



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
2019

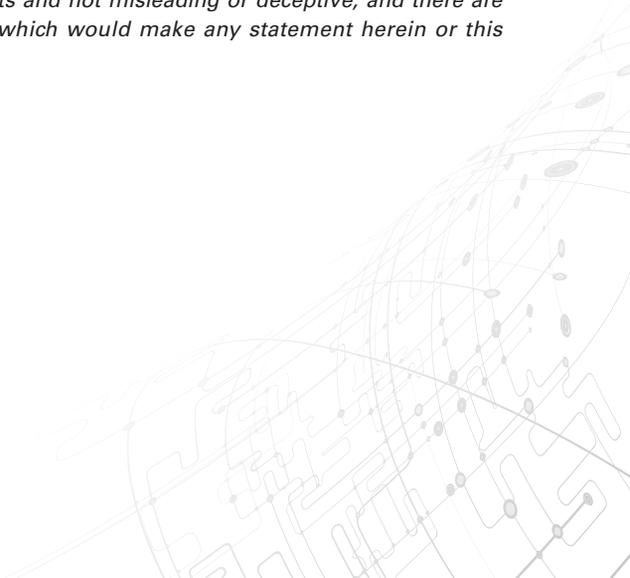
CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

ALTERNATE DIRECTOR

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

COMPLIANCE OFFICER

Mr. Xiang Xin
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

AUDIT COMMITTEE AND REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

PRINCIPAL BANKERS

Bank of China
Minsheng Bank
Hua Xia Bank

PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTER AND TRANSFER OFFICE

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

AUDITOR

ZHONGHUI ANDA CPA Limited

LEGAL ADVISERS

As to Cayman Islands Law
Conyers Dill & Pearman

As to Hong Kong Law
Michael Li & Co

STOCK CODE

8171

WEBSITE

www.8171.com.hk

FINANCIAL HIGHLIGHTS

- Reported a revenue of approximately HK\$71,303,000 for the six months ended 30 June 2019
- Reported a net loss after tax of approximately HK\$3,230,000 and a basic loss per share attributable to owners of the Company of HK\$0.008 cents for the six months ended 30 June 2019. The net profit for the first six months of 2019 was approximately HK\$734,000 after deducting non-recurring expenses

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group recorded a revenue of approximately HK\$71,303,000 (six months ended 30 June 2018: HK\$38,883,000), representing an increase of approximately 83.38% as compared to that of previous period.

The Group's gross profit increased to approximately HK\$2,172,000 for the six months ended 30 June 2019 from approximately HK\$1,258,000 for the six months ended 30 June 2018, representing an increase of approximately 72.66%.

Loss attributable to owners of the Company for the six months ended 30 June 2019 was approximately HK\$3,230,000 (six months ended 30 June 2018: HK\$5,584,000).

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 2018, in the first six months of 2019, both operating revenue and gross profit have achieved significant growth. The net profit for the first six months of 2019 was approximately HK\$734,000 after deducting non-recurring expenses such as the litigation fee of approximately HK\$1,810,000 against Asia Television Limited, the share of the associate's loss of approximately HK\$1,112,000 and the depreciation of the assets of approximately HK\$1,042,000.

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

1. On 11 April 2019, the Company entered into a cooperation agreement with 深圳優優購智能商業網絡科技有限公司 (Shenzhen WealthGo Company Limited)* ("Shenzhen WealthGo"), Mr. Wang Xinjie and Mr. Chen Xin, pursuant to which the Company shall (i) customise and sell an estimated one million sets of vending machines, where each set of vending machine(s) consists of a minimum of one and a maximum of ten, to Shenzhen WealthGo via Boss Dream (China) Limited, a subsidiary of the Company; (ii) support Shenzhen WealthGo in their operating vending machines project; and (iii) provide services in relation to the exchange of vouchers for gifts for the members of the "WealthStorm" platform of the Group.

The plans of Shenzhen WealthGo are as follows: (i) in 2019, being the “pilot” year, Shenzhen WealthGo is expected to order 1,000 sets of vending machines; (ii) in 2020, being the “promotion” year, Shenzhen WealthGo is expected to order 10,000 sets of vending machines; (iii) in 2021, being the “development” year, Shenzhen WealthGo is expected to order 100,000 sets of vending machines; and (iv) in 2022, being the “outbreak” year, Shenzhen WealthGo is expected to order 1,000,000 sets of vending machines.

