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 2009

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for the year ended 31 December 2009 amounted to HK$51,183,000
- Net loss attributable to shareholders is HK$49,774,000 with basic loss per share of HK7.14 cents

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 2009, together the audited comparative figures for the corresponding year in 2008 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2009

	Notes	**2009** *HK$'000*	2008 *HK$'000*
REVENUE	*3*	**51,183**	81,127
Cost of sales		**(50,589)**	(84,409)
Gross profit/(loss)		**594**	(3,282)
Other income and gains	*3*	**608**	194
Administrative and other operating expenses		**(8,906)**	(25,835)
Finance costs		**–**	(758)
Other impairment losses	*5*	**(2,415)**	(2,677)
Impairment of assets of a disposal group	*8*	**(39,655)**	–
LOSS BEFORE TAX	*5*	**(49,774)**	(32,358)
Income tax expense	*6*	**–**	(489)
LOSS FOR THE YEAR		**(49,774)**	(32,847)
Attributable to:			
Owners of the Company		**(49,774)**	(32,847)
Minority interests		**–**	–
		(49,774)	(32,847)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	*7*	**(7.14) cents**	(5.60) cents
Diluted	*7*	**(7.14) cents**	(5.60) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	2009	2008
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(49,774)**	(32,847)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(49,774)**	(32,847)
Attributable to:		
Owners of the Company	**(49,774)**	(32,847)
Minority interests	**–**	–
	(49,774)	(32,847)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,588**	1,251
Available-for-sale investments	9	**–**	–
Intangible assets	10	**482,794**	–
Deferred tax assets		**–**	280
Prepaid licenses fee	11	**–**	–
Total non-current assets		**484,382**	1,531
CURRENT ASSETS			
Inventories		**1,178**	1,700
Contract works in progress	12	**–**	34,340
Trade receivables	13	**–**	610
Prepayments, deposits and other receivables	14	**27,894**	43,250
Cash and bank balances		**6,764**	7,590
		35,836	87,490
Assets of a disposal group classified as held for sale	8	**7,889**	–
Total current assets		**43,725**	87,490
CURRENT LIABILITIES			
Trade payables	15	**–**	219
Other payables and accruals		**2,727**	3,827
Tax payable		**46**	4,946
Due to a director		**18,520**	–
Due to a related company		**–**	221
		21,293	9,213
Liabilities directly associated with the assets classified as held for sale	8	**7,889**	–
Total current liabilities		**29,182**	9,213
NET CURRENT ASSETS		**14,543**	78,277
TOTAL ASSETS LESS CURRENT LIABILITIES		**498,925**	79,808
Net assets		**498,925**	79,808
EQUITY			
Equity attributable to owners of the Company			
Issued capital	16	**7,037**	5,865
Equity component of convertible bonds		**460,768**	–
Reserves		**31,120**	73,943
		498,925	79,808
Minority interests		**–**	–
Total equity		**498,925**	79,808

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to owners of the Company									
	Issued capital *HK$'000*	Share premium account *HK$'000*	Warrant reserve *HK$'000*	Share option reserve *HK$'000*	Equity component of convertible bonds *HK$'000*	Capital reserve *HK$'000* *(note)*	(Accumulated losses)/ Retained profits *HK$'000*	Total *HK$'000*	Minority interests *HK$'000*	Total equity *HK$'000*
At 1 January 2008	5,865	68,379	2,060	–	–	11,157	17,752	105,213	–	105,213
Equity-settled share option arrangements	–	–	–	7,442	–	–	–	7,442	–	7,442
Share options lapsed during the year	–	–	–	(465)	–	–	465	–	–	–
Warrants lapsed during the year	–	–	(1,160)	–	–	–	1,160	–	–	–
Total comprehensive income for the year	–	–	–	–	–	–	(32,847)	(32,847)	–	(32,847)
At 31 December 2008 and at 1 January 2009	5,865	68,379	900	6,977	–	11,157	(13,470)	79,808	–	79,808
Issue of shares *(note 16(ii))*	1,172	7,037	–	–	–	–	–	8,209	–	8,209
Share issue expenses	–	(86)	–	–	–	–	–	(86)	–	(86)
Share options lapsed during the year	–	–	–	(1,860)	–	–	1,860	–	–	–
Warrants lapsed during the year	–	–	(900)	–		–	900	–	–	–
Issue of convertible bonds	–	–	–	–	460,768	–	–	460,768	–	460,768
Total comprehensive income for the year	–	–	–	–		–	(49,774)	(49,774)	–	(49,774)
At 31 December 2009	7,037	75,330	–	5,117	460,768	11,157	(60,484)	498,925	–	498,925

Note: Capital reserve represents the difference between the nominal value of shares issued by the Company as consideration and the underlying net assets of the subsidiaries acquired pursuant to the group reorganisation in relation to the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited on 31 July 2002.

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 Company is an investment holding company. The Group is principally engaged in sales and marketing of mobile phone appliance and the relevant application solution. During the year, the Group also commenced its operation in the trading of LED/LCD and related products. The Group also intends to engage in the media business which involves the provision of multi-media and advertising business.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except otherwise indicated.

2.2 EXTRACT OF INDEPENDENT AUDITORS' REPORT

Basis for disclaimer of opinion

A Scope limitation – Prior year's audit scope limitation affecting opening balance and comparative figures arising from loss of access to certain books and records maintained by the Disposal Group

As detailed in auditors' report, the underlying books and records of certain subsidiaries of the Company, Ace Solution Technology Limited ("Ace Solution") and its subsidiaries, namely Gold Glory Development Limited, Hanbit I & T (HK) Co., Limited, Qualfield Limited, Quasar Communication Technology Limited, Synerex Inc., Zetta Global Limited, and Zetta Media Holdings Limited (collectively referred as, the "Disposal Group"), were not accessible due to the changes to the board of directors of the Company and the Disposal Group during the year ended 31 December 2008. Although the present board of directors of the Company had represented they had taken due care in the preparation of the financial statements of the Group, they were unable to represent as to the completeness of the books and records of the Disposal Group for the year ended 31 December 2008 and accordingly, for the year ended 31 December 2009. The present board of directors was unable to represent that all transactions entered by the Disposal Group during the year ended 31 December 2008 had been properly included in the financial statements. Accordingly, the auditors were unable to carry out adequate audit procedures they considered necessary to satisfy themselves as to the timing, accuracy and completeness of the Group and the Disposal Group's assets and liabilities as at 31 December 2008. The auditors had disclaimed their opinion in their previous auditors' report dated 30 April 2009 on the Group's consolidated and on the Company's financial position as at 31 December 2008 and consequentially, as at 31 December 2009 and of its loss and cash flows for the years then ended and the related disclosures thereof in the financial statements and the comparative figures.

B Scope limitation – Prior year's audit scope limitation affecting opening balance of inventories

As detailed in auditors' report, included in the consolidated statement of financial position of the Group were inventories stated at net realisable value of approximately HK$1,700,000 (with a total cost of HK$2,443,783) as at 31 December 2008. The auditors had not been invited to attend the physical inventory count on or about 31 December 2008 and they had not been provided with sufficient and appropriate evidences for verification of the existence, completeness and valuation of the inventories. The auditors had not been able to carry out alternative audit procedures they considered necessary to satisfy themselves as to the existence, completeness and valuation of the inventories as stated in the consolidated statement of financial position of the Group and the Disposal Group as at 31 December 2008 and that the inventories were free from material misstatement and were fairly stated and the auditors had disclaimed their opinion in their previous auditors' report for the year ended 31 December 2008 accordingly. Despite the fact that these inventories had been disposed during the year ended 31 December 2009, the auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves as to the opening balance of the inventories as at 1 January 2009. Any adjustments found to be necessary would have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statement.

