



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 RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Reported a revenue of approximately HK\$38,883,000 for the six months ended 30 June 2018
- Reported a net loss after tax of approximately HK\$5,584,000 and a basic loss per share attributable to owners of the Company of HK\$0.013 cents for the six months ended 30 June 2018

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 2018, together with the unaudited comparative amounts for the corresponding periods in 2017, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited	2018 HK\$'000 Unaudited	2017 HK\$'000 Unaudited
REVENUE	4	38,883	31,829	15,308	10,463
Cost of sales		(37,625)	(30,540)	(14,852)	(10,039)
GROSS PROFIT		1,258	1,289	456	424
Other income and gains	4	151	202	87	96
Administrative and other operating expenses		(6,993)	(5,579)	(4,792)	(2,812)
LOSS BEFORE TAX	5	(5,584)	(4,088)	(4,249)	(2,292)
Income tax expenses	6	-	-	-	-
LOSS FOR THE PERIOD		(5,584)	(4,088)	(4,249)	(2,292)
OTHER COMPREHENSIVE INCOME/(LOSS):					
Items that may be classified to profit or loss:					
Exchange differences on translation of foreign operations		1,977	1,923	(210)	1,119
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,607)	(2,165)	(4,459)	(1,173)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		(5,582)	(4,091)	(4,245)	(2,291)
Non-controlling interests		(2)	3	(4)	(1)
		(5,584)	(4,088)	(4,249)	(2,292)

		Six months ended 30 June		Three months ended 30 June	
		2018	2017	2018	2017
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	(3,605)	(2,187)	(4,454)	(1,182)
	Non-controlling interests	(2)	22	(5)	9
		<u>(3,607)</u>	<u>(2,165)</u>	<u>(4,459)</u>	<u>(1,173)</u>
LOSS PER SHARE					
	Basis (HK cents per share)	7 <u>(0.013)</u>	(0.01)	7 <u>(0.01)</u>	(0.006)
	Diluted (HK cents per share)	7 <u>N/A</u>	N/A	7 <u>N/A</u>	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The unaudited condensed consolidated statement of financial position as at 30 June 2018, together with the audited consolidated statement of financial position as at 31 December 2017, were as follows:

	<i>Notes</i>	30 June 2018 HK\$'000 Unaudited	31 December 2017 HK\$'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment		351	424
Intangible assets	8	22,781	22,781
Available-for-sale investments		22,800	22,800
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		45,932	46,005
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CURRENT ASSETS			
Trade receivables		71,958	69,911
Prepayments, deposits and other receivables	9	3,569	3,347
Cash and bank balances	10	20,149	24,182
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		95,676	97,440
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
CURRENT LIABILITIES			
Trade payable		–	18,243
Other payables and accruals		18,854	896
Tax payable		–	123
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		18,854	19,262
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET CURRENT ASSETS		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
		76,822	78,178
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
NET ASSETS		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
		122,754	124,183
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	427,161	427,161
Other reserves		(305,825)	(304,398)
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		121,336	122,763
NON-CONTROLLING INTERESTS			
		<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
		1,418	1,420
TOTAL EQUITY			
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
		122,754	124,183

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	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	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 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
At 30 June 2017 (Unaudited)	427,161	298,065	10,135	(465)	11,157	(1,638)	(619,638)	124,777	1,399	126,176
As 1 January 2018 (Audited)	427,161	298,065	9,409	1,703	11,157	(1,638)	(623,094)	122,763	1,420	124,183
Loss for the period	-	-	-	-	-	-	(5,582)	(5,582)	(2)	(5,584)
Other comprehensive income	-	-	-	1,977	-	-	-	1,977	-	1,977
Total comprehensive income/(loss)	-	-	-	1,977	-	-	(5,582)	(3,605)	(2)	(3,607)
Issue of shares upon exercise of bonus warrants	-	-	-	-	-	-	-	-	-	-
issued share option	-	-	2,178	-	-	-	-	2,178	-	2,178
As 30 Jun 2018 (Unaudited)	427,161	298,065	11,587	3,680	11,157	(1,638)	(628,676)	121,336	1,418	122,754

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	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash (used in)/generated from operating activities	(4,033)	(4,737)
Net cash generated from financing activities	—	75
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,033)	(4,662)
Cash and cash equivalents at the beginning of the period	<u>24,182</u>	<u>32,591</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>20,149</u>	<u>27,929</u>

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 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 2017.

