsheng Bank  
Hua Xia Bank

### PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

Royal Bank of Canada Trust Company  
(Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman, KY1-1110  
Cayman Islands

### HONG KONG SHARE REGISTER AND TRANSFER OFFICE

Union Registrars Limited  
Suites 3301-04  
33/F, Two Chinachem Exchange Square  
338 King's Road  
North Point  
Hong Kong

### AUDITOR

ZHONGHUI ANDA CPA Limited

### LEGAL ADVISERS

*As to Cayman Islands Law*  
Conyers Dill & Pearman

*As to Hong Kong Law*  
Michael Li & Co

### STOCK CODE

8171

### WEBSITE

[www.8171.com.hk](http://www.8171.com.hk)

## **FINANCIAL HIGHLIGHTS**

- Reported a revenue of approximately HK\$31,829,000 for the six months ended 30 June 2017
- Reported a net loss after tax of approximately HK\$4,091,000 and a basic loss per share attributable to owners of the Company of HK\$0.01 cents for the six months ended 30 June 2017

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group recorded a revenue of approximately HK\$31,829,000 (six months ended 30 June 2016: HK\$44,764,000), representing a decrease of approximately 28.9% as compared to that of previous period. The Group recorded a decrease as compared to that of previous period in revenue was mainly due to the continuing downward of China economic increase in a difficult world economic environment with complexities and challenges in first half of 2017.

Loss attributable to owners of the Company for the six months ended 30 June 2017 was approximately HK\$4,088,000 (six months ended 30 June 2016: HK\$6,054,000).

### 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) the low carbon products applications. It mainly develops business of low-carbon digital solutions and provides media and e-commerce platforms and media advertising services.

- 1: On 30 September 2016, as an integral part of its marketing plans for the Wealth Storm Platform, Boss Dream Culture Communication Limited (“Boss Culture”) announced that each of the current employees and ultimate shareholders of all strategic partners who have a contractual relationship with Boss Culture, which include but not limited to the Company and China Innovation Investment Limited, will receive monthly “Wealth Storm” redemption coupons in accordance with his/her salary and the nominal value of his/her/ its shareholding respectively (the “Welfare Plan”).

On 27 January 2017, the development of the Wealth Storm Platform is almost completed and has been in on-line pilot operation. Due to no ideal solutions for the payment and data privacy issues at this moment, the schedule for the implementation of Welfare Plan shall be delayed for some time until further notice.

- 2: On 25 November 2016, the Company and Mr. Cheung Kin Wa, entered into an agreement in relation to the sale and purchase of all issued shares of Skynet Satellite Data Limited (“Skynet Acquisition Agreement”).

Skynet Satellite Data Limited (“Skynet”), jointly with Poly LM Asset Management Co., Ltd. (“Poly LM”) and GC Capital Partners Limited (“GC Capital”), signed a memorandum of understanding with Thuraya Telecommunications Company (“Thuraya”) in relation to the opportunity to invest Thuraya and its next generation project in March 2016. At the same time, Skynet has made agreement with SRT Wireless LLC (“SRTW”), in which SRTW authorize Skynet as the sole agent in China to manufacture and sale Satellite data communication products.

On 30 December 2016, the Company entered into the conditional placing agreement (the “Placing Agreement”) with VC Brokerage Limited (the “Placing Agent”), pursuant to which the Placing Agent has agreed to act as placing agent of the Company, on a best effort basis, for the purpose of arranging Placées for the Convertible Notes, which is the three-year 1% coupon unlisted convertible notes in principal amount of up to HK\$1,560,000,000 to be issued by the Company, subject to the terms and conditions provided in the Placing Agreement. The net proceeds of the Placing of approximately HK\$1,513,200,000 will be applied towards payment of the consideration for the Potential Acquisition.

On 26 January 2017, the Company sent an email to Thuraya, in which the Company inform the status of the Acquisition by the Company and the fact that the Company has entered into the conditional Placing Agreement with VC Brokerage Limited, and requested Thuraya to confirm in written that Skynet has the rights to acquire 60% equity interests of Thuraya in the consideration of not more than USD200,000,000 by 30 March 2017 based on the net asset value of Thuraya.

On 30 January 2017, the Company was informed by Thuraya to contact its investment bank for the Company’s requests.

