



CHINA TRENDS HOLDINGS LIMITED

中國趨勢控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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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.

HIGHLIGHTS

- Revenue for the year ended 31 December 2015 amounted to approximately HK\$116,496,000.
- Net loss attributable to owners was HK\$4,874,000 with basic loss per share of HK\$0.07 cents. Decrease in loss for the year because of grant of share option amounted to approximately HK\$12,456,000 share-based payments expense during the year 2014.

RESULTS

The board (the “Board”) of directors (the “Directors”) of China Trends Holdings Limited (the “Company”) are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015, together the audited comparative figures for the corresponding year in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
REVENUE	4	116,496	56,540
Cost of sales		(112,961)	(54,106)
Gross profit		3,535	2,434
Other income and gains	4	208	171
Administrative and other operating expenses		(8,636)	(20,978)
LOSS BEFORE TAX	5	(4,893)	(18,373)
Income tax expenses	6	–	–
LOSS FOR THE YEAR		(4,893)	(18,373)
OTHER COMPREHENSIVE LOSS			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(3,364)	(1,621)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(8,257)	(19,994)

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(4,874)	(18,352)
Non-controlling interests		(19)	(21)
		<u>(4,893)</u>	<u>(18,373)</u>
TOTAL COMPREHENSIVE LOSS			
FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(8,205)	(19,957)
Non-controlling interests		(52)	(37)
		<u>(8,257)</u>	<u>(19,994)</u>
LOSS PER SHARE			
Basic (<i>HK cents per share</i>)	7	<u>(0.07)</u>	<u>(0.28)</u>
Diluted (<i>HK cents per share</i>)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		805	1,110
Intangible assets		25,000	25,000
Available-for-sale investment		22,800	22,800
		<hr/>	<hr/>
Total non-current assets		48,605	48,910
CURRENT ASSETS			
Trade receivables	8	64,989	9,919
Prepayments, deposits and other receivables		5,867	58,444
Cash and bank balances	9	5,471	7,485
		<hr/>	<hr/>
Total current assets		76,327	75,848
CURRENT LIABILITIES			
Other payables and accruals		3,907	476
		<hr/>	<hr/>
Total current liabilities		3,907	476
Net current assets		72,420	75,372
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		121,025	124,282
		<hr/>	<hr/>
NET ASSETS		121,025	124,282
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Issued capital		203,998	66,350
Equity component of convertible bonds	10	–	391,534
Other reserves		(84,375)	(335,056)
		<hr/>	<hr/>
Non-controlling interests		119,623	122,828
		1,402	1,454
		<hr/>	<hr/>
TOTAL EQUITY		121,025	124,282
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Attributable to owners of the Company										
	Issued capital	Share premium account	Share option reserve	Foreign currency translation reserve	Equity component of convertible bonds	Special reserve	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	66,350	235,563	-	5,573	391,534	11,157	(1,638)	(578,210)	130,329	1,491	131,820
Total comprehensive loss for the year	-	-	-	(1,605)	-	-	-	(18,352)	(19,957)	(37)	(19,994)
Share-based payments	-	-	12,456	-	-	-	-	-	12,456	-	12,456
At 31 December 2014 and 1 January 2015	66,350	235,563	12,456	3,968	391,534	11,157	(1,638)	(596,562)	122,828	1,454	124,282
Total comprehensive loss for the year	-	-	-	(3,331)	-	-	-	(4,874)	(8,205)	(52)	(8,257)
Exercise of share options	1,000	5,934	(1,934)	-	-	-	-	-	5,000	-	5,000
Conversion of convertible bonds into shares (<i>Note 10</i>)	136,648	254,886	-	-	(391,534)	-	-	-	-	-	-
At 31 December 2015	<u>203,998</u>	<u>496,383</u>	<u>10,522</u>	<u>637</u>	<u>-</u>	<u>11,157</u>	<u>(1,638)</u>	<u>(601,436)</u>	<u>119,623</u>	<u>1,402</u>	<u>121,025</u>

Notes:

1. CORPORATE INFORMATION

China Trends Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at 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, mainly develops business of low-carbon digital products solutions and applications and provides media and e-commerce platforms and media advertising services.