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 2018. 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 2018 (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	38,883	–	38,883
Segment results	1,258	–	1,258
Reconciliation:			
Other income and gains			151
Unallocated expenses			(56,993)
Loss before tax			(5,584)
Income tax expenses			–
Loss for the period			(5,584)

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)

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

	Six months ended 30 June				Three months ended 30 June			
	2018		2017		2018		2017	
	<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)	38,883	100	31,829	100	15,308	100	10,463	100
	38,883	100	31,829	100	15,308	100	10,463	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	
	2018 <i>HK\$'000</i> Unaudited	2017 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Unaudited	2017 <i>HK\$'000</i> Unaudited
Revenue				
Sales of goods	38,883	31,829	15,308	10,463
Other income and gains				
Bank interest income	38	5	27	3
Others	113	197	60	93
	151	202	87	96

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	
	2018 <i>HK\$'000</i> Unaudited	2017 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Unaudited	2017 <i>HK\$'000</i> Unaudited
Cost of sales	37,625	30,540	14,852	10,039
Auditors' remuneration	199	187	66	102
Depreciation	88	79	44	41
Employee benefits expense (including directors' remuneration)				
— wages, salaries and allowances	569	790	284	382
— other benefits in kind	72	40	36	21
— pension scheme contributions	19	49	8	24
	660	879	328	427
Minimum lease payments under operating lease in respect of land and buildings	962	962	483	483

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Company has tax loss during the six months ended 30 June 2018 (six months ended 30 June 2017: 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 2018 and 30 June 2017.

The calculations of basic loss per share are based on:

	Six months ended		Three months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Loss attributable to owners of the Company, used in the basic loss per share calculation	(5,582)	(4,091)	(4,245)	(2,291)

	Number of shares			
	Six months ended		Three months ended	
	30 June		30 June	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	42,716,117,324	42,714,557,412	42,716,118,022	42,715,683,713

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 2018 and 2017.

8. INTANGIBLE ASSETS

	Copyright of a film library <i>HK\$'000</i> <i>(note)</i>
At 30 June 2018 (Unaudited)	
Cost	22,781
Accumulated amortisation and impairment losses	<u>—</u>
Carrying amount	<u>22,781</u>
At 31 December 2017 (Audited)	
Cost	25,000
Accumulated amortisation and impairment losses	<u>2,219</u>
Carrying amount	<u>22,781</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 2017 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

	30 June 2018 HK\$'000 Unaudited	31 December 2017 HK\$'000 Audited
Prepayments	91	1,065
Deposit paid for acquisition of a subsidiary	–	3,000
Provision for impairment on deposit paid for acquisition of a subsidiary	–	(3,000)
Rental deposit (<i>note 15</i>)	331	331
Other receivables	3,146	1,951
	3,568	3,347

10. CASH AND BANK BALANCES

	30 June 2018 HK\$'000 Unaudited	31 December 2017 HK\$'000 Audited
Cash and bank balances	20,149	24,182

11. SHARE CAPITAL

	30 June 2018 HK\$'000 Unaudited	31 December 2017 HK\$'000 Audited
Authorised: 100,000,000,000 (2017: 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 (2017: 42,716,116,422) ordinary shares of HK\$0.01 each (<i>note a</i>)	427,161	427,161

Note:

- (a) During the six months ended 30 June 2018, the Company has issued 1,600 shares by exercising 1,600 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 2018 and 30 June 2017 are as follows:

30 June 2018

Date of grant	Exercise period	Number of share options				Outstanding as at 30 June 2018	Exercise price per share option HK\$
		Outstanding as at 1 January 2018	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	-	-	-	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
		1,027,000,000	180,000,000	-	-	1,207,000,000	

30 June 2017

Date of grant	Exercise period	Number of share options				Outstanding as at 30 June 2017	Exercise price per share option HK\$
		Outstanding as at 1 January 2017	Granted during the period	Lapsed 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
		1,087,000,000	-	-	-	1,087,000,000	

Note: Mr. Chan Cheong Yee and Mr. Wong Chung Kin, Quentin as director were granted 120,000,000 and 60,000,000 share options respectively on 4 April 2018.

13. OPERATING LEASES COMMITMENTS

At 30 June 2018, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	30 June 2018 HK\$'000 Unaudited	31 December 2017 HK\$'000 Audited
Within one year	2,027	2,027
In the second to fifth year, inclusive	1,494	2,507
	3,521	4,534

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 2018.

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	
	<i>Notes</i>	2018 HK\$'000 Unaudited	2017 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	482
Rental deposit paid		171	171

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 2018, 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 2018 (six months ended 30 June 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$38,883,000 (six months ended 30 June 2017: HK\$31,829,000), representing an increase of approximately 22.16% as compared to that of previous period.

Loss attributable to owners of the Company for the six months ended 30 June 2018 was approximately HK\$5,584,000 (six months ended 30 June 2017: HK\$4,088,000).