C Scope limitation – Prior year's audit scope limitation affecting opening balance and closing balance of contract works in progress of the Disposal Group included in "Assets of a disposal group classified as held for sale"

As detailed in auditors' report, included in the consolidated statement of financial position of the Group and the Disposal Group were contract works in progress of approximately HK$34,340,000 as at 31 December 2008 and 2009. The auditors had not been invited to attend physical inventory count on or about 31 December 2008 and 2009 and they had not been provided with a detailed information and explanation of the nature and the future utilisation of the contract works in progress. Due to the lack of sufficient and appropriate evidences available to them, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the existence, completeness and valuation of the contract works in progress as stated in the Group and the Disposal Group as at 31 December 2008 and 2009 and that the contract works in progress was properly classified, free from material misstatement and was fairly stated as at 31 December 2008 and 2009. Any adjustments to the balance of the contract works in progress as at 31 December 2008 and 2009 found to be necessary would affect the net assets of the Group and the Disposal Group as at 31 December 2008 and 2009 and have a consequential effect on its loss for the years then ended and the related disclosure thereof in the financial statements.

D Scope limitation – Prior year's audit scope limitation affecting opening balance and closing balance of trade receivables of the Disposal Group included in "Assets of a disposal group classified as held for sale"

As detailed in auditors' report, included in the consolidated statement of financial position of the Group and the Disposal Group were trade receivables of approximately HK$610,000 and HK$0 after impairment provision of approximately HK$3,888,000 and HK$5,588,000 as at 31 December

2008 and 2009 respectively. The auditors had not been provided with certain books and records of the Disposal Group and they had not been provided with sufficient and appropriate evidences for verification of the settlement of the trade receivables throughout the year ended 31 December 2008. The auditors had not been provided with sufficient and appropriate evidences for their verification of the existence and the subsequent recovery of the trade receivables of the Group and the Disposal Group as at 31 December 2008. The auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves that the trade receivables and the impairment as stated in the Group and the Disposal Group as at 31 December 2008 were free from material misstatement and were fairly stated. Despite the fact that the trade receivable had been fully impaired during the year ended 31 December 2008, the auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves as to the opening balance of the trade receivables and the impairment as at 1 January 2009. Any adjustments found to be necessary would affect the Group and the Disposal Group's net assets as at 31 December 2009 and have a consequential effect on its loss and cash flows for the year then ended and the related disclosures thereof in the financial statements.

E Scope limitation – Prior year's audit scope limitation affecting opening balance and closing balance of trade deposits paid of the Disposal Group included in the "Assets of a disposal group classified as held for sales"

As detailed in auditors' report, included in the consolidated statement of financial position of the Group and the Disposal Group were deposits of approximately HK$8,200,000 as at 31 December 2008 and 2009. The deposits were paid by a subsidiary of Ace Solution to a supplier during the year ended 31 December 2008 as deposits for the supply of mobile phones and related appliance and accessories. The auditors had not been provided with sufficient and appropriate explanation and evidences as to the nature of the deposits, including but not limited to the arrangement for the subsequent recovery of the deposits or the ability of the supplier in fulfillment of the obligation in supplying the mobile phones and related appliance and accessories to the Group and the Disposal Group. No subsequent settlement or goods have been received by the Group and/or by the Disposal Group up to the date of this report and the auditors have not been able to obtain sufficient information they considered necessary for the assessment of the recoverability of the deposits. The auditors were unable to carry out alternative audit procedures they considered necessary to satisfy themselves as to the existence and valuation of the trade deposits and that the trade deposits were free from material misstatement and were fairly stated as at 31 December 2008 and 2009. Any adjustments to the balance of the trade deposits as at 31 December 2008 and 2009 found to be necessary would affect the net assets of the Group and the Disposal Group as at 31 December 2008 and 2009 and have a consequential effect on its loss for the years then ended and the related disclosure thereof in the financial statements.

F Scope limitation – Revenue and cost of sales

As detailed in auditors' report, included in revenue and cost of sales of HK$51,183,000 and HK$50,589,000 shown in the Group and the Disposal Group's consolidated income statements for the year ended 31 December 2009 were certain sales transactions and the related cost of sales amounting to approximately HK$1,700,000 respectively for which the auditors had not been provided with sufficient and appropriate information and explanation for their verification of the occurrence, completeness and valuation. The auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves that the revenue and cost of sales as stated in the consolidated income statement for the year ended 31 December 2009 were free from material misstatement and were fairly stated. Any adjustments to the amount of the revenue and cost of sales for the year ended 31 December 2009 found to be necessary would affect the loss of the Group and the Disposal Group for the year ended 31 December 2009 and have a consequential effect on its cash flows for the year ended 31 December 2009, its net assets as at 31 December 2009 and the related disclosures thereof in the financial statements.

G Scope limitation – Impairment of assets of a disposal group

As detailed in auditors' report, included in the Group's consolidated income statement were impairment of assets of a disposal group (the "Impairment Loss") of approximately HK$39,655,000 for the year ended 31 December 2009. Due to the scope limitations in respect of items A, B, C, D, E and F above and the lack of sufficient and appropriate evidences available to them, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the accuracy and valuation of the Impairment Loss. The auditors have not been able to perform alternative audit procedures they considered necessary to satisfy themselves as to whether the Impairment Loss were free from material misstatement and were fairly stated. Any adjustments to the Impairment Loss for the year ended 31 December 2009 found to be necessary would affect the net assets of the Group and the Disposal Group as at 31 December 2009 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

H Scope limitation – Carrying amounts of investments in subsidiaries and amounts due from subsidiaries

As detailed in auditors' report, included in the Company's statement of financial position were investments in subsidiaries and amount due from subsidiaries of approximately HK$480,650,000 and HK$32,606,000, respectively, as at 31 December 2009, of which, approximately HK$14,882,000 and HK$32,602,000 represented the Company's investments in the Disposal Group and amount due from the Disposal Group. Despite the fact that the investments in the Disposal Group and amount due from the Disposal Group had been fully impaired during the year ended 31 December 2009, due to the scope limitations in respect of items A, B, C, D, E and F above and the lack of sufficient and appropriate evidences available to the auditors, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the accuracy and valuation of the balances of investments in and amounts due from the Disposal Group and the impairment loss thereon. The auditors have not been able to perform alternative audit procedures they considered necessary to satisfy themselves as to whether the carrying amounts of the investments in the Disposal Group, the amounts due from the Disposal Group and the impairment were free from material misstatement and were fairly stated. Any adjustments to the carrying amounts of investments in and amounts due from the Disposal Group and the impairment as at 31 December 2009 found to be necessary would affect the Company's net assets as at 31 December 2009 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

Disclaimer of opinion: Disclaimer on view given by financial statements

In their opinion, because of the significance of the matters described in the basis for disclaimer of opinion section, the auditors do not express an opinion on the consolidated financial statements as to whether the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on matters under sections 141(4) and 141(6) of the Hong Kong Companies Ordinance

In respect alone of the limitation on our work relating to points A, B, C, D, E, F, G and H above:

- the auditors have not obtained all the information and explanations that they considered necessary for the purpose of our audit; and

- the auditors were unable to determine whether proper books of account had been kept.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no significant effect on these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKFRS 8 Amendment*	Amendment to HKFRS 8 *Operating Segments – Disclosure of information about segment assets* (early adopted)
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue – Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments*: *Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC)-Int 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)	Amendments to a number of HKFRSs

* *Included in Improvements to HKFRSs 2009 (as issued in May 2009).*

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The HKAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent's separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively. HKAS 27 has also been amended to deal with the measurement of the cost of investments where a parent reorganises the structure of its group by establishing a new entity as its parent. The HKFRS 1 Amendment allows a first-time adopter of HKFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost. As the Group is not a first-time adopter of HKFRSs, the HKFRS 1 Amendment is not applicable to the Group.