All parties to the Cooperation Agreement have agreed on the e-commerce media business model of the WealthStorm, and agreed to connect all vending machines with the WealthStorm, including but not limited to all the media resources that “暢讀”, the full digital magazine reading platform developed by 北京維旺明科技股份有限公司 (Beijing Viva Technologies Limited)*, which has authorized the Company for distribution.

During the period of this cooperation, not only would the Company supply paid hardware (i.e. vending machines) to Shenzhen WealthGo via Boss China, but also it would provide free app software and import customers to Shenzhen WealthGo, while Shenzhen WealthGo is responsible for searching supplier channel and laying hardware. Furthermore, Shenzhen WealthGo agreed that the Company or Boss China would obtain 50% of the gross profit of the Project after deducting the third-party expenses (including e-commerce revenue and advertising revenue and without deduction of depreciation), and that the gross profit from the previous month would be distributed on the first day of every month, in which the gross profit includes the payment via vending machines by cash or by scan code. If the income of Shenzhen WealthGo is negative after deducting all costs, Shenzhen WealthGo would not need to pay the gross profit share to the Company for that respective month. The loss would be accumulated to the next month and the gross profit would only be distributed when there is a positive business margin, and so on.

** For identification purposes only*

PROSPECT

The Group will continue to expand the trading business and 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.

UPDATE ON LISTING STATUS

The Company has received a letter dated 10 June 2019 from the Stock Exchange (the "Letter") which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the Stock Exchange considers that the Company has 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 has therefore decided to suspend trading in the 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 "Decision"). The Company has submitted a written request to the GEM Listing Committee of the Stock Exchange (the "GEM Listing Committee") 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.

For details, please refer to the announcements of the Company dated 10 June 2019, 14 June 2019 and 4 July 2019.

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 will 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.

Pending further directions to be made by the Court, the Company will obtain an expert report opining on the valuation of the Company's loss of profits reasonably contemplated under the Equity Transfer Agreement. The Company will also obtain Counsel's advice within the time directed by the Court to ensure proper preparation of the Case. In the meantime, the Company has indicated its willingness to attempt mediation with a view to settling the Case but if mediation is unsuccessful, the Company will take steps to set the Case down for trial.

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\$14,322,000 (31 December 2018: HK\$21,616,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities. As at 30 June 2019, the gearing ratio based on total debts over total equity was zero (31 December 2018: 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 2019 are set in note 11 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2019.

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 2019, 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 2019, there was a total of 12 (31 December 2018: 12) staff employed by the Group. The staff costs, including directors' remuneration, for the six months ended 30 June 2019 were approximately HK\$623,000. 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 2019, 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 2019, 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 2019, 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.
- 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 2019.
- 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.

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Save as disclosed above, as at 30 June 2019, 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 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 2019, 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 2019.

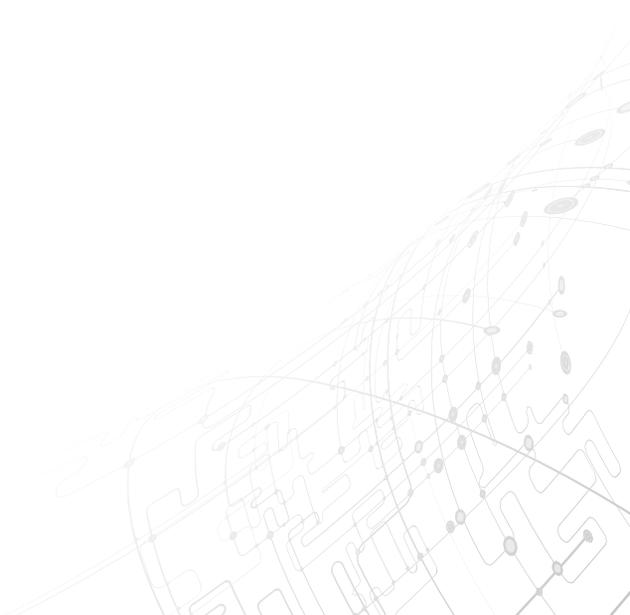
PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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, 9 August 2019

