



**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

2020



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Main Board of 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 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 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
Mr. Yip Wing Ho (*Resigned on 24 April 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
Mr. Li Wancheng

COMPANY SECRETARY

Mr. Li Wancheng

AUTHORISED REPRESENTATIVES

Mr. Xiang Xin
Mr. Li Wancheng

EXECUTIVE COMMITTEE

Mr. Xiang Xin (*Chairman*)
Mr. Chan Cheong Yee
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*)

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*)

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 BRANCH SHARE REGISTER AND TRANSFER OFFICE

Union Registrars Limited
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338 King's Road
North Point
Hong Kong

AUDITOR

McMillan Woods (Hong Kong) 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

FINANCIAL HIGHLIGHTS

- For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$83,997,000 (six months ended 30 June 2019: HK\$71,303,000), representing an increase of approximately 17.80% as compared to that of previous period.
- The Group's gross profit increased to approximately HK\$2,406,000 for the six months ended 30 June 2020 from approximately HK\$2,172,000 for the six months ended 30 June 2019, representing an increase of approximately 10.77%.
- Loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately HK\$1,157,000 (six months ended 30 June 2019: HK\$3,245,000), representing a decrease of loss of approximately 64.28% as compared to the same period of last year.
- The Group's trading business has been operating in a healthy and stable manner for more than 10 years. Compared with the same period of 2019, in the first six months of 2020, both operating revenue and gross profit have achieved significant growth. The net profit for the first six months of 2020 was approximately HK\$867,000 after deducting non-recurring expenses of approximately HK\$1,997,000, derived mainly from the litigation fee against Asia Television Limited ("ATV") and litigation fee against judicial review for listing status resumption, representing a significant improvement as compared to the adjusted net loss of approximately HK\$1,420,000 of previous period after deducting non-recurring expenses of approximately HK\$1,810,000 derived mainly from the litigation fee against ATV, which has successfully turned losses into profits.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2020, the Group recorded a revenue of approximately HK\$83,997,000 (six months ended 30 June 2019: HK\$71,303,000), representing an increase of approximately 17.80% as compared to that of previous period.

The Group's gross profit increased to approximately HK\$2,406,000 for the six months ended 30 June 2020 from approximately HK\$2,172,000 for the six months ended 30 June 2019, representing an increase of approximately 10.77%.

Loss attributable to owners of the Company for the six months ended 30 June 2020 was approximately HK\$1,157,000 (six months ended 30 June 2019: HK\$3,245,000), representing a decrease of loss of approximately 64.28% as compared to the same period of last year.

The Group's trading business has been operating in a healthy and stable manner for more than 10 years. Compared with the same period of 2019, in the first six months of 2020, both operating revenue and gross profit have achieved significant growth. The net profit for the first six months of 2020 was approximately HK\$867,000 after deducting non-recurring expenses of approximately HK\$1,997,000, derived mainly from the litigation fee against Asia Television Limited ("ATV") and litigation fee against judicial review for listing status resumption, representing a significant improvement as compared to the adjusted net loss of approximately HK\$1,420,000 of previous period after deducting non-recurring expenses of approximately HK\$1,810,000 derived mainly from the litigation fee against ATV, which has successfully turned losses into profits.

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 platforms 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 in delisting process and suspension of trading decided by The Stock Exchange of Hong Kong Limited from 11 March 2020, Shen Zhen HengKangda considered suspending the aforementioned cooperation projects and would look 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 in delisting process and suspension of trading decided by the Stock Exchange from 11 March 2020, Winn Tech-Winn considered suspending the aforementioned cooperation project and would look forward to promoting new cooperation when there is new opportunity in the future.

** For identification purposes only*

PROSPECT

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

In the environment of the global epidemic, a series of protests and related social events caused by the Amendments to the Fugitive Offenders Ordinance, 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 significant performance improvement compared to the same period last year, 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.

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 on 29 October 2019.

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

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

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

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

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

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

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

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

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

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

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 last year.