(b) Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*

The HKFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. As the Group has not entered into share-based payment schemes with non-vesting conditions attached, the amendments have had no impact on the financial position or result of operations of the Group.

(c) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(d) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

(e) HKAS 1 (Revised) ***Presentation of Financial Statements***

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(f) Amendment to Appendix to HKAS 18 ***Revenue – Determining whether an entity is acting as a principal or as an agent***

Guidance has been added to the appendix (which accompanies the standard) to determine whether the Group is acting as a principal or as an agent. The features to consider are whether the Group (i) has the primary responsibility for providing the goods or services, (ii) has inventory risk, (iii) has the discretion to establish prices and (iv) bears credit risk. The Group has assessed its revenue arrangements against these criteria and concluded that it is acting as a principal in all arrangements. The amendment has had no impact on the financial position or results of operations of the Group.

(g) HKAS 23 (Revised) ***Borrowing Costs***

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard has had no impact on the financial position or results of operations of the Group.

(h) Amendments to HKAS 32 ***Financial Instruments: Presentation*** **and HKAS 1** ***Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation***

The HKAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The HKAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments have had no impact on the financial position or results of operations of the Group.

(i) Amendments to HK(IFRIC)-Int 9 ***Reassessment of Embedded Derivatives*** **and HKAS 39** ***Financial Instruments: Recognition and Measurement – Embedded Derivatives***

The amendment to HK(IFRIC)-Int 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. HKAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

(j) HK(IFRIC)-Int 13 *Customer Loyalty Programmes*

HK(IFRIC)-Int 13 requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group currently has no customer loyalty award scheme, the interpretation has had no impact on the financial position or results of operations of the Group.

(k) HK(IFRIC)-Int 15 *Agreements for the Construction of Real Estate*

HK(IFRIC)-Int 15 replaces HK Interpretation 3 Revenue – Pre-completion Contracts for the Sale of Development Properties. It clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with HKAS 11 Construction Contracts or an agreement for the sale of goods or services in accordance with HKAS 18 Revenue. The interpretation has had no impact on the accounting for the Group's construction activities. As the Group currently is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

(l) HK(IFRIC)-Int 16 *Hedges of a Net Investment in a Foreign Operation*

HK(IFRIC)-Int 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no hedge of a net investment in a foreign operation, the interpretation has had no impact on the financial position or results of operations of the Group.

(m) HK(IFRIC)-Int 18 *Transfers of Assets from Customers (adopted from 1 July 2009)*

HK(IFRIC)-Int 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

(n) In October 2008, the HKICPA issued its first *Improvements to HKFRSs* which sets out amendments to a number of HKFRSs. Except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* which is effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* Removes the reference to "total interest income" as a component of finance costs.

- HKAS 1 *Presentation of Financial Statements:* Clarifies that assets and liabilities which are classified as held for trading in accordance with HKAS 39 are not automatically classified as current in the statement of financial position.

- HKAS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell" and the recoverable amount of property, plant and equipment is the higher of an asset's fair value less costs to sell and its value in use.

  In addition, items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventories when rental ceases and they are held for sale.

- HKAS 20 *Accounting for Government Grants and Disclosure of Government Assistance:* Requires government loans granted in the future with no or at a below-market rate of interest to be recognised and measured in accordance with HKAS 39 and the benefit of the reduced interest to be accounted for as a government grant.

- HKAS 27 *Consolidated and Separate Financial Statements:* Requires that when a parent entity accounts for a subsidiary at fair value in accordance with HKAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.

- HKAS 28 *Investments in Associates:* Clarifies that an investment in an associate is a single asset for the purpose of conducting the impairment test and that no impairment is separately allocated to goodwill included in the investment balance.

- HKAS 36 *Impairment of Assets:* When discounted cash flows are used to estimate "fair value less costs to sell", additional disclosures (e.g., discount rate and growth rate used) are required which are consistent with the disclosures required when the discounted cash flows are used to estimate "value in use".

- HKAS 38 *Intangible Assets:* Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

- The reference to there being rarely, if ever, persuasive evidence to support an amortisation method for intangible assets other than the straight-line method has been removed. The Group has reassessed the useful lives of its intangible assets and concluded that the straight-line method is still appropriate.

- HKAS 39 *Financial Instruments: Recognition and Measurement:* (i) sets out a number of changes in circumstances relating to derivatives that are not considered to result in reclassification into or out of the fair value through profit or loss category; (ii) removes the reference to the designation of hedging instrument at the segment level; and (iii) requires that the revised effective interest rate (rather than the original effective interest rate) calculated on cessation of fair value hedge accounting should be used for the remeasurement of the hedged item when paragraph AG8 of HKAS 39 is applicable.

- HKAS 40 *Investment Property:* Revises the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendment prospectively from 1 January 2009.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards* [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters* [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions* [2]
HKFRS 3 (Revised)	*Business Combinations* [1]
HKFRS 9	*Financial Instruments* [6]
HKAS 24 (Revised)	*Related Party Disclosures* [5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements* [1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* [3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items* [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [5]
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners* [1]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [4]
Amendments to HKFRS 5 included *in Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary* [1]
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases* [2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 38 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that while the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. 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:

	2009	2008
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**51,183**	81,127
Other income and gains		
Bank interest income	**1**	148
Others	**607**	46
	608	194
Total revenue, other income and gains	**51,791**	81,321

4. SEGMENT INFORMATION

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

(a) the marketing of mobile appliance segment is involved in sales and marketing of mobile phone appliance and the relevant application solution;

(b) the trading of LED/LCD and related products segment is involved in the trading of LED/LCD and related products; and

(c) the media business segment is involved in the provision of multi-media and advertising business.

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 from continuing operations. The adjusted loss before tax from continuing operations is measured consistently with the Group's loss before tax from continuing operations except that interest income, finance costs, fair value gains/(losses) from the Group's financial instruments 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 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.

Year ended 31 December 2009

	Marketing of mobile appliance *HK$'000*	Trading of LED/LCD and related products *HK$'000*	Media business *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**10,975**	**40,208**	**–**	**51,183**
Intersegment sales	**–**	**–**	**–**	**–**
	10,975	**40,208**	**–**	**51,183**
Reconciliation:				
Elimination of intersegment sales				**–**
Revenue				**51,183**
Segment result	**160**	**434**	**–**	**594**
Reconciliation:				
Other income and gains				**608**
Unallocated expenses				**(8,906)**
Finance costs				**–**
Other impairment losses				**(2,415)**
Impairment of assets of a disposal group				**(39,655)**
Loss before tax				**(49,774)**
Income tax expense				**–**
Loss for the year				**(49,774)**
Segment assets	**7,889**	**–**	**484,536**	**492,425**
Unallocated assets				**35,682**
Total assets				**528,107**
Segment liabilities	**7,889**	**–**	**18,768**	**26,657**
Unallocated liabilities				**2,525**
Total liabilities				**29,182**
Other segment information:				
Capital expenditure	**183**	**–**	**667**	**850**
Depreciation and amortisation	**253**	**–**	**–**	**253**

Year ended 31 December 2008

	Marketing of mobile appliance *HK$'000*	Trading of LED/LCD and related products *HK$'000*	Media business *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	81,127	–	–	81,127
Intersegment sales	–	–	–	–
	81,127	–	–	81,127
Reconciliation:				
Elimination of intersegment sales				–
Revenue				81,127
Segment result	(3,282)	–	–	(3,282)
Reconciliation:				
Other income and gains				194
Unallocated expenses				(25,835)
Finance costs				(758)
Other impairment losses				(2,677)
Loss before tax				(32,358)
Income tax expense				(489)
Loss for the year				(32,847)
Segment assets	51,390	–	–	51,390
Unallocated assets				37,631
Total assets				89,021
Segment liabilities	7,976	–	–	7,976
Unallocated liabilities				1,237
Total liabilities				9,213
Other segment information:				
Capital expenditure	1,015	–	–	1,015
Depreciation and amortisation	170	–	–	170

Geographical information

(a) Revenue from external customers

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**24,456**	–
Mainland China	**17,456**	78,500
Thailand	**9,271**	2,627
	51,183	81,127

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

(b) Total assets

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**43,506**	60,040
Mainland China	**484,601**	11,821
Korea	**–**	17,160
	528,107	89,021

Total assets information is based on the location of assets and excludes unallocated head office and corporate assets.