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

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2015. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ; 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 year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. 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. OPERATING SEGMENT INFORMATION

The Group’s revenue and result for the year ended 31 December 2015 were mainly derived from its operating segment of trading of electronic technology and related products. For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segment as follows:

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

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

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

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

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

	For the year ended 31 December					
	Trading of electronic technology and related products		Media business (Note)		Consolidated total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Segment revenue:						
Sales to external customers	116,496	56,540	-	-	116,496	56,540
	<u>116,496</u>	<u>56,540</u>	<u>-</u>	<u>-</u>	<u>116,496</u>	<u>56,540</u>
Segment results	(2,073)	(2,254)	-	-	(2,073)	(2,254)
Reconciliation:						
Other income and gains					100	71
Unallocated expenses					(2,920)	(16,190)
Loss before tax					(4,893)	(18,373)
Income tax expenses					-	-
Loss for the year					<u>(4,893)</u>	<u>(18,373)</u>
Other segment information:						
Capital expenditure	2	8	-	-	2	8
Share-based payments	-	12,456	-	-	-	12,456
Depreciation	<u>226</u>	<u>239</u>	<u>28</u>	<u>64</u>	<u>254</u>	<u>303</u>

	As at 31 December					
	Trading of electronic technology and related products		Media business (Note)		Consolidated total	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Segment assets	72,223	73,677	25,000	25,000	97,223	98,677
Unallocated assets					<u>27,709</u>	<u>26,081</u>
Total assets					<u>124,932</u>	<u>124,758</u>
Segment liabilities	2,625	200	-	-	2,625	200
Unallocated liabilities					<u>1,282</u>	<u>276</u>
Total liabilities					<u>3,907</u>	<u>476</u>

Note: The mode of operation of the Group's media business through the provision of Copyright of a film library held by the Group and receives royalty income. The Group entered into a cooperation framework agreement with Europe and America Joint Students Pioneering Park Limited was not yet implemented as at the date of this announcement due to 博思夢想(中國)有限公司, the main subsidiary of the Company, was involved in malicious litigation in the Mainland China. All parties of the litigation have reached a settlement in Zhenjiang Intermediate People's Court mediation on 24 June 2015. There is no progress of the above cooperation framework agreement during the year 2015 as compared with 2014 annual reporting date.

Geographical information

(a) Revenue from external customers

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	68,848	56,540
Mainland China (excluding Hong Kong)	47,648	–
	<u>116,496</u>	<u>56,540</u>

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

(b) Non-current assets

	As at 31 December	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	10	39
Mainland China (excluding Hong Kong)	25,795	26,071
Overseas	22,800	22,800
	<u>48,605</u>	<u>48,910</u>

Revenue from major customers

	For the year ended 31 December	
	2015 HK\$'000	2014 HK\$'000
<i>Trading of electronic technology and related products segment</i>		
Customer A	68,848	56,540
Customer B	36,456	–
Customer C	11,192	–
	<u>116,496</u>	<u>56,540</u>

4. REVENUE, OTHER INCOME AND GAINS

Revenue 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Sales of goods	116,496	56,540
Other income and gains		
Bank interest income	101	31
Net exchange gains	–	40
Others	107	100
	208	171

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of sales	112,961	54,106
Auditors' remuneration		
— Annual audit	321	325
— Other services	15	15
Total auditors' remuneration	336	340
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and allowances	1,664	1,101
— Other benefits in kind	37	147
— Share-based payments	–	6,194
— Pension scheme contributions	40	36
Total employee benefits expenses	1,741	7,478
Depreciation	254	303
Minimum lease payments under operating leases, land and buildings	1,924	1,945
Net exchange losses/(gains)	148	(40)

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Group has tax loss during the years ended 31 December 2015 and 2014. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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

	2015 HK\$'000	2014 HK\$'000
Loss before tax:	<u>(4,893)</u>	<u>(18,373)</u>
Tax at the statutory tax rate of 16.5% (2014: 16.5%)	(807)	(3,032)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(163)	(168)
Income not subject to tax	–	(4)
Expenses not deductible for tax	6	2,069
Tax effect of taxes losses not recognised	<u>964</u>	<u>1,135</u>
Tax charge at the Group’s effective tax rate	<u>–</u>	<u>–</u>

At 31 December 2015, the Group has unused tax losses of approximately HK\$96,227,000 (2014: HK\$91,375,000) available indefinitely for offset against future profits. No deferred tax asset (2014: HK\$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

7. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

	2015 HK\$'000	2014 HK\$'000
Losses		
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u>(4,874)</u>	<u>(18,352)</u>
	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	<u>6,767,110,297</u>	<u>6,635,001,932</u>

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the years ended 31 December 2015 and 2014.