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

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

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

- (1) The Review Committee Decision is Wednesbury Unreasonable and has failed to take into account relevant considerations which should be done.
 - 1) After analyzing the financial situation (including assets, income and profits) of the Company and its subsidiaries (collectively, the "Group"), no rational decision maker can reasonably make this decision.
 - 2) With reference to recent years' and the latest data on assets, income and profits of the Group, including the written submissions submitted by the Company to the Review Committee in which the financial status of the Group is mentioned, and comparing the financial data of those listed companies that were delisted in the past. It is showed that the Group is not an extreme case and has a large number of assets that can generate sufficient revenue and profits.

- (2) The Review Committee Decision is of Procedural Unfairness on the basis of legitimate expectation and inadequacy of reasons.
- 1) The Company and its shareholders have legitimate expectation. That is to say, the Company's stock trading can be continued on the condition that the Company's financial situation has not changed significantly compared to the past ten years and the GEM Listing Rules remain unchanged.
 - 2) Based on the principle of procedural justice, any reason for making decision needs to be sufficient and clear.

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

- "1. There shall be a rolled-up hearing of (i) the application for leave to apply for judicial review; (ii) the substantive application for judicial review, with 1 day reserved.*
- 2. The Applicant shall serve the papers filed in this application on the Putative Respondent within 14 days from the date hereof.*
- 3. The Parties shall submit to the court agreed directions for the further conduct of this application within 28 days after the date of services of documents under paragraph 2 above. In the event that directions could not be agreed, the Applicant shall be at liberty to fix a 30-minute hearing for further directions."*

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

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 and 12 June 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, a wholly-owned subsidiary of ATV.

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 has issued the debt restructuring proposal to the provisional liquidator of ATV. The debt restructuring proposals are made subject to contract and upon satisfaction of all conditions therein (such as the obtaining of approval from Hong Kong court, approval from the shareholders of the Company at the extraordinary general meeting and approval from the Stock Exchange etc.).

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

On 28 March 2016, the Company issued a letter (the "Further Explanation") 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 Hong Kong High Court against ATV in HCA 1067 of 2017 (the "Case") seeking, among other things, substantial damages for breach of the equity transfer agreement. Both the Company and ATV have since exchanged pleadings, completed discovery and exchanged witness statements.

During the period of 2017, 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.

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

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 and total cash and bank balances amounted to approximately HK\$ 16,813,000 (31 December 2019: HK\$32,774,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 30 June 2020, the gearing ratio based on total debts over total equity was zero (31 December 2019: 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 2020 are set in note 11 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2020.

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 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, foreign exchange risk was considered to be minimal.

EMPLOYEES

As at 30 June 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 30 June 2020 were approximately HK\$646,000 (2019: HK\$623,000) of which nil (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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL

As at 30 June 2020, 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%
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 Share.
2. Adjustment of Share option upon completion of bonus shares issued on 24 March 2016.

Save as disclosed above, as at 30 June 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 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 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 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

Name	Nature of interest	Number of Shares held	Approximately percentage of interests (note 4)
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 interest (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 technology education and employment in Hong Kong and Mainland China. Mr. Xiang Xin is the 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 Jianjun 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 as disclosed by themselves.

4. The approximately percentage of interests in the Company is calculated on the basis of 42,716,118,022 Shares in issue as at 30 June 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, as at 30 June 2020, 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 is exercisable from 29 March 2016, the date of issuance until the time of closing of business on 28 March 2021.

After ordinary resolution was 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 period of the first six months in 2020, zero units of bonus warrants has been exercised by warrant holders of the Company and 6,283,350,568 units of bonus warrants are outstanding as at 30 June 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 period under review.

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

Hong Kong, 7 August 2020

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. Qin Han 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 is 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 retirement by rotation and re-election by shareholders was 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.

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. Qin Han and Mr. Chen Yicheng as the members.