Information about a major customer

Revenue of approximately HK$15,756,000 was derived from sales to a single customer during the year ended 31 December 2009.

5. LOSS BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Cost of sales#	**50,589**	84,409
Auditors' remuneration:		
Annual audit	**238**	238
Interim audit	**–**	250
Other assurance services	**914**	430
Non-assurance services	**276**	–
	1,428	918
Depreciation	**253**	170
Exchange losses, net	**–**	50
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**2,058**	2,702
Others	**159**	35
Pension scheme contributions	**58**	13
Equity-settled share option expenses	**–**	7,442
	2,275	10,192
Minimum lease payments under operating leases on land and buildings	**1,177**	730
Impairment of trade receivables	**1,700**	2,677
Impairment of prepayments, deposits and other receivables	**455**	–
Written-off of property, plant and equipment	**260**	–
	2,415	2,677
Impairment of assets of a disposal group	**39,655**	–
Bank interest income	**(1)**	(148)

\# *Include an amount of HK$253,410 (2008: HK$743,760) in respect of write-down of inventories to net realisable value.*

6. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for the year ended 31 December 2009 as the Company did not generate any assessable profits arising in Hong Kong during the year. Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2008.

	2009	2008
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Charge for the year	**–**	47
Underprovision in previous years	**–**	416
	–	463
Deferred tax		
Charge for the year	**–**	26
Total tax charge for the year	**–**	489

A reconciliation of tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to tax expense at effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2009		2008	
	HK$'000	***%***	*HK$'000*	*%*
Loss before tax	**(49,774)**		(32,358)	
Tax at the statutory tax rate	**(8,212)**	**16.5**	(5,339)	16.5
Income not subject to tax	**(25)**	**0.1**	(1)	–
Expenses not deductible for tax	**6,953**	**(14.0)**	1,001	(3.1)
Tax benefit not recognised	**1,284**	**(2.6)**	4,343	(13.4)
Underprovision in previous years	**–**	**–**	416	(1.3)
Effect of changes in tax rates	**–**	**–**	69	(0.2)
Tax charge at the Group's effective tax rate	**–**	**N/A**	489	(1.5)

7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

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

The calculations of basic loss per share are based on:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Loss for the year attributable to ordinary equity holders of the Company, used in the basic loss per share calculation	**(49,774)**	(32,847)

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**697,312,760**	586,451,500

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the share options, warrants and convertible bonds outstanding during the year had an anti-dilutive effect on the basic loss per share.

8. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 15 June 2009, the Company entered into a sale and purchase agreement with an independent third party (the "Purchaser") pursuant to which the Company has agreed to dispose to the Purchaser (the "Disposal") (i) Ace Solution Technology Limited ("Ace Solution") and its subsidiaries, namely Synerex Inc., Zetta Media Holdings Limited, Gold Glory Development Limited, Qualfield Limited, Zetta Global Limited, Hanbit I & T (HK) Co., Limited and Quasar Communication Technology Limited (collectively referred to as, the "Disposal Group"); and (ii) the amount due by the Disposal Group to the Company (the "Sale Loan") at a consideration of HK$1.00.

Ace Solution was incorporated in the British Virginal Islands (the "BVI") on 12 February 2002 with limited liability and was engaged in investment holding. The Disposal Group were principally engaged in sales and marketing of mobile phone appliance and the relevant application solution.

As at 31 December 2009, the Disposal had not yet been completed and the assets and liabilities of the Disposal Group were classified as a disposal group held for sale and were stated at the lower of their carrying amounts and the fair values less costs to sell. The Disposal was completed subsequent to the reporting period on 5 February 2010.

The results of the Disposal Group for the year are as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue	**1,700**	78,500
Cost of sales	**(1,700)**	(82,324)
Gross loss	**–**	(3,824)
Other income and gains	**–**	63
Administrative and other operating expenses	**(307)**	(14,985)
Finance costs	**–**	(758)
Other impairment losses	**(2,079)**	(2,677)
Loss before tax	**(2,386)**	(22,181)
Income tax expense	**(434)**	(444)
Loss for the year	**(2,820)**	(22,625)

The major classes of assets and liabilities of the Disposal Group classified as held for sale as at 31 December 2009 are as follows:

	HK$'000
Assets	
Deferred tax assets	280
Available-for-sales investments *(note 9)*	–
Prepaid licence fee *(note 11)*	–
Inventories	–
Contract works in progress *(note 12)*	34,340
Trade receivables *(note 13)*	–
Prepayments, deposits and other receivables *(note 14)*	12,847
Cash and bank balances	77
Assets classified as held for sale	47,544
Liabilities	
Trade payables *(note 15)*	(219)
Other payables and accruals	(2,448)
Tax payable#	(5,222)
Liabilities directly associated with the assets classified as held for sale	(7,889)
Intercompany balances with other members of the Group	
Due to ultimate holding company	(32,602)
Net assets directly associated with the Disposal Group	7,053
Less: Consideration for the Disposal*	–
Impairment of assets of the Disposal Group	7,053
Impairment of amount due to ultimate holding company by the Disposal Group	32,602
Total impairment of assets of the Disposal Group*	39,655
Assets of the Disposal Group classified as held for sale	47,544
Less: Impairment	(39,655)
Net assets directly associated with the Disposal Group	7,889
Liabilities directly associated with the assets classified as held for sale	(7,889)
	–

\# *Subsequent to the reporting period in January 2010, the Disposal Group was sued by the Commissioner of Inland Revenue regarding the outstanding tax payable of approximately HK$1,165,000 for the year of assessment 2002/03. The outstanding tax payable together with the penalty has been fully provided for at the end of the reporting period.*

* *Pursuant to the agreement of the Disposal, among other things, the net assets of the Disposal Group and the Sale Loan were disposed of at a consideration of HK$1.00. As such, a total impairment loss of HK$39,655,000 was provided as to reflect the loss of the Disposal.*

The net cash flows incurred by the Disposal Group are as follows:

	2009	2008
	HK$'000	*HK$'000*
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	**(2,386)**	(22,181)
Adjustments for:		
Written-off of property, plant and equipment	**260**	–
Impairment of trade receivables	**1,700**	2,677
Impairment of prepayments, deposits and other receivable	**119**	–
Finance costs	**–**	758
Interest income	**–**	(27)
Depreciation of property, plant and equipment	**45**	108
	(262)	(18,665)
Decrease/(increase) in inventories	**1,700**	(1,700)
Increase in contract works in progress	**–**	(30,958)
(Increase)/decrease in trade receivables	**(1,700)**	60,610
Increase in prepayments, deposits and other receivables	**(175)**	(7,846)
Increase in trade payables	**–**	219
Increase/(decrease) in other payables and accruals	**200**	(2,330)
(Decrease)/increase in amount due to a related company	**(221)**	54
	(458)	(616)
Interest received	**–**	27
Interest paid	**–**	(758)
Hong Kong profits tax paid	**(113)**	(563)
Net cash flows used in operating activities	**(571)**	(1,910)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**–**	(7)
Net cash flows used in investing activities	**–**	(7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in amount due to ultimate holding company	**230**	4,669
Repayment of trust receipts loans, net	**–**	(12,040)
Net cash flows from/(used in) financing activities	**230**	(7,371)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(341)**	(9,288)
Cash and cash equivalents at beginning of year	**418**	9,706
CASH AND CASH EQUIVALENTS AT END OF YEAR	**77**	418