8. TRADE RECEIVABLES

The Group grants a credit period normally ranging from cash on delivery to 90-180 days to its trade customers.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	64,989	9,919
Less: impairments	<u>–</u>	<u>–</u>
	<u>64,989</u>	<u>9,919</u>

An aged analysis of the trade receivables as at the end of the reporting period before the impairment during the year, based on the invoice date, is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	46,783	4,950
31 to 60 days	5,676	4,969
61 to 90 days	–	–
Over 91 days	<u>12,530</u>	<u>–</u>
	<u>64,989</u>	<u>9,919</u>

As of 31 December 2015, the Company doesn't have trade receivables that were past due but not impaired (2014: HK\$nil).

9. CASH AND BANK BALANCES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cash and bank balances	5,471	6,077
Time deposits	<u>–</u>	<u>1,408</u>
	<u>5,471</u>	<u>7,485</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) was RMB346,000 (2014: RMB1,682,000) (equivalent to approximately HK\$407,000 (2014: HK\$2,099,000)). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposits rate. The bank balances are deposited with credit worthy banks with no recent history of default. The carrying amounts of the bank balances and cash approximate to their fair values.

10. CONVERTIBLE BONDS

On 30 December 2009, the Company issued zero-coupon convertible bonds (the “Convertible Bonds”) with a nominal value of HK\$595,000,000 as part of the consideration of HK\$600,000,000 for acquiring 100% equity interest in Legend Century Investments Limited and its subsidiaries. The Convertible Bonds are interest-free and convertible at the option of the bondholders into ordinary shares of the Company on or before 30 December 2012 at a conversion price of HK\$0.125 (subject to change) each. On 15 June 2010, the conversion price for the Convertible Bonds had been adjusted to HK\$0.037 per share as a result of the completion of the Rights Issues on 8 July 2010.

The details and the movement of the Convertible Bonds during the reporting periods and outstanding as at end of the reporting period were as follows:

	Nominal value	Equity component
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2010	595,000	460,768
Less: amount converted into the shares of the Company on 7 July 2010	<u>(89,403)</u>	<u>(69,234)</u>
Balance at 31 December 2011, 31 December 2012, 31 December 2013, 31 December 2014 and 1 January 2015	505,597	391,534
Less: amount converted into the shares of the Company during the year	<u>(505,597)</u>	<u>(391,534)</u>
Balance at 31 December 2015	<u> –</u>	<u> –</u>

As at 31 December 2012, the conversion right to convert the outstanding Convertible Bonds have been expired. The Company and the Convertible Bonds holders entered into a conditional Deed of Amendment on 18 April 2013 to (i) extend the maturity date of the outstanding Convertible Bonds for a further terms of 3 years from 30 December 2012 to 30 December 2015, being the revised maturity date; and (ii) clarify that any outstanding Convertible Bonds not converted on the revised maturity date due to conversion restrictions will be cancelled. All other terms of the Convertible Bonds shall remain unchanged and valid.

During the year ended 31 December 2015, the convertible bonds are converted into ordinary shares of the Company.

11. CONTINGENT LIABILITIES

As at 31 December 2015, the Group and the Company did not have any significant contingent liabilities (2014: Nil).

12. OPERATING LEASE COMMITMENTS

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

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,635	1,936
In the second to fifth years, inclusive	<u> 480</u>	<u> 2,156</u>
	<u> 2,115</u>	<u> 4,092</u>

13. RELATED PARTY TRANSACTIONS

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

	<i>Notes</i>	2015 HK\$'000	2014 HK\$'000
New Era Group (China) Limited	<i>(a)</i>		
Rental paid		960	960
Rental deposit paid		160	160
New Era Foundation (China) Limited	<i>(b)</i>		
Rental paid		638	648
Rental deposit paid		106	112
		<u>106</u>	<u>112</u>

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 in the 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 further extended a 36 months commencing from 1 July 2014, agreed by both the Company and New Era.
- (b) On 1 December 2009, a subsidiary of the Company, 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 (equivalent to approximately HK\$115,000) 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\$112,000), and a monthly rental of approximately RMB43,000 to New Era China with no rent free period. The deposit was included in prepayments, deposits and other receivables in the consolidated statement of financial position.