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

1. Mr. Xiang Xin 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.

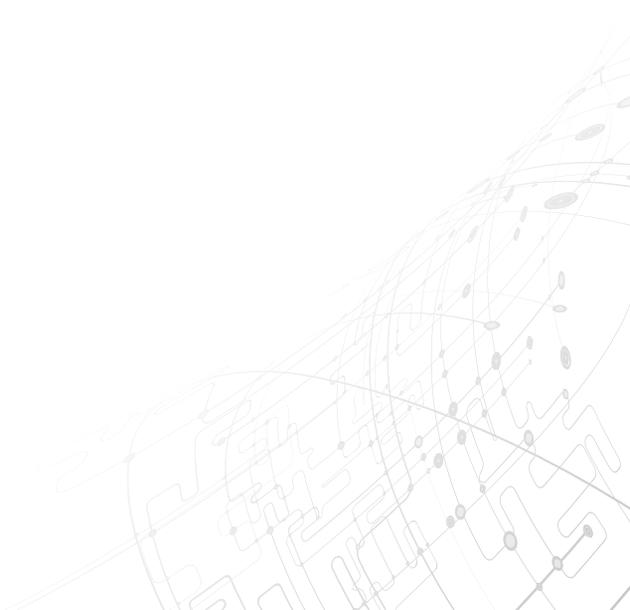
DIRECTORS' SECURITIES TRANSACTIONS

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 2019 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.

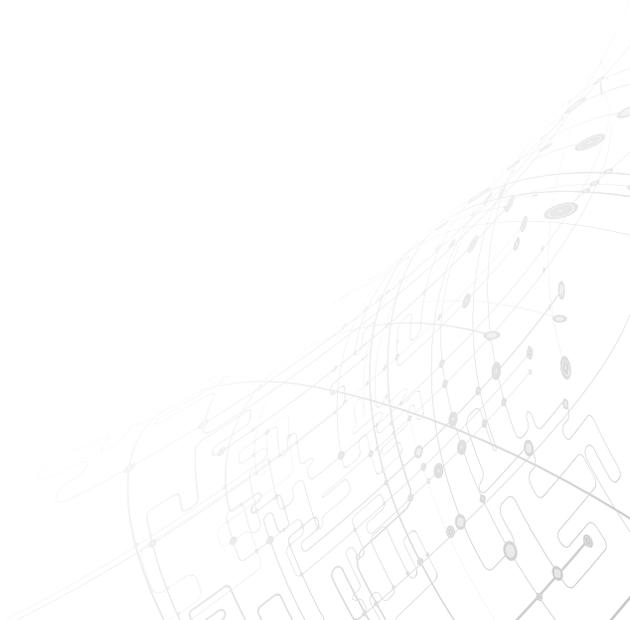


CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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 2019, together with the unaudited comparative amounts for the corresponding periods in 2018, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
		HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited
REVENUE	4	71,303	38,883	41,084	15,308
Cost of sales		(69,131)	(37,625)	(39,924)	(14,852)
GROSS PROFIT		2,172	1,258	1,160	456
Other income and gains	4	529	151	420	87
Administrative and other operating expenses		(5,885)	(6,993)	(3,278)	(4,792)
Finance cost		(46)	-	(46)	-
LOSS BEFORE TAX	5	(3,230)	(5,584)	(1,744)	(4,249)
Income tax expenses	6	-	-	-	-
LOSS FOR THE PERIOD		(3,230)	(5,584)	(1,744)	(4,249)
OTHER COMPREHENSIVE INCOME/(LOSS):					
Items that may be classified to profit or loss:					
Exchange differences on translation of foreign operations		59	1,977	(2,359)	(210)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(3,171)	(3,607)	(4,103)	(4,459)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		(3,245)	(5,582)	(1,758)	(4,245)
Non-controlling interests		15	(2)	14	(4)
		(3,230)	(5,584)	(1,744)	(4,249)

		Six months ended 30 June		Three months ended 30 June	
		2019	2018	2019	2018
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	(3,186)	(3,605)	(4,116)	(4,454)
	Non-controlling interests	15	(2)	13	(5)
		(3,171)	(3,607)	(4,103)	(4,459)
LOSS PER SHARE					
	Basis (HK cents per share)	7	(0.013)	7	(0.01)
	Diluted (HK cents per share)	7	N/A	7	N/A