The net cash flows incurred by the Disposal Group are as follows:

	2009	2008
	HK$'000	*HK$'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**77**	418

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Disposal Group is as follows:

	HK$'000
Sales proceeds	**–**
Cash and bank balances sold	**77**
Net outflow of cash and cash equivalents in respect of the Disposal	**(77)**

Loss per share:		
Basic, from the Disposal Group	**(0.40) cents**	(3.86) cents
Diluted, from the Disposal Group	**(0.40) cents**	(3.86) cents

The calculations of basic and diluted loss per share from the Disposal Group are based on:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Loss for the year attributable to ordinary equity holders of the Company from the Disposal Group	**(2,820)**	(22,625)

	Number of shares	
	2009	2008
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**697,312,760**	586,451,500

No adjustment has been made to the basic loss per share amounts from the Disposal Group presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the share options, warrants and convertible bonds outstanding during the year had an anti-dilutive effect on the basic loss per share.

9. AVAILABLE-FOR-SALE INVESTMENTS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Unlisted shares, at cost	**9,142**	9,142
Impairment	**(9,142)**	(9,142)
	–	–
Less: Transfer to assets of a disposal group classified as held for sale *(Note 8):*		
Unlisted shares, at cost	**9,142**	–
Impairment	**(9,142)**	–
	–	–
	–	–

At the end of the reporting period, all the unlisted equity investments were stated at cost less impairment. As the range of reasonable fair value estimates is so significant, the directors of the Company are of the opinion that the fair value of the unlisted equity investments cannot be measured reliably.

The Company has entered into a sale and purchase agreement on 15 June 2009 with an independent third party for the disposal of the Disposal Group. Accordingly, the above unlisted shares were transferred to "Assets of a disposal group classified as held for sales" at the end of the reporting period.

10. INTANGIBLE ASSETS

	Group		
	Trade mark *HK$'000* *(note (a))*	Rights in sharing of profit streams from computer games competition operation in Internet cafes *HK$'000* *(note (b))*	Total *HK$'000*
31 December 2009			
At 1 January 2009			
Cost	**17**	**–**	**17**
Accumulated amortisation and impairment	**(17)**	**–**	**(17)**
Net carrying amount	**–**	**–**	**–**
At 1 January 2009, net of accumulated amortisation and impairment	**–**	**–**	**–**
Acquisition of subsidiaries	**–**	**482,794**	**482,794**
At 31 December 2009, net of accumulated amortisation and impairment	**–**	**482,794**	**482,794**
At 31 December 2009			
Cost	**17**	**482,794**	**482,811**
Accumulated amortisation and impairment	**(17)**	**–**	**(17)**
Net carrying amount	**–**	**482,794**	**482,794**
31 December 2008			
At 1 January 2008 and 31 December 2008			
Cost	17	–	17
Accumulated amortisation and impairment	(17)	–	(17)
Net carrying amount	–	–	–

Note (a) The trade mark represented the trade mark of QUASAR with an indefinite useful lives.

Note (b) The rights (the "Rights") in sharing of profit streams (the "Profit Streams") from computer games competition operation in Internet cafes of approximately HK$482,794,000 represented the Rights arising from the Co-operation Agreement entered into between a subsidiary of the Company and CY Foundation Group Limited. Pursuant to the Co-operation Agreement, the Group is entitled to participate in the co-operation and share the Profit Streams for a period of 15 years, extensible for another 15 years. The Rights is stated at cost and is amortised on the straight line basis over its estimated useful live. Amortisation shall begin when the Right is available for use.

11. PREPAID LICENSES FEE

	Group 2009 *HK$'000*	2008 *HK$'000*
Cost	**5,460**	5,460
Accumulated amortisation and impairment	**(5,460)**	(5,460)
Net carrying value	**–**	–
Less: Transfer to assets of a disposal group classified as held for sale *(note 8):*		
Cost	**5,460**	–
Accumulated amortisation and impairment	**(5,460)**	–
	–	–
	–	–

The balance represented prepaid Free To Air ("FTA") licence fee which was amortisable over its useful economic life. The FTA licence was a full-type approval certificate for testing and accreditation of mobile phone appliances under a set of required testing standards.

In view of the non-performance of the FTA licence as well as a lack of expected performance in the foreseeable future, a full impairment loss was made on the FTA licence during the year ended 31 December 2007.

The Company has entered into a sale and purchase agreement on 15 June 2009 with an independent third party for the disposal of the Disposal Group. Accordingly, the above prepaid licenses fee was transferred to "Assets of a disposal group classified as held for sale" at the end of the reporting period.

12. CONTRACT WORKS IN PROGRESS

	Group	
	2009	2008
	HK$'000	*HK$'000*
Contract costs for development of mobile phone appliance solution	**34,340**	34,340
Impairment	**–**	–
Net carrying amount	**34,340**	34,340
Less: Transfer to assets of a disposal group classified as held for sale *(note 8):*		
Contract costs for development of mobile phone appliance solution	**34,340**	–
Impairment	**–**	–
	34,340	–
	–	34,340

During the year ended 31 December 2008, the Group incurred contract costs of HK$34,340,000 for development of mobile phone application solution. In the opinion of the directors of the Company, as the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in assessing the nature and future utilisation of these contract works in progress. Accordingly, the directors of the Company were not able to assess if the amount of the contract works in progress and the impairment amount, if any, were fairly stated as at 31 December 2008 and consequentially, as at 31 December 2009.

The Company has entered into a sale and purchase agreement on 15 June 2009 with an independent third party for the disposal of the Disposal Group. Accordingly, the above contract works in progress was transferred to "Assets of a disposal group classified as held for sale" at the end of the reporting period.

13. TRADE RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**5,588**	4,498
Impairment	**(5,588)**	(3,888)
	–	610
Less: Transfer to assets of a disposal group classified as held for sale *(note 8):*		
Trade receivables	**5,588**	–
Impairment	**(5,588)**	–
	–	–
	–	610

In the opinion of the directors of the Company, as the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in verifying of the settlement of the trade receivables throughout the year ended 31 December 2008. Accordingly, the present directors of the Company were not able to assess if the trade receivables and the impairment were fairly stated as at 31 December 2008 and consequentially, as at 31 December 2009.

The Company has entered into a sale and purchase agreement on 15 June 2009 with an independent third party for the disposal of the Disposal Group. Accordingly, the above trade receivables were transferred to "Assets of a disposal group classified as held for sale" at the end of the reporting period.