On 31 January 2017, the Company engaged its legal adviser to contact Thuraya’s investment bank, on behalf of the Company, in relation to the possible acquisition of 60% equity interests of Thuraya.

On 1 February 2017, the Company’s legal adviser sent an email to Thuraya, in which the Company requested Thuraya to confirm that Skynet has the rights to acquire 60% equity interests of Thuraya in the consideration of not more than USD200,000,000 by 30 March 2017 based on the net asset value of Thuraya.

The Company did not receive any confirmation from Thuraya by 30 March 2017. The memorandum of understanding (the "Thuraya MOU") entered into among Skynet, Poly LM, GC Capital and Thuraya in relation to the potential investment in Thuraya has also lapsed on 31 March 2017. Since the Thuraya MOU has lapsed, the estimated value of Skynet is expected to be less than HK\$30,000,000, and it is unlikely that the condition precedent relating to the valuation of Skynet being not less than HK\$30,000,000 under the Agreement will be fulfilled. While the latest date for the fulfilment of the conditions under the Agreement is 24 May 2017, unless Skynet could enter into an agreement or another memorandum of understanding with Thuraya to the satisfaction of the Company, the Company will not complete the Acquisition.

On 24 May 2017, the Skynet Acquisition Agreement has lapsed.

On 30 June 2017, the Placing Agreement has lapsed.

## PROSPECT

The Group will continue to expand the media business, develop media and e-commerce platforms 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.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and capital expenditure through internally generated fund and support certain product solutions development and business expansion.

The Group maintained a healthy liquidity position with a current ratio of approximately 461 (31 December 2016: 245) and total cash and bank balances amounted to approximately HK\$27,929,000 (31 December 2016: HK\$ 32,591,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 30 June 2017, the gearing ratio based on total debts over total equity was zero (31 December 2016: zero).

## CAPITAL STRUCTURE AND FLUCTUATION IN EXCHANGE

Details in the changes of the capital structure of the Company during the six months ended 30 June 2017 are set in note 11 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2017.

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi, United States dollars and Hong Kong dollar. As at 30 June 2017, 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, foreign exchange risk was considered to be minimal.

**EMPLOYEES**

As at 30 June 2017, there was a total of 12 (31 December 2016: 12) staff employed by the Group. The staff costs, including directors' remuneration, for the six months ended 30 June 2017 were approximately HK\$879,000. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension fund scheme and discretionary bonus.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL**

As at 30 June 2017, the interests and short positions of the Directors or chief executives and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future 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%
An Jing	6 July 2014	6 July 2014 to 5 July 2024	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:**

- The letter "L" denotes the Shareholders' long position in the Share.
- Adjustment of Share option upon completion of bonus shares issued on 24 March 2016.

Save as disclosed above, as at 30 June 2017, 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 or underlying Shares 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 30 June 2017, 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 was 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**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximately percentage of interests (note 4)</b>
Honour Sky International Limited	Beneficial owner	11,821,603,830 (L)	27.67%
China Technology Education Trust Association (note 2)	Interest of controlled corporation	11,821,603,830 (L)	27.67%
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%
Yu Bin (note 3) (note 5)	Beneficial owner	1,795,680,000 (L)	4.20%
Zheng Yan (note 3) (note 5)	Beneficial owner	1,795,680,000 (L)	4.20%
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%
Ruan Xiaoping (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	300,000,000 (L)	0.70%
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%
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:**

- The letter "L" denotes the long position in the Shares.
- 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 education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of the Trust Association.
- 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 13.65% and in warrants of approximately 4.50% of the total issued share capital of the Company.
- The approximately percentage of interests in the Company is calculated on the basis of 42,716,084,422 Shares in issue as at 30 June 2017.

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, as at 30 June 2017, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in Shares and underlying Shares" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed in the above, at no time during the period 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.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period under review.

## **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 period under review.

## **SHARE OPTION SCHEME**

Details of the share option scheme of the Company are set out in note 12 to the condensed consolidated financial statements.

## **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, 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.

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 Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

During the period, 6,016,226 units of bonus warrants has been exercised by warrantholders of the Company and 6,283,384,168 units of bonus warrants are outstanding as at 30 June 2017.