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The unaudited condensed consolidated statement of financial position as at 30 June 2019, together with the audited consolidated statement of financial position as at 31 December 2018, were as follows:

	Notes	30 June 2019 HK\$'000 Unaudited	31 December 2018 HK\$'000 Audited
NON-CURRENT ASSETS			
Right-of-use assets		1,422	–
Property, plant and equipment		179	262
Intangible assets	8	15,000	15,000
Investment in an associate		22,299	23,431
Equity investments at fair value through other comprehensive income		22,800	22,800
		61,700	61,493
CURRENT ASSETS			
Trade receivables		45,590	35,009
Prepayments, deposits and other receivables	9	881	1,568
Short term investment		3,412	–
Cash and bank balances	10	14,322	21,616
		64,205	58,193
CURRENT LIABILITIES			
Lease liabilities		1,439	–
Trade payable		–	–
Other payables and accruals		10,429	2,250
Tax payable		57	285
		11,925	2,535
NET CURRENT ASSETS			
		52,280	55,658
TOTAL ASSETS LESS CURRENT LIABILITIES			
		113,980	117,151
NET ASSETS			
		113,980	117,151
EQUITY			
Equity attributable to owners of the Company			
Issued capital	11	427,161	427,161
Other reserves		(314,669)	(311,483)
		112,492	115,678
NON-CONTROLLING INTERESTS			
		1,488	1,473
TOTAL EQUITY			
		113,980	117,151

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
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
As 1 January 2019 (Audited)	427,161	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	115,678	1,473	112,151
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 Jun 2019 (Unaudited)	427,161	298,065	10,448	(956)	11,157	(1,638)	(631,745)	112,492	1,488	113,980

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	
	2019 <i>HK\$'000</i> Unaudited	2018 <i>HK\$'000</i> Unaudited
Net cash used in operating activities	(3,836)	(4,033)
Net cash used in investing activities	(3,412)	–
Net cash used in financing activities	(46)	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,294)	(4,033)
Cash and cash equivalents at the beginning of the period	21,616	24,182
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14,322	20,149

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 2018.

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 2019. 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 except as stated below.

HKFRS 16 "Leases"

The Group has transitioned to HKFRS 16 in accordance with the modified retrospective approach and, therefore, the information presented for 2018 has not been restated. The right-of-use assets for operating lease was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The adjustment of the opening balances (affected items only) below results from the initial application of the HKFRS 16 as at 1 January 2019. The prior-year amounts were not adjusted.

	31 December 2018	HKFRS 16 Contract capitalisation	1 January 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)	(unaudited)
Assets:			
Right-of-use assets	–	2,380	2,380
Liabilities:			
Lease liabilities	–	2,380	2,380

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 2019 (Unaudited)

	Trading of electronic technology and related products	Media solutions business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<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)

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			(6,993)
Loss before tax			(5,584)
Income tax expenses			–
Loss for the period			(5,584)

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

	Six months ended 30 June				Three months ended 30 June			
	2019		2018		2019		2018	
	<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)	71,303	100	38,883	100	41,084	100	15,308	100
	71,303	100	38,883	100	41,084	100	15,308	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	
	2019 HK\$'000 Unaudited	2018 HK\$'000 Unaudited	2019 HK\$'000 Unaudited	2018 HK\$'000 Unaudited
Revenue				
Sales of goods	71,303	38,883	41,084	15,308
Other income and gains				
Bank interest income	121	38	57	27
Others	408	113	363	60
	529	151	420	87

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	
	2019 HK\$'000 Unaudited	2018 HK\$'000 Unaudited	2019 HK\$'000 Unaudited	2018 HK\$'000 Unaudited
Cost of sales	69,131	37,625	39,924	14,852
Auditors' remuneration	206	199	95	66
Depreciation	80	88	39	44
Depreciation on right-of-use assets	958	–	479	–
Employee benefits expense (including directors' remuneration)				
– wages, salaries and allowances	534	569	265	284
– other benefits in kind	47	72	26	36
– pension scheme contributions	42	19	19	8
	623	660	310	328
Minimum lease payments under operating lease in respect of land and buildings	–	962	–	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 2019 (six months ended 30 June 2018: 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 2019 and 30 June 2018.