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

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

	Group	
	2009	2008
	HK$'000	*HK$'000*
Within 1 month	**–**	610
1 to 2 months	**–**	–
2 to 3 months	**–**	–
Over 3 months	**–**	–
	–	610

The movements in provision for impairment of trade receivables are as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
At 1 January	**3,888**	1,211
Impairment loss recognised during the year	**1,700**	2,677
	5,588	3,888
Less: Transfer to assets of a disposal group classified as held for sale *(note 8)*	**(5,588)**	–
At 31 December	**–**	3,888

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	610
Less than 1 month past due	**–**	–
1 to 3 months past due	**–**	–
Over 3 months	**–**	–
	–	610

Receivables that were past due but not impaired relate to independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2009	2008
	HK$'000	*HK$'000*
Prepayments	**363**	340
Deposits for proposed acquisitions *(note (a))*	**25,000**	30,000
Deposits for a proposed acquisition for "Nopo" *(note (b))*	**1,993**	–
Trade deposits paid *(note (c))*	**8,200**	8,200
Rental deposit	**228**	281
Other receivables	**868**	340
Tax reserve certificate	**4,089**	4,089
	40,741	43,250
Less: Transfer to assets of a disposal group classified as held for sale *(note (d) and note 8)*:		
Prepayments	**(43)**	–
Trade deposits paid *(note (c))*	**(8,200)**	–
Other receivables	**(515)**	–
Tax reserve certificate	**(4,089)**	–
	(12,847)	–
	27,894	43,250

Notes:

(a) During the year ended 31 December 2008, deposits paid for proposed acquisitions consisted of (i) HK$5,000,000 paid to Ocean Space Development Limited ("Ocean Space") (the "Legend Deposit") in respect of the proposed acquisition of a 100% equity interest in Legend Century Investments Limited and the shareholder's loan due from Legend Century Investments Limited to Ocean Space (the "Legend Acquisition") and (ii) HK$25,000,000 paid to an independent third party ("Vendor A") (the "Allwin Deposit") in respect of the proposed acquisition of a 24% equity interest in Guangdong Allwin Culture Development Co., Limited (廣東愛威文化發展有限公司) ("Guangdong Allwin").

(i) The Legend Deposit

Pursuant to a non-legally binding memorandum of understanding dated 18 December 2007 (the "MOU") entered into between the Company and Ocean Space, an independent third party, the Company was in negotiation with Ocean Space for the Legend Acquisition which would have controlling stakes in a PRC company which is engaging in lift door advertisement publications and convenience store door advertisement publications in certain major cities of the PRC. Pursuant to the MOU, the Company was required to place a refundable deposit in the sum of HK$40 million to Ocean Space in return for the granting of the exclusive right to negotiate the terms of the Legend Acquisition by the Vendor of which HK$30 million had been paid during the year ended 31 December 2007.

Subsequently, there were certain changes in the terms of the Legend Acquisition and on 7 July 2008, the Company entered into a supplemental agreement with Ocean Space pursuant to which, Legend and its subsidiaries (the "Legend Group") will execute a reorganisation and upon completion of the reorganisation, the principal assets held by the Legend Group will consist of the LED/LCD business and media business but will not hold the life door advertisement publications and convenience store door advertisement publications business.

On 20 September 2008, the Company and Ocean Space entered into another supplemental agreement, pursuant to which, the deposit for the negotiation of the Legend Acquisition was reduced from HK$40,000,000 to HK$5,000,000 and Ocean Space had refunded HK$25,000,000 (the Allwin Deposit) to a nominee of the Company on 15 October 2008.

On 18 February 2009, the Company entered into a sale and purchase agreement with Ocean Space in respect of the Legend Acquisition at a consideration of HK$600,000,000 which shall be settled by (i) the set-off of the Legend Deposit of HK$5,000,000 paid upon the signing of the MOU and (ii) the issue of three-year convertible bonds of HK$595,000,000 by the Company to Ocean Space which would be convertible into the shares of the Company of HK$0.01 each at a conversion price of HK$0.125 (subject to adjustment) each.

The Legend Acquisition has been completed on 30 December 2009, and the Legend Deposit has been fully applied as part of the settlement of the consideration for the Legend Acquisition.

(ii) The Allwin Deposit

On 20 September 2008, the Company entered into a sale and purchase agreement (the "S&P Agreement") with Vendor A pursuant to which, the Company agreed to acquire an enlarged 24% equity interest in Guangdong Allwin (the "Allwin Acquisition") which is principally engaged in media production and integration, advertisement and animation production and broadcasting at a consideration of HK$25,000,000. The Company was required to pay a deposit in the amount of HK$25,000,000 for the Allwin Acquisition which was paid by the direct transfer of the deposit refunded by Ocean Space in respect of the Legend Acquisition to Vendor A on 15 October 2008.

Pursuant to the S&P Agreement, Vendor A shall refund in full the Allwin Deposit of HK$25,000,000 to the Company on or before 31 January 2010 if no binding agreement(s) regarding the possible cooperation an/or transaction would be entered into between the Company and Vendor A on or before 30 September 2009.

On 30 September 2009, the Company entered into another sale and purchase agreement with Vendor A pursuant to which, the Company will acquire from Vendor A the copyrights of a film library (the "Copyrights Acquisition") owned by Guangdong Allwin at a consideration of HK$25,000,000 which will be set-off against the Allwin Deposit. The copyrights of the film library consist of five series (a total of 320 episodes) and 16 education series of an animation 神探威威貓 ("Wiwione – Detective Winkey Cat") and the related music songs.

As the Copyrights Acquisition has not been completed at the end of the reporting period, the Allwin Deposit was included in the prepayments, deposits and other receivables.

The above deposits for the Copyrights Acquisitions are unsecured, interest-free and are refundable if the proposed acquisitions are not executed and completed.

(b) The deposits paid of HK$1,993,000 as at 31 December 2009 represented the deposit for the proposed acquisition of Nopo Investment Limited, details of which has been set on page 43 of this announcement

(c) Trade deposits paid represented amounts paid to a supplier as deposits for supply of mobile phones and related appliance and accessories during the year ended 31 December 2008. In the opinion of the directors of the Company, as the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in assessing the nature of the deposits, including but not limited to the arrangement for the subsequent recovering of the deposits or the ability of the supplier in fulfilment of the obligations in supplying the mobile phones and related appliance and accessories to the Group in the foreseeable future. Accordingly, the present directors of the Company were not able to assess the valuation of the trade deposits and if there was any impairment and that the amount of the trade deposits was fairly stated as at 31 December 2008 and consequentially, as at 31 December 2009.

(d) The Company has entered into a sale and purchase agreement on 15 June 2009 with an independent third party for the disposal of the Disposal Group. Accordingly, prepayments, trade deposits paid, other receivables and tax reserve certificate amounting to approximately HK$43,000, HK$8,200,000, HK$515,000 and HK$4,089,000, respectively were transferred to "Assets of a disposal group classified as held for sale" at the end of the reporting period.

15. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period based on the invoice date, is as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Over 90 days	**219**	219
	219	219
Less: Transfer to liabilities directly associated with the assets classified as held for sale *(note 8)*	**(219)**	–
	–	219

The trade payables are non-interest-bearing and are normally settled on 60 day terms.

16. SHARE CAPITAL

	2009	2008
	HK$'000	*HK$'000*
Authorised:		
30,000,000,000 ordinary shares of HK$0.01 each *(note (i))*	**300,000**	300,000
Issued and fully paid:		
703,739,500 ordinary shares (2008: 586,451,500) of HK$0.01 each	**7,037**	5,865

A summary of the transactions during the year with reference to the movements in the Company's issued ordinary share capital is a follows:

	Number of authorised ordinary shares	**Number of shares in issue**	**Issued share capital**	**Share premium account**	**Total**
			HK$'000	*HK$'000*	*HK$'000*
At 1 January 2008	1,000,000,000	586,451,500	5,865	68,379	74,244
Increase of authorised share capital *(note (i))*	29,000,000,000	–	–	–	–
At 31 December 2008 and 1 January 2009	30,000,000,000	586,451,500	5,865	68,379	74,244
Issue of shares:					
On 21 January 2009 *(note (ii))*	–	117,288,000	1,172	7,037	8,209
Share issue expenses	–	–	–	(86)	(86)
	–	117,288,000	1,172	6,951	8,123
At 31 December 2009	30,000,000,000	703,739,500	7,037	75,330	82,367

Notes:

(i) Pursuant to an ordinary resolution passed by the shareholders of the Company on 24 September 2008, the authorised share capital of the Company was increased from HK$10,000,000 to HK$300,000,000 by the creation of 290,000,000 additional shares of HK$0.01 each, ranking pari passu in all respects with the existing share capital of the Company.