#### **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 period under review.

By order of the Board  
**China Trends Holdings Limited**  
**Xiang Xin**  
*Chairman and Chief executive officer*

Hong Kong, 10 August 2017

As at the date of this report, the executive directors of the Company are Mr. Xiang Xin (Chairman) and Mr. Chan Cheong Yee; the independent non-executive directors of the Company are Mr. Wong Chung Kin, Quentin, Ms. An Jing and Mr. Chen Yicheng. Ms. Kung Ching is an alternate director to Mr. Xiang Xin.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the period 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 becomes the Chairman of the Board and Chief Executive Officer of the Company during the period.

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. 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 provision 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 was fair and reasonable, and does not intend to change the current practice at the moment.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors. All Directors confirmed that they complied with the required standards as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period under review.

### **AUDIT COMMITTEE**

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

The Group's unaudited consolidated results for the six months ended 30 June 2017 have been reviewed by the Committee, which was of the opinion that such results have complied with the applicable accounting standards and that adequate disclosures have been made.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

The board (the “Board”) of directors (the “Directors”) of China Trends Holdings Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months and the three months ended 30 June 2017, together with the unaudited comparative amounts for the corresponding periods in 2016, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited
<b>REVENUE</b>	4	31,829	44,764	10,463	11,361
Cost of sales		(30,540)	(43,049)	(10,039)	(10,955)
<b>GROSS PROFIT</b>		1,289	1,715	424	406
Other income and gains	4	202	117	96	94
Administrative and other operating expenses		(5,579)	(7,886)	(2,812)	(4,178)
<b>LOSS BEFORE TAX</b>	5	(4,088)	(6,054)	(2,292)	(3,678)
Income tax expenses	6	-	-	-	-
<b>LOSS FOR THE PERIOD</b>		(4,088)	(6,054)	(2,292)	(3,678)
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>					
Items that may be classified to profit or loss:					
Exchange differences on translation of foreign operations		1,923	(690)	1,119	(1,702)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		(2,165)	(6,744)	(1,173)	(5,380)
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		(4,091)	(6,054)	(2,291)	(3,675)
Non-controlling interests		3	-	(1)	(3)
		(4,088)	(6,054)	(2,292)	(3,678)

		Six months ended 30 June		Three months ended 30 June	
Notes		2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>					
	Owners of the Company	(2,187)	(6,737)	(1,182)	(5,360)
	Non-controlling interests	22	(7)	9	(20)
		<b>(2,165)</b>	<b>(6,744)</b>	<b>(1,173)</b>	<b>(5,380)</b>
<b>LOSS PER SHARE</b>					
	Basis (HK cents per share)	7 (0.01)	(0.02)	7 (0.006)	(0.01)
	Diluted (HK cents per share)	7 N/A	N/A	7 N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The unaudited condensed consolidated statement of financial position as at 30 June 2017, together with the audited consolidated statement of financial position as at 31 December 2016, were as follows:

	Notes	30 June 2017 HK\$'000 Unaudited	31 December 2016 HK\$'000 Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		489	551
Intangible assets	8	22,781	22,781
Available-for-sale investments		22,800	22,800
		46,070	46,132
<b>CURRENT ASSETS</b>			
Trade receivables		48,493	46,389
Prepayments, deposits and other receivables	9	3,858	3,491
Cash and bank balances	10	27,929	32,591
		80,280	82,471
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		174	337
		174	337
<b>NET CURRENT ASSETS</b>			
		80,106	82,134
<b>NET ASSETS</b>			
		126,176	128,266
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	11	427,161	427,101
Other reserves		(302,384)	(300,212)
		124,777	126,889
<b>NON-CONTROLLING INTERESTS</b>			
		1,399	1,377
<b>TOTAL EQUITY</b>			
		126,176	128,266