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

- (ii) Compensation of key management personnel of the Company:

	2015 HK\$'000	2014 HK\$'000
Salaries, allowances and benefits in kind	427	440
Equity-settled share option expenses	–	6,194
Pension scheme contributions	–	–
	<u>427</u>	<u>6,634</u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2015 and 2014.

CHAIRMAN'S STATEMENT

On behalf of the Board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company"), I am pleased to present to you the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015.

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

FINANCIAL REVIEW

During the year ended 31 December 2015, the Group recorded a revenue of approximately HK\$116,496,000 (2014: HK\$56,540,000), representing an increase of 106%. The Group recorded a increase as compared to last year in revenue was mainly due to Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company, being reached a settlement from all parties from the malicious litigation from Zhengjiang New district in Zhengjiang Intermediate People's Court mediation on 24 June 2015. As a result, Boss China has contributed on revenue to the Group to approximately HK\$47,648,000 (2014: NIL) during the year ended 31 December 2015.

During the year ended 31 December 2015, the Group incurred a loss of approximately HK\$4,893,000 (2014: HK\$18,373,000) in which the loss attributable to the owners of the Company was approximately HK\$4,874,000 (2014: HK\$18,352,000). Loss for the year decreased significantly during the year mainly arising from grant of share option to Directors, employee and other advisers amounting to approximately HK\$12,456,000 share-based payments expenses during the year 2014.

OPERATIONAL REVIEW

1. On 28 April 2015, the Company entered into a framework agreement with Shenzhen Youshi Interactive Information Technology Co. ("Youshi Interactive") in relation to the Interactive TV shopping platform business (the "Object Business").

On 14 May 2015, the Company, Boss China, Boss Dream Culture Communication Limited (“Boss Culture”) and Youshi Interactive entered into an official cooperative agreement in relation to the Object Business. According to the cooperative agreement, Youshi Interactive transferred the Object Business to Boss Culture. Boss China and Boss Culture expect the Object Business will generate revenue in form of pay-for-performance (“PFP”) and Cost per mile (“CPM”). Meanwhile, the Company proposes to issue the convertible bond to Youshi Interactive under general mandate as an incentive in proportion to (i) the number of machine installed with interactive generated TV shopping platform software and (ii) the expected average net profit generated from non-membership mode of the Object Business for future three years.

The convertible bond proposed to be issued at the conversion price of HK\$0.06 per conversion share will be allotted and issued at a maximum number of 466,666,667 conversion share, which is an amount of HK\$28,000,000 convertible bond. The conversion shares will be allotted and issued under the general mandate. No convertible bond has been issued as at year ended 31 December 2015.

2. On 10 June 2015, Boss China, Boss Culture and Shenzhen Coocaa Network Technology Co. (“Coocaa Network”) entered into an official cooperative agreement on development, maintenance and operational matters in relation to TV e-commerce platform of Skyworth and Coocaa brand.
3. On 18 June 2015, Boss China, Boss Culture and Guangzhou Huan Network Technology Co., Ltd entered into an official cooperative agreement on development, maintenance and operational matters in relation to TV e-commerce platform of TCL and ChangHong brand.
4. On 24 June 2015, the Company was informed by Boss China that, all parties from the malicious litigation from Zhengjiang New District (the “Litigation”) have reached a settlement in Zhengjiang Intermediate People’s Court mediation on 24 June 2015. There is no longer dispute between the plaintiff and the defendant and the third parties on the issue of the Litigation.
5. On 26 June 2015, the Company associate, Dooda Innovation (China) Limited, Grand Far Sky (China) Limited, Boss Culture and Huangshan Happy New World Company Limited entered into a framework agreement in relation to Interactive TV platform corporative project.
6. On 15 July 2015, Boss China, Boss Culture and ShenZhen Tongfang Multimedia Technology Co., Ltd. entered into an official cooperative agreement on development, maintenance and operational matters in relation to TV e-commerce platform of Tsinghua Tongfang brand.
7. On 17 August 2015, the Company, China Innovation Investment Limited and Shenzhen Qianhai Tianhe Cultural Industries Fund Management Co., Ltd entered into a cooperative framework agreement in relation to joint investment in new media project.
8. On 8 November 2015, the Company conditionally entered into an agreement with Asia Television Limited in relation to the transfer of 100% equity interest of ATV CEPA Promotion Limited, a wholly-owned subsidiary of Asia Television Limited.