(ii) On 31 December 2008, the Company entered into a placing agreement with a placing agent to place a total of 117,288,000 shares of the Company of HK$0.01 each at a placing price of HK$0.07 per share (the "Placing"). The Placing was completed on 21 January 2009 with a net proceed of approximately HK$8,123,000 received by the Company. The purpose of the Placing was to enlarge the shareholders base and to provide additional working capital for the Group's operation.

17. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities at the end of the reporting period.

18. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 2 to 10 years.

At 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**1,755**	1,370
In the second to fifth years, inclusive	**3,447**	1,679
After five years	**75**	–
	5,277	3,049

19. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors did not recommend a final dividend for the year ended 31 December 2009 (2008: Nil).

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 2009.

Financial Review

During the year ended 31 December 2009, the Group recorded a turnover of approximately HK$51,183,000 (2008: HK$81,127,000), representing a decrease of 36.91%. The decrease in turnover was due to the deterioration of the general business as a whole and the fierce competition in the current business operations of the Group.

During the year ended 31 December 2009, the Group incurred a loss of approximately HK$49,774,000 (2008: HK$32,847,000). The loss for the year was mainly due to the drop in the profit margin of the business operations including the impairment loss made on the trade receivables, prepayments, deposits and other receivables and property, plant and equipment in the amount of approximately HK$2,415,000 (2008: HK$2,677,000) and the impairment of assets of a disposal group of approximately HK$39,655,000. (2008: Nil)

The revenue distribution by marketing of mobile appliance and trading of LED/LCD and related products was 21.44% and 78.56% respectively in 2009 compared to 100% and nil respectively in 2008.

Operational Review

The Group is principally engaged in sales and marketing of mobile phone appliance and the relevant application solution. As there is fierce competition in the current business operations of the Group, the Board has been seeking opportunities to expand the business scope and the foundation of the Group.

In view of the intense competition and falling profit margin, the Company is actively seeking opportunities and other business with higher return than the existing business.

On 18 February 2009, the Company entered into a sale and purchase agreement with Ocean Space Development Limited ("Ocean Space"), an independent third party, in respect of acquisition of the entire issued share capital of Legend Century Investments Limited and the shareholder's loan due from Legend Century Investments Limited to Ocean Space (the "Legend Acquisition") at a consideration of HK$600,000,000 which shall be settled by (i) the set-off of the deposit of HK$5,000,000 already paid to Ocean Space and (ii) the issue of three-year convertible bonds of HK$595,000,000 by the Company to Ocean Space which would be convertible into the shares of the Company of HK$0.01 each at a conversion price of HK$0.125 (subject to adjustment) each. The Legend Acquisition was completed on 30 December 2009.

The Group is of the view that the potential business development in optoelectronic industry is one of the key commercial applications in PRC, the Group therefore considers that optoelectronic industry, in particular the LED/LCD product markets may provide great potential to generate significant returns and strengthen the income stream for the Group. The Directors consider that the Legend Acquisition represents a good opportunity for the Group to expand into the optoelectronic, media and advertisement publication business in the PRC.

Since suspension of the trading in the shares (the "Shares") of the Company on 1 April 2009, the Company has been liaising closely with the Stock Exchange with an aim to resume trading of the Shares. During the process, the Stock Exchange has raised concerns on the qualifications made by the auditors of the Company on the financial statements of the Company for the year ended 31 December 2008, the Group's internal control system and the operating and financial positions of the Group. For further details, please refer to the announcement of the Company dated 23 December 2009.

Given the difficulty in retrieving the missing documents and the unhelpfulness of the former directors of Ace Solution Technology Limited and its subsidiaries (collectively the "Disposal Group") in providing the missing documents and information relating to the Disposal Group especially for the year ended 31 December 2008, the Group has not conducted any business through the Disposal Group in the period under review. On 15 June 2009, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Mr. Yu Shu Kuen (the "Purchaser") pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell: (i) the entire issued share capital of Ace Solution Technology Limited (the "Target"), and (ii) all obligations, liabilities and debts owing or incurred by the Target to the Company on or at any time prior to completion of the Sale and Purchase Agreement. As a result of completion of the Disposal on 5 February 2010, the companies in the Disposal Group cease to be subsidiaries of the Company and the results of the Disposal Group cease to be consolidated into the consolidated accounts of the Group.

The Group will strive to maintain the market share in the current business operations and at the same time to explore new businesses, such as the media and advertisement publication, civil and military dual-use optoeletronic and consumer electronic products as mentioned above, so as to bring a reasonable return to our shareholders.

Prospect

The Board anticipates that the worsening global financial and economic crisis will further curtail consumer and corporate demand for goods and services thereby pulling down the Group sales volume and results for year 2010. However, 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

Books and Records maintained by the Disposal Group

The directors of the Company are responsible to prepare the Group's consolidated financial statements based on the books and records maintained by the Company and its subsidiaries (the "Group"). However, after the change of the board of directors of the Company and certain subsidiaries during the year ended 31 December 2008, other than Friendly Group Limited and Pacific Vision Technologies Limited which were newly incorporated in 2008, the Company no longer has access to certain books and records of certain subsidiaries of the Group, namely Ace Solution Technology Limited, Gold Glory Development Limited, Hanbit I & T (HK) Co., Limited, Qualfield Limited, Quasar Communication Technology Limited, Synerex Inc., Zetta Global Limited, and Zetta Media Holdings Limited (collectively, the

"Disposal Group"). The present directors of the Company have tried to get assistance from the former directors of the Company to locate the relevant information and documents of the Disposal Group. However, the present directors of the Company lost contact with certain former directors and were therefore unable to obtain access to the relevant information and documents of the Disposal Group in the preparation of these consolidated financial statements. Hence, only limited books and records of the Disposal Group are accessible by the present directors of the Company. In view of the foregoing, no representations as to the completeness of the books and records the Disposal Group could be given by the present directors of the Company although due care has been taken in the preparation of the consolidated financial statements to mitigate the effect of the incomplete books and records of the Disposal Group. The present directors of the Company have, in the assessment of the Group's assets and liabilities, taken such steps as they considered practicable to establish these assets and liabilities based on the information of which they were aware and have made provisions and adjustments as they considered appropriate in the preparation of these consolidated financial statements.

On 15 June 2009, the Company entered into a sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which, the Company has agreed to dispose (the "Disposal") the Disposal Group to the Purchaser.

As at 31 December 2009, the Disposal had not yet been completed and the assets and liabilities of the Disposal Group were classified as a disposal group held for sale and were stated at the lower of their carrying amounts and the fair value less costs to sell.

As the Disposal Group ceased their business operations during the year under review and the Disposal Group was no longer the subsidiaries of the Company upon completion of the Disposal on 5 February 2010, the management is of the opinion that the audit scope limitation arising from loss of access to certain books and records maintained by the Disposal Group led to the auditors' disclaimer of opinion in the consolidated financial statements of the Company for the year ended 31 December 2008 and 2009 will be cleared in coming financial years.

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 1.5 (2008: 9.5) and total cash and bank balances amounted to approximately HK$6,764,000 (2008: HK$7,590,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities. As at 31 December 2009, the gearing ratio based on total liabilities over total assets was approximately 5.53% (2008: 10.35%).

Capital Structure and Fluctuation In Exchange

Details in the changes of the capital structure of the Company during the year ended 31 December 2009 are set in note 16 to this announcement. The capital of the Company comprised only ordinary shares as at 31 December 2009.