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Total HK\$'000	Non- Controlling interests HK\$'000	Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000 (Note (a))	Capital reserve HK\$'000 (Note (b))	Accumulated losses HK\$'000			
At 1 January 2016 (Audited)	203,998	496,383	10,522	637	11,157	(1,638)	(601,436)	119,623	1,402	121,025
Loss for the period	-	-	-	-	-	-	(6,054)	(6,054)	-	(6,054)
Other comprehensive loss	-	-	-	(683)	-	-	-	(683)	(7)	(690)
Total comprehensive loss for the period	-	-	-	(683)	-	-	(6,054)	(6,737)	(7)	(6,744)
Issue of bonus shares	203,998	(203,998)	-	-	-	-	-	-	-	-
Issue of shares upon exercise of share options	400	987	(387)	-	-	-	-	1,000	-	1,000
Issue of shares upon exercise of bonus warrants	18,678	4,671	-	-	-	-	-	23,349	-	23,349
At 30 June 2016 (Unaudited)	427,074	298,043	10,135	(46)	11,157	(1,638)	(607,490)	137,235	1,395	138,630
As 1 January 2017 (Audited)	427,101	298,050	10,135	(2,369)	11,157	(1,638)	(615,547)	126,889	1,377	128,266
Loss for the period	-	-	-	-	-	-	(4,091)	(4,091)	3	(4,088)
Other comprehensive income	-	-	-	1,904	-	-	-	1,904	19	1,923
Total comprehensive income/(loss)	-	-	-	1,904	-	-	(4,091)	(2,187)	22	(2,165)
Issue of shares upon exercise of bonus warrants	60	15	-	-	-	-	-	75	-	75
As 30 Jun 2017 (Unaudited)	427,161	298,065	10,135	(465)	11,157	(1,638)	(619,638)	124,777	1,399	126,176

### Notes:

- (a) 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 on 31 July 2002.
- (b) Capital reserve represents the difference of capital injected by the Group in subsidiaries and the adjustment of non-controlling interest as a consequence of its non-contribution resulting with a decrease in shareholding in those subsidiaries.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Six months ended 30 June</b>	
	<b>2017</b> <i>HK\$'000</i> <b>Unaudited</b>	2016 <i>HK\$'000</i> Unaudited
Net cash (used in)/generated from operating activities	<b>(4,737)</b>	19,683
Net cash generated from financing activities	<b>75</b>	24,349
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,662)</b>	44,032
Cash and cash equivalents at the beginning of the period	<b>32,591</b>	5,471
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>27,929</b>	49,503

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) the low carbon products applications. It mainly develops business of low-carbon digital solutions and provides media and e-commerce platforms and media advertising services.

The shares of the Company have been listed on the Growth Enterprise Market of the Stock Exchange since 31 July 2002.

### 2.1 BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements to the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

### 2.2 ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the trading of electronic technology and related products; and
- (b) the media operating segment is involved in provision of online media platforms and media advertising business.

Six months ended 30 June 2017 (Unaudited)

	Trading of electronic technology and related products <i>HK\$'000</i>	Media solutions business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	31,829	–	31,829
Segment results	158	–	158
Reconciliation:			
Other income and gains			202
Unallocated expenses			(4,448)
Loss before tax			(4,088)
Income tax expenses			–
Loss for the period			(4,088)

Six months ended 30 June 2016 (Unaudited)

	Trading of electronic technology and related products <i>HK\$'000</i>	Media solutions business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	44,764	–	44,764
Segment results	645	–	645
Reconciliation:			
Other income and gains			117
Unallocated expenses			(6,816)
Loss before tax			(6,054)
Income tax expenses			–
Loss for the period			(6,054)

Geographical segment information based on the Group's revenue is presented below:

	Six months ended 30 June				Three months ended 30 June			
	2017		2016		2017		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	Unaudited		Unaudited		Unaudited		Unaudited	
Hong Kong	–	–	22,890	51	–	–	11,361	100
Mainland China (excluding HK)	31,829	100	21,874	49	10,463	100	–	–
	31,829	100	44,764	100	10,463	100	11,361	100

#### 4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited
<b>Revenue</b>				
Sales of goods	31,829	44,764	10,463	11,361
<b>Other income and gains</b>				
Bank interest income	5	8	3	4
Others	197	109	93	90
	<b>202</b>	<b>117</b>	<b>96</b>	<b>94</b>

#### 5. LOSS BEFORE TAX

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

	Six months ended 30 June		Three months ended 30 June	
	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited
Cost of sales	30,540	43,049	10,039	10,955
Auditors' remuneration	187	248	102	128
Depreciation	79	117	41	56
Employee benefits expense (including directors' remuneration)				
— wages, salaries and allowances	790	713	382	301
— other benefits in kind	40	45	21	20
— pension scheme contributions	49	27	24	11
	<b>879</b>	<b>785</b>	<b>427</b>	<b>332</b>
Minimum lease payments under operating lease in respect of land and buildings	962	805	483	411

## 6. INCOME TAX EXPENSES

No provision for taxation has been made since the Company has tax loss during the six months ended 30 June 2017 (six months ended 30 June 2016: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 7. LOSS PER SHARE

The calculation of basic loss per share for the period is based on the unaudited net loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 30 June 2016.