The Group's unaudited consolidated results for the six months ended 30 June 2020 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 2020, together with the unaudited comparative amounts for the corresponding periods in 2019, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2020	2019	2020	2019
		HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited
REVENUE	4	83,997	71,303	43,673	41,084
Cost of sales		(81,591)	(69,131)	(42,421)	(39,924)
GROSS PROFIT		2,406	2,172	1,252	1,160
Other income and gains	4	2,052	529	1,016	420
Administrative and other operating expenses		(5,537)	(5,885)	(1,946)	(3,278)
Finance cost		(49)	(46)	(45)	(46)
(LOSS)/PROFIT BEFORE TAX	5	(1,128)	(3,230)	277	(1,744)
Income tax expenses	6	-	-	-	-
(LOSS)/PROFIT FOR THE PERIOD		(1,128)	(3,230)	277	(1,744)
OTHER COMPREHENSIVE INCOME/(LOSS):					
Items that may be classified to profit or loss:					
Exchange differences on translation of foreign operations		(1,933)	59	178	(2,359)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD		(3,061)	(3,171)	455	(4,103)
(LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		(1,157)	(3,245)	261	(1,758)
Non-controlling interests		29	15	16	14
		(1,128)	(3,230)	277	(1,744)

		Six months ended 30 June		Three months ended 30 June	
		2020	2019	2020	2019
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
	Owners of the Company	(3,090)	(3,186)	439	(4,116)
	Non-controlling interests	29	15	16	13
		(3,061)	(3,171)	455	(4,103)
LOSS PER SHARE					
	Basis (HK cents per share)	7 (0.003)	(0.008)	7 0.001	(0.004)
	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 2020, together with the audited consolidated statement of financial position as at 31 December 2019, were as follows:

	Notes	30 June 2020 HK\$'000 Unaudited	31 December 2019 HK\$'000 Audited
NON-CURRENT ASSETS			
Right-of-use assets		6,108	464
Property, plant and equipment		11	95
Intangible assets	8	–	–
Other non-current asset		15,000	15,000
		21,119	15,559
CURRENT ASSETS			
Trade receivables		55,696	46,147
Prepayments, deposits and other receivables	9	32,002	30,068
Cash and bank balances	10	16,813	32,774
		104,511	108,989
CURRENT LIABILITIES			
Lease liabilities (within 12 months)		2,135	475
Trade payable		7,073	–
Other payables and accruals		612	9,192
Tax payable		–	–
		9,820	9,667
NET CURRENT ASSETS			
		94,691	99,322
TOTAL ASSETS LESS CURRENT LIABILITIES			
		115,810	114,881
NON CURRENT LIABILITIES			
Lease Liabilities (more than 12 months)		3,990	–
NET ASSETS			
		111,820	114,881
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	427,161	427,161
Other reserves		(316,896)	(313,806)
		110,265	113,355
NON-CONTROLLING INTERESTS			
		1,555	1,526
TOTAL EQUITY			
		111,820	114,881

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Issued capital	Share premium account	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 (Note (a))	HK\$'000 (Note (b))	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As 1 January 2019 (Audited)	427,161	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	115,678	1,473	117,151
Loss for the period	-	-	-	-	-	-	(3,245)	(3,245)	15	(3,230)
Other comprehensive income	-	-	-	59	-	-	-	59	-	59
Total comprehensive income/(loss)	-	-	-	59	-	-	(3,245)	(3,186)	15	(3,171)
Issue of shares upon exercise of bonus warrants	-	-	-	-	-	-	-	-	-	-
Issued share option	-	-	-	-	-	-	-	-	-	-
As 30 June 2019 (Unaudited)	427,161	298,065	10,448	(956)	11,157	(1,638)	(631,745)	112,492	1,488	113,980
As 1 January 2020 (Audited)	427,161	298,065	10,448	643	11,157	(1,638)	(632,481)	113,355	1,526	114,881
Loss for the period	-	-	-	-	-	-	(1,157)	(1,157)	29	(1,128)
Other comprehensive income	-	-	-	(1,933)	-	-	-	(1,933)	-	(1,933)
Total comprehensive income/(loss)	-	-	-	(1,933)	-	-	(1,157)	(3,090)	29	(3,061)
Issue of shares upon exercise of bonus warrants	-	-	-	-	-	-	-	-	-	-
Issued share option	-	-	-	-	-	-	-	-	-	-
As 30 June 2020 (Unaudited)	427,161	298,065	10,488	(1,290)	11,157	(1,638)	(633,638)	110,265	1,555	111,820

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

	Six months ended 30 June	
	2020 <i>HK\$'000</i> Unaudited	2019 <i>HK\$'000</i> Unaudited
Net cash used in operating activities	(15,136)	(3,836)
Net cash used in investing activities	(776)	(3,412)
Net cash used in financing activities	(49)	(46)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,961)	(7,294)
Cash and cash equivalents at the beginning of the period	32,774	21,616
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	16,813	14,322

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) media and e-commerce platforms and media advertising services.