The calculations of basic loss per share are based on:

	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
	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
	(3,245)	(5,582)	(1,758)	(4,245)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2019	2018	2019	2018
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	42,716,117,324	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 2019 and 2018.

8. INTANGIBLE ASSETS

	Rights and Copyrights <i>HK\$'000</i> <i>(note)</i>
At 30 June 2019 (Unaudited)	
Cost	517,279
Accumulated amortisation and impairment losses	(502,279)
Carrying amount	15,000
At 31 December 2018 (Audited)	
Cost	517,279
Accumulated amortisation and impairment losses	(502,279)
Carrying amount	15,000

Notes:

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

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

- (b) Copyright of a film library (the “Copyright”) of the Group represents the copyright of five series (a total of 321 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. Impairment of HK\$2,219,000 has been provided as the fair value less costs of disposal is lower than its carrying amount at 31 December 2017. On 28 December 2017, Nopo International, a wholly-owned subsidiary of the Company, entered into the Agreement with Rich Group International (HK) Limited (“Rich Group”), 上海奉天實業有限公司 (“Shanghai Fengtian”) and Ms. Zou Dongming, pursuant to which Nopo International and Rich Group had jointly established a new company in Hong Kong, and by which to invest and increase the share capital of Shanghai Fengtian. During the year ended 31 December 2018, Nopo International invested the sum of RMB22,000,000 including the Copyright with evaluation value of RMB20,500,000 and RMB1,500,000 in cash (included in “Other payables and accruals” at end of the reporting period) to acquire 25% shareholding of the associate.
- (c) The rights granted by a mobile location-based service provider (the “Agent Rights”) to a subsidiary of the Company as an agent of the products of the mobile location-based services provider in the PRC and the sole franchised dealer in overseas market.

During the year ended 31 December 2011, the execution of the project was interrupted. Due to the unpredictability of future profit streams, an impairment loss of the Agent Rights of approximately HK\$19,485,000 was recognised in the consolidated financial statements for the same reporting period.

- (d) The rights of use and distribution rights of the “Viva Reading” content copyright of the website (the “Viva Reading Rights”) were acquired during the year ended 31 December 2018, with an indefinite useful lives at a consideration of HK\$30,000,000. The fair value as at 31 December 2018 of the Viva Reading Rights has been valued by 江蘇天誠新元資產評估有限公司 under the revenue method. In accordance with the valuation report by the valuer, the recoverable amount of the Viva Reading Rights of HK\$15,000,000 has been determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurements). The discount rate used was 17 per cent. 江蘇天誠新元資產評估有限公司 is an asset evaluation company approved by the State-owned Assets Administration Bureau of Jiangsu Province, a China CPV (certified public valuer) approved by China Appraisal Society, and has over 10 years of experience in asset valuation.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	Unaudited	Audited
Prepayments	219	363
Deposit paid for acquisition of a subsidiary	3,000	3,000
Rental deposit (<i>note 15</i>)	422	328
Other receivables	2,060	2,747
Less: Impairment loss recognised	(4,820)	(4,870)
	881	1,568

10. CASH AND BANK BALANCES

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	Unaudited	Audited
Cash and bank balances	14,322	21,616

11. SHARE CAPITAL

	30 June 2019	31 December 2018
	HK\$'000	HK\$'000
	Unaudited	Audited
Authorised:		
100,000,000,000 (2018: 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 (2018: 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 2019, 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 2019 and 30 June 2018 are as follows:

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 (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
		1,207,000,000	-	-	-	1,207,000,000	

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	

13. OPERATING LEASES COMMITMENTS

At 30 June 2019, the Group had total future minimum lease payments under noncancellable operating leases in respect of land and buildings as follows:

	30 June 2019 HK\$'000 Unaudited	31 December 2018 HK\$'000 Audited
Within one year	–	1,973
In the second to fifth year, inclusive	–	480
	–	2,453

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 2019.

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>	2019 HK\$'000 Unaudited	2018 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	445	482	
Rental deposit paid	168	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\$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.

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

16. CONTINGENT LIABILITIES

As at 30 June 2019, 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 2019 (six months ended 30 June 2018: Nil).