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. Boss Dream (China) Limited (“Boss China”), a subsidiary of the Company, entered into four purchase contracts (“Purchase Contracts”) with Shenzhen Maijike Optoelectronics Limited (“Maijike”) during the period between October and November of 2016, the consideration of the Purchase Contracts in sum is approximately RMB9.32 million. Mr. Xie Shoucheng, the legal representative of Maijike, signed a series of guarantee agreements to undertake joint and several performances for the Purchase Contracts. After the failure of Maijike to pay the consideration on schedule, to defend Boss China’s legitimate rights and interests, Boss China has appointed lawyers to commence legal proceedings against Maijike and Mr. Xie Shoucheng for the recovery of payment and compensation for late payment in Beijing Arbitration Commission and Shenzhen Court, and received three arbitration awards from Beijing Arbitration Commission on 23 January 2018. According to the arbitration awards, Boss China won the case. As for the legal proceeding in Shenzhen Court, it has been registered and waiting for a court trial in order.
2. On 14 February 2018, the Company entered into a framework agreement (“Framework Agreement”) with Fuda Investment Inc. (“Fuda”) and Great Chapter Holdings Limited (“Great Chapter”) to acquire 100% shareholdings of Great Chapter, so as to enhance the media contents sources and promotion channels of mobile users for Wealthstorm Platform underneath the Company via utilizing the contents and channels in multiple media areas of an enterprise totally controlled by Great Chapter through series of VIE (Variable Interest Entity) agreements.

To speed up the cooperation, all the parties to the Framework Agreement agreed to streamline the terms of cooperation. On 9 March 2018, the Company entered into a supplementary memorandum (“Supplementary Memorandum”) to the Framework Agreement with Fuda and Great Chapter.

On 26 April 2018, the Company entered into the acquisition agreement (“Acquisition Agreement”) with Fuda, Great Chapter and 無錫維我新媒體科技有限公司 (“Wuxi Weiwo”), pursuant to which Fuda has conditionally agreed to sell and the Company has conditionally agreed to acquire the rights of use and distribution of the content copyrights of the website of “暢讀” at <http://www.vivame.cn>, at a total consideration of HK\$30,000,000 (“Consideration”).

On 25 May 2018, the Company entered into the supplement agreement (“Supplement Agreement”) to the Acquisition Agreement with Fuda, Great Chapter and Wuxi Weiwo on the basis of the original intention of the Acquisition Agreement. The Company shall settle the Consideration by issuing a conditional 3-year promissory note in the principal of HK\$30,000,000 with no interests (“Promissory Note”) to Fuda within 10 business days from the date of fulfillment of the condition precedent as set out in the Acquisition Agreement.

The condition (“Redemption Condition”) of redeeming the Promissory Note in cash by the Company is: within 3 years from the date of issuing the Promissory Note, all the listed Warrants (Warrant Code: 8015) issued by the Company have been exercised.

If the Redemption Condition is fulfilled, the Company shall redeem the Promissory Note within 10 business days after fulfillment of the Redemption Condition.

If the Redemption Condition is not fulfilled as of the third anniversary of issuing the Promissory Note, then the Company will no longer redeem the Promissory Note, and the Promissory Note will be invalid.

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 5 (31 December 2017: 5) and total cash and bank balances amounted to approximately HK\$20,149,000 (31 December 2017: HK\$24,182,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 30 June 2018, the gearing ratio based on total debts over total equity was zero (31 December 2017: 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 2018 are set in note 11 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2018.

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 2018, 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 2018, there was a total of 12 (31 December 2017: 12) staff employed by the Group. The staff costs, including directors' remuneration, for the six months ended 30 June 2018 were approximately HK\$660,000. 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 2018, 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%
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:

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 2018, 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 2018, 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 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:

1. The letter "L" denotes the long position in the Shares.
2. Honour Sky International Limited is a private company wholly and beneficially owned by China Technology Education Trust Association (the "Trust Association"). Accordingly, the Trust Association is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to technology education and employment in Hong Kong and Mainland China. Mr. Xiang Xin is a chairman of the Trust Association.
3. According to the disclosure of interest of the Stock Exchange, Kuan Hsin Huei, Ruan Xiaoping, Yu Bin, Zheng Yan, Chen Yingjiu and Wang Jiajun are the parties acting in concert. They are interested in shares of approximately 17.07% and in warrants of approximately 4.50% of the total issued share capital of the Company.
4. The approximately percentage of interests in the Company is calculated on the basis of 42,716,118,022 Shares in issue as at 30 June 2018.

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 2018, 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 GEM of the Stock Exchange of Hong Kong Limited.

During the period of the first six months in 2018, 1,600 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 2018.

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.

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.

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 2018 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.

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

Hong Kong, 10 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. Xiang Xin (Chairman), Mr. Chan Cheong Yee and Mr. Yip Wing Ho; 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.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on GEM website on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company website at www.8171.com.hk.