The shares of the Company have been listed on the GEM 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 2019.

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 2020. 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.

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) media and e-commerce platforms and media advertising services

Six months ended 30 June 2020 (Unaudited)

	Trading business HK\$'000	Media business HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	83,997	–	83,997
Segment results	2,406	–	2,406
Reconciliation:			
Other income and gains			2,052
Unallocated expenses			(5,586)
Loss before tax			(1,128)
Income tax expenses			–
Loss for the period			(1,128)

Six months ended 30 June 2019 (Unaudited)

	Trading business <i>HK\$'000</i>	Media business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	71,303	–	71,303
Segment results	2,172	–	2,172
Reconciliation:			
Other income and gains			529
Unallocated expenses			(5,931)
Loss before tax			(3,230)
Income tax expenses			–
Loss for the period			(3,230)

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

	Six months ended 30 June				Three months ended 30 June			
	2020		2019		2020		2019	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	Unaudited		Unaudited		Unaudited		Unaudited	
Hong Kong	–	–	–	–	–	–	–	–
Mainland China (excluding HK)	83,997	100	71,303	100	43,673	100	41,084	100
	83,997	100	71,303	100	43,673	100	41,084	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	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Revenue				
Sales of goods	83,997	71,303	43,673	41,084
Other income and gains				
Bank interest income	110	121	79	57
Others	1,942	408	837	363
	2,052	529	1,016	420

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	
	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited	2020 HK\$'000 Unaudited	2019 HK\$'000 Unaudited
Cost of sales	81,591	69,131	42,421	39,924
Auditors' remuneration	228	206	114	95
Depreciation	81	80	40	39
Depreciation on right-of-use assets	776	958	544	479
Employee benefits expense (including directors' remuneration)				
– wages, salaries and allowances	565	534	235	265
– other benefits in kind	65	47	22	26
– pension scheme contributions	16	42	4	19
	646	623	261	310

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Company has tax loss during the six months ended 30 June 2020 (six months ended 30 June 2019: 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 2020 and 30 June 2019.

The calculations of basic loss per share are based on:

	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to owners of the Company, used in the basic loss per share calculation	Unaudited	Unaudited	Unaudited	Unaudited
	(1,157)	(3,245)	261	(1,758)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2020	2019	2020	2019
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	Unaudited	Unaudited	Unaudited	Unaudited
	42,716,118,022	42,716,118,022	42,716,118,022	42,716,118,022

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 2020 and 2019.

8. INTANGIBLE ASSETS

	Rights and Copyrights <i>HK\$'000</i>
At 30 June 2020 (Unaudited)	
Cost	–
Accumulated amortisation and impairment losses	–
Carrying amount	–
At 31 December 2019 (Audited)	
Cost	502,279
Accumulated amortisation and impairment losses	(502,279)
Carrying amount	–

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2020 <i>HK\$'000</i> Unaudited	31 December 2019 <i>HK\$'000</i> Audited
Prepayments	296	374
Deposit paid for acquisition of a subsidiary	–	3,000
Receivable from disposal to an associate	11,391	11,391
Receivable from disposal of an equity investment at fair value through other comprehensive income	11,400	11,400
Rental deposit (<i>note 15</i>)	377	328
Other receivables	8,538	6,575
Less: Impairment loss recognised	–	(3,000)
	32,002	30,068

10. CASH AND BANK BALANCES

	30 June 2020 HK\$'000 Unaudited	31 December 2019 HK\$'000 Audited
Cash and bank balances	16,813	32,774

11. SHARE CAPITAL

	30 June 2020 HK\$'000 Unaudited	31 December 2019 HK\$'000 Audited
Authorised:		
100,000,000,000 (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 (2019: 42,716,118,022) ordinary shares of HK\$0.01 each (<i>note a</i>)	427,161	427,161

Note:

- (a) During the six months ended 30 June 2020, the Company has issued zero shares by exercising zero 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 period 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 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 (subject to the higher).