9. On 23 November 2015, the Company entered into a cooperative memorandum with Kunshan CreatComm Technology Co. Ltd* (昆山創通微電子有限公司) in relation to the application requirements on Free Mobile Internet and Free Mobile TV (Skynet).
10. On 11 December 2015, the Company and Jiangsu Canton Vivien Technology Co. Limited* (江蘇廣和慧雲科技股份有限公司) entered into a cooperative agreement in relation to the internet television network of content delivery network (CDN) corporation.
11. On 3 February 2016, Honour Sky International Limited and China Technology Education Trust Association issued a consent letter to the Company in relation to the provision of standby facility in the principal amount HK\$500,000,000. The drawdown of the facility shall be utilized by the Company for investment or acquisition of a designated media project which is public service oriented and would facilitate youth's innovation and entrepreneurship both in PRC and Hong Kong.
12. On 12 February 2016, the Company through its solicitors issued a letter to Asia Television (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.
13. On 19 February 2016, the Company and Coocaa Network entered into a cooperative agreement in relation to the Children Intelligent TV.
14. On 29 February 2016, the Company and Guotai investment entered into a priority investment agreement whereby Guotai investment has agreed to offer the Company priority to invest in any of Guotai investment's media and/or e-commerce businesses on preferential conditions with investment consideration referenced to net asset value.

OUTLOOK AND PROSPECT

The Group will continue to expand the business in Hong Kong and 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Gearing

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. The Group maintained a healthy liquidity position with a current ratio of approximately 20 (2014: 159) and total cash and bank balances amounted to approximately HK\$5,471,000 (2014: HK\$7,485,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities.

Capital Structure and Fluctuation in Exchange

The capital of the Company comprised ordinary shares only as at 31 December 2015. During the year under review, sales and purchases of the Group were mainly transacted in Renminbi, United States dollars and Hong Kong dollars. As at 31 December 2015, a substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in Renminbi, United States dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

Employees

As at 31 December 2015, there were a total of 18 (2014: 12) full-time staff employed by the Group. The staff costs including Directors' remuneration for the year were approximately HK\$1,741,000 (2014: HK\$7,478,000) of which approximately nil (2014: HK\$6,194,000) share-based payments expenses incurred as a result of grant of share options during the year. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share-based payments.

Charge, Contingent Liabilities and Commitments

As at 31 December 2015, the Group had commitments under operating lease amounting to approximately HK\$2,115,000 (2014: HK\$4,092,000) and there were no charges on any assets of the Group.

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. Mr. Xiang Xin was the Co-Chairman of the Board and Chief Executive Officer of the Company during the year 2015. 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 Co-Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.
2. The Company has no fixed terms of appointment for non-executive Directors. The independent non-executive Directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the relevant article under the Articles of Association of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive Directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable, and does not intend to change the current practice at the moment.

AUDITORS

The financial statements for the years ended 31 December 2014 and 2015 were audited by ZHONGHUI ANDA CPA Limited.

A resolution for the re-appointment of ZHONGHUI ANDA CPA Limited as auditors of the Company until the conclusion of the next annual general meeting is to be proposed at the forthcoming annual general meeting of the Company.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Audit Committee currently comprises all four independent non-executive Directors of the Company, Mr. Zhang Zhan Liang as the chairman, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit as the members.

The Audit Committee examined the accounting principles and practices adopted by the Company and its subsidiaries and discussed with the management its internal controls and accounts. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

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 year.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the Stock Exchange's and the Company's websites in due course.

By order of the Board
China Trends Holdings Limited
Xiang Xin
Chairman and Chief Executive Officer

Hong Kong, 11 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. Xiang Xin (co-chairman), Ms. Zhong Keying and Mr. Chan Cheong Yee; the non-executive directors of the Company are Mr. Sun Kuan Chi, Mr. Xin Luo Lin, Ms. Chen Jiajing (co-chairman), Ms. Jing Linlin and Mr. Wang Wei; and the independent non-executive directors of the Company are Mr. Zhang Zhan Liang, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit. 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.