The calculations of basic loss per share are based on:

	Six months ended 30 June		Three months ended 30 June	
	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2016 HK\$'000 Unaudited
Loss attributable to owners of the Company, used in the basic loss per share calculation	(4,091)	(6,054)	(2,291)	(3,675)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	42,714,557,412	31,625,596,479	42,715,683,713	21,986,428,024

No diluted earnings per share are presented as the company did not have any dilutive potential ordinary sharing during the six months ended 30 June 2017 and 2016.

8. INTANGIBLE ASSETS

	<b>Copyright of a film library</b> <i>HK\$'000</i> <i>(note)</i>
<b>At 30 June 2017 (Unaudited)</b>	
Cost	25,000
Accumulated amortisation and impairment losses	<u>(2,219)</u>
Carrying amount	<u>22,781</u>
<b>At 31 December 2016 (Audited)</b>	
Cost	25,000
Accumulated amortisation and impairment losses	<u>—</u>
Carrying amount	<u>25,000</u>

*Notes:* Copyright of a film library (the "Copyright") represents the copyright of five series (a total of 320 episodes) and 16 education series of an animation named 神探威威貓 and the related music songs which was acquired during the year ended 31 December 2010, with an indefinite useful lives at a consideration of HK\$25,000,000. The fair value of the Copyright has been assessed by the directors under the cost methodology. Impairment of HK\$2,219,000 has been provided during the year ended 31 December 2016 as the fair value less costs to sell is lower than its carrying amount at the end of the reporting period.

In determining the fair value less costs to sell, the directors had based on the assumptions that there will be no material change in existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Company.

## 9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2017 HK\$'000 Unaudited</b>	31 December 2016 HK\$'000 Audited
Prepayments	1,021	907
Deposit paid for acquisition of a subsidiary	3,000	3,000
Provision for impairment on deposit paid for acquisition of a subsidiary	(3,000)	(3,000)
Rental deposit ( <i>note 15</i> )	440	260
Other receivables	2,397	2,324
	<b>3,858</b>	<b>3,491</b>

## 10. CASH AND BANK BALANCES

	<b>30 June 2017 HK\$'000 Unaudited</b>	31 December 2016 HK\$'000 Audited
Cash and bank balances	27,929	32,591

## 11. SHARE CAPITAL

	<b>30 June 2017 HK\$'000 Unaudited</b>	31 December 2016 HK\$'000 Audited
Authorised:		
100,000,000,000 (2016: 100,000,000,000) ordinary shares of HK\$0.01 each	1,000,000	1,000,000
Issued and fully paid:		
42,716,084,422 (2016: 42,710,068,196) ordinary shares of HK\$0.01 each ( <i>note a</i> )	427,161	427,101

*Note:*

- (a) During the period ended 30 June 2017, the Company has issued 6,016,226 shares by exercising 6,016,226 unites of 2021 warrants (warrant code: 8015) by warrantholders of the Company.

## 12. SHARE OPTION SCHEME

Pursuant to an extra-ordinary general meeting of all the shareholders passed on 1 November 2010, a share option scheme (“Option Scheme”) was adopted for the purpose of providing incentive to directors, employees and consultants. Unless otherwise cancelled or amended, the expiry date will be on 31 October 2020.

The total number of shares in respect of which options may be granted under the Option 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 Option 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.

A consideration of HK\$1 shall be paid to the Company upon acceptance of the grant. Options may be exercised in accordance with the terms of the Option Scheme at any time during a year to be determined and notified by the directors of the Company, which period may not expire earlier than 3 years and later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The exercise price is determined by the directors of the Company, and will not be less than the higher of closing price of the Company’s shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.