Details of the options granted under the Option Scheme and outstanding at 30 June 2020 and 30 June 2019 are as follows:

30 June 2020

Date of grant	Exercise period	Number of share options				Outstanding as at 30 June 2020	Exercise price per share option HK\$
		Outstanding as at 1 January 2020	Granted during the period (note)	Lapsed during the period	Exercised during the period		
6 July 2014	6 July 2014 – 5 July 2024	988,000,000	-	60,000,000	-	928,000,000	0.025
1 December 2014	1 December 2014 – 30 November 2024	39,000,000	-	-	-	39,000,000	0.025
4 April 2018	4 April 2018 – 3 April 2028	180,000,000	-	-	-	180,000,000	0.025
18 May 2020	18 May 2020 – 17 May 2030	-	60,000,000	-	-	60,000,000	0.025
		1,207,000,000	-	-	-	1,207,000,000	

30 June 2019

Date of grant	Exercise period	Number of share options				Outstanding as at 30 June 2019	Exercise price per share option HK\$
		Outstanding as at 1 January 2019	Granted during the period	Lapsed during the period	Exercised during the period		
6 July 2014	6 July 2014 – 5 July 2024	988,000,000	-	-	-	988,000,000	0.025
1 December 2014	1 December 2014 – 30 November 2024	39,000,000	-	-	-	39,000,000	0.025
4 April 2018	4 April 2018 – 3 April 2028	180,000,000	-	-	-	180,000,000	0.025
		1,207,000,000	-	-	-	1,207,000,000	

Note: Ms. Qin Han was granted 60,000,000 share options on 18 May 2020.

13. LEASES LIABILITIES

	30 June 2020 HK\$'000	
Current		6,125
	Minimum	2020
	lease	Present value of
	payments due	lease liabilities
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease liabilities comprise:		
Within one year	2,261	2,135
Over one year	4,197	3,990
Less: future finance charge	(333)	N/A
Present value of lease liabilities	6,125	6,125

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 period ended 30 June 2020 was approximately HK\$825,000.

	31 December 2019 HK\$'000	
Current		475
	Minimum	Present value
	lease	of lease
	payments due	liabilities
	<i>HK\$'000</i>	<i>HK\$'000</i>
Lease liabilities comprise:		
Within one year	480	475
Less: future finance charge	(5)	N/A
Present value of lease liabilities	475	475

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 2020.

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:

		Six months ended 30 June	
		2020	2019
<i>Notes</i>		HK\$'000	<i>HK\$'000</i>
		Unaudited	Unaudited
	New Era Group (China) Limited		
	Rental paid	480	480
	Rental deposit paid	160	160
	New Era Foundation (China) Limited		
	Rental paid	571	445
	Rental deposit paid	217	168

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 was extended a 36 months commencing from 1 July 2011. On 1 January 2014, the term of Tenancy Agreement A was 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 was extended a 36 months commencing from 1 July 2017. On 12 June 2020, the term of Tenancy Agreement A has been further extended a 36 months commencing from 1 July 2020.
- (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, and 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, and Boss China shall pay a deposit of RMB148,000 (equivalent to approximately HK\$168,000) 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.

On 1 January 2020, New Era China agreed to lease to Boss China an office premise for a term of 3 months commencing on 1 January 2020, and Boss China shall pay a deposit of RMB148,000 (equivalent to approximately HK\$168,000) and a monthly rental of approximately RMB74,000 to New Era China with no rent free period.

On 31 March 2020, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 April 2020, and Boss China shall pay a deposit of RMB197,757 (equivalent to approximately HK\$216,939) and a monthly rental of approximately RMB98,878.5 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 2020, 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 2020 (six months ended 30 June 2019: Nil).