Details of the options granted under the Option Scheme and outstanding at 30 June 2017 and 30 June 2016 are as follows:

**30 June 2017**

Date of grant	Exercise period	Number of share options				Outstanding as at 30 June 2017	Adjusted exercise price per share option HK\$ (note)
		Outstanding as at 1 January 2017	Granted during the period	Expired during the period	Exercised during the period		
6 July 2014	6 July 2014 – 5 July 2024	1,048,000,000	-	-	-	1,048,000,000	0.025
1 December 2014	1 December 2014 – 30 November 2024	39,000,000	-	-	-	39,000,000	0.025
		<b>1,087,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,087,000,000</b>	

**30 June 2016**

Date of grant	Exercise period	Number of share options					Outstanding as at 30 June 2016	Adjusted exercise price per share option HK\$ (note)
		Outstanding as at 1 January 2016	Granted during the period	Expired during the period	Adjustment of share option upon issue of bonus share (note)	Exercised during the period		
6 July 2014	6 July 2014 – 5 July 2024	544,000,000	-	-	544,000,000	(40,000,000)	1,048,000,000	0.025
1 December 2014	1 December 2014 – 30 November 2024	19,500,000	-	-	19,500,000	-	39,000,000	0.025
		<b>563,500,000</b>	<b>-</b>	<b>-</b>	<b>563,500,000</b>	<b>(40,000,000)</b>	<b>1,087,000,000</b>	

**Note:** Adjustment of share option upon completion of bonus shares issued on 24 March 2016.

**13. OPERATING LEASES COMMITMENTS**

At 30 June 2017, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>30 June 2017 HK\$'000 Unaudited</b>	31 December 2016 HK\$'000 Audited
Within one year	1,985	480
In the second to fifth year, inclusive	3,459	–
	<b>5,444</b>	<b>480</b>

**14. OTHER COMMITMENTS AND EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in note 13 to the condensed consolidated financial statements, the Group and the Company do not have other material commitments as at 30 June 2017.

**15. RELATED PARTIES TRANSACTIONS**

Save as those disclosed elsewhere in these condensed consolidated financial statement, the Group had the following material transactions with related parties during the period:

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2017 HK\$'000 Unaudited</b>	2016 HK\$'000 Unaudited
New Era Group (China) Limited	<i>(a)</i>		
Rental paid		480	480
Rental deposit paid		160	160
New Era Foundation (China) Limited	<i>(b)</i>		
Rental paid		482	307
Rental deposit paid		171	104

*Notes:*

- (a) The Company entered into a tenancy agreement (the “Tenancy Agreement A”) with New Era Group (China) Limited (“New Era”), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement A, New Era agreed to lease to the Company an office premise for a term of 36 months commencing on 1 July 2008. The Company shall pay a deposit of HK\$160,000 and a monthly rental of HK\$80,000 to New Era. The deposit was included in prepayments, deposits and other receivables (note 9) in the condensed consolidated statement of financial position. On 1 January 2011, the term of Tenancy Agreement A has been extended a 36 months commencing from 1 July 2011. On 1 January 2014, the term of Tenancy Agreement A has been extended a 36 months commencing from 1 July 2014, agreed by both the Company and New Era on 5 May 2017, the term of Tenancy Agreement A has been further extended a 36 months commencing from 1 July 2017.
- (b) On 1 December 2009, a subsidiary of the Company, Boss Dream (China) Limited (“Boss China”) entered into a tenancy agreement (the “Tenancy Agreement B”) with New Era Foundation (China) Limited (“New Era China”), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement B, New Era China agreed to lease to Boss China an office premise for a term of 48 months commencing on 1 January 2010, Boss China shall pay a deposit of RMB90,000 and a monthly rental of RMB43,000 to New Era China with no rent free period.

On 31 December 2013, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 January 2014, Boss China shall pay a deposit of RMB90,000 (equivalent to approximately HK\$104,000) and a monthly rental of approximately RMB43,000 to New Era China with no rent free period.

On 1 January 2017, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 January 2017, Boss China shall pay a deposit of RMB148,000 (equivalent to approximately HK\$171,000) and a monthly rental of approximately RMB74,000 to New Era China with no rent free period. The deposit was included in prepayments, deposits and other receivables (note 9) in the condensed consolidated statement of financial position.

The related party transactions were conducted on terms negotiated between the Company and the related companies.

**16. CONTINGENT LIABILITIES**

As at 30 June 2017, the Group did not have any significant contingent liabilities.

**17. INTERIM DIVIDENDS**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).