During the year under review, sales and purchases of the Group were mainly transacted in United States dollars and Hong Kong dollars. As at 31 December 2009, a substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in United States dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

Completion of Placing of New Shares

In accordance with a placing agreement entered into between the Company and a placing agent on 31 December 2008 (the "Placing"), a total of 117,288,000 of new ordinary share(s) of HK$0.01 in the share capital of the Company had been successfully placed and issued to not less than ten placees, who are professional, institutional and/or corporate, or individual investors and independent third parties at the placing price of HK$0.07 per placing share 21 January 2009. The net proceeds from the Placing amounted to HK$8,123,000 and were used for general working capital.

Employees

As at 31 December 2009, there were a total of 9 (2008: 9) full-time staff employed by the Group. The staff costs including directors' remuneration for the year were approximately HK$2,275,000 (2008: HK$2,750,000). There was no equity-settled share option expenses (2008: HK$7,442,000) for the year.

The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions and discretionary bonus.

Material acquisitions and disposals of subsidiaries and affiliated companies

On 18 February 2009, the Company entered into a sale and purchase agreement with Ocean Space Development Limited ("Ocean Space"), an independent third party, in respect of acquisition of the entire issued share capital of Legend Century Investments Limited ("Legend") and the shareholder's loan due from Legend to Ocean Space (the "Legend Acquisition") at a consideration of HK$600,000,000 which shall be settled by (i) the set off of the deposit of HK$5,000,000 already paid to Ocean Space and (ii) the issue of three-year convertible bonds of HK$595,000,000 by the Company to Ocean Space which would be convertible into the shares of the Company of HK$0.01 each at a conversion price of HK$0.125 (subject to adjustment) each. The Legend Acquisition was completed on 30 December 2009.

On 15 June 2009, the Company entered into a sale and purchase agreement (as supplemented by two deeds of assignment and novation dated 30 September 2009 and 1 December 2009 respectively) with Mr. Yu Shu Kuen (the "Purchaser") to (i) dispose the entire issued share capital of Ace Solution Technology Limited ("Ace Solution") and its subsidiaries, and (ii) the shareholder's loan due from Ace Solution to the Company at the consideration of HK$1. The transaction, which constitutes a very substantial disposal for the Company under the GEM Listing Rules, was approved by the shareholders of the Company at an extraordinary general meeting of the Company held on 18 January 2010 and the disposal was subsequently completed on 5 February 2010.

On 10 December 2009, the Company entered into a sale and purchase agreement with Nopo Group Limited ("Nopo"), an independent third party, in respect of acquisition of the entire issued share capital of Nopo International Limited (the "Nopo Acquisition") at a consideration of HK$19,493,000 which shall be settled by (i) a refundable deposit of HK$1,993,000 and (ii) the issue of ordinary shares of HK$17,500,000 by the Company of HK$0.01 each at an issue price of HK$0.125 each. The Nopo Acquisition has been completed on 22 January 2010.

Other than the above, there were no other significant investments nor material acquisition and disposal of subsidiaries and affiliated companies of the Company for the year ended 31 December 2009.

Proposed acquisition

On 30 September 2009, the Company entered into a sale and purchase agreement with an independent third party, in respect of the acquisition of copyrights of a film library ("Copyrights Acquisition") at a consideration of HK$25,000,000. The consideration will be set off by the refundable deposit ("Deposit") already paid by the Company in October 2008 upon completion of the acquisition. The Deposit would not bear any interest and security. The trademarks attached to the Copyrights Acquisition would be transferred from the Vendor to the Company at nil consideration at Completion. The acquisition is subject to approval from the shareholders and a circular containing the details of the acquisition will be despatched to the shareholders of the Company in due course.

Charge, Contingent Liabilities and Commitments

As at 31 December 2009, the Group had commitments under operating lease amounting to approximately HK$5,277,000 (2008: HK$3,049,000) 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 period.

In addition, the Group and the Company had the following commitments at the end of the reporting period:

(a) On 28 January 2008, the Company entered into a non-legally binding memorandum of understanding (the "MOU 1") with China Innovation Investment Limited ("China Innovation") a then independent third party and a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, in respect of the strategic co-operation in the civil and military dual-use optoelectronic industry. Pursuant to the MOU 1, China Innovation will base on its first right of refusal to invest in two LED optoelectronic projects, namely 上海大晨光電科技有限公司 (Shanghai Morning Optoelectronic Technology Limited, "SMOTL"), primarily engaged in the New LED lighting Project, and 雲南天達光伏科技股份有限公司 (Yunnan Tianda Photovoltaic Co., Ltd., "Yunnan Tianda"), primarily engaged in the New Solar Energy Project, of 中國兵器工業集團公司 (China North Industries Group Corporation "CNGC") to provide support to The Company on the manufacturing, assembling and development of LED optoelectronic products and related civil and military dual-use products. The Company will provide strategic solutions and distribution channels to the CNGC's optoelectronic enterprises, which are principally engaged in manufacturing of LED optoelectronic products and are also subject to potential investment by China Innovation.

On 18 March 2008, the Company entered into a cooperation letter of intent (the "LOI") with China Innovation and 南京北方信息產業集團有限公司 (Nanjing North Information Industry Group Co., Ltd. "NNII"), a wholly-owned subsidiary of CNGC. Pursuant to the LOI, the Company, China Innovation and NNII will jointly participate in the share restructuring of 南京北方慧華光電有限公司 (Nanjing North Weihaw Optics Electronics Co., Ltd. "NNWO") which is currently controlled by NNII and engaged in the New Media LCD Project. Upon completion of the restructuring, NNWO will continue to regard civil and military dual-use optoelectronic products as its principal scope of business.

On 18 June 2008, the Company, China innovation and 北京北方光電有限公司 (China Opto-Electro Industries Co., Ltd. ("COEI"), a wholly-owned subsidiary of CNGC, entered into a cooperation framework agreement, pursuant to which the Company and China Innovation have been granted a first right of refusal to acquire not more than 30% equity interests or not more than 30 million shares of COEI under the capital restructuring of COEI. The Company and China Innovation have also agreed to contribute to COEI the first right of refusal to invest in SMOTL (New LED Lighting Project), Yunnan Tianda (New Solar Energy Project) and NNWO (New Media LCD Project) to avoid potential competition.

There was no further development of the cooperation during the year.

(b) On 10 December 2009, the Company entered into a sale and purchase agreement with an independent third party ("Vendor B") pursuant to which the Company agreed to acquire the entire issued share capital of Nopo International Limited (the "Nopo Acquisition"), which was principally engaged as an agent of the products of a mobile location-based service provider in the PRC and the sole franchised dealer in overseas markets under a distribution agreement, at a consideration of HK$19,493,000. A refundable deposit of HK$1,993,000 (note 14), without interest, had been paid by the Company to the Vendor B upon signing of the agreement. The Nopo Acquisition has been completed subsequent to the reporting period on 22 January 2010 with the balance of the consideration of HK$17,500,000 being settled by the issue of 140,000,000 consideration shares of the Company at an issue price of HK$0.125 per share.

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 year under review.

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 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 provision of the Articles. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive directors without specific terms but otherwise subject to rotation and re-election by shareholders was fair and reasonable, and does not intend to change the current practice at the moment.

BOARD PRACTICES AND PROCEDURES

The Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules throughout the year.

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 all three independent non-executive directors of the Company, Mr. Zhang Zhan Liang as the Chairman and Ms. Lu Yuhe and Mr. Kwok Chi Hung as the members.

The Company has complied with rule 5.05 and 5.28 of the GEM Listing Rules throughout the year ended 31 December 2009 except for the period from 3 July 2009 to 10 July 2009. Following the resignation of Mr. Zhang Jun as an independent non-executive director and a member of the Committee on 3 July 2009, the Company has only two independent non-executive directors, the number of which falls below the minimum number required under rule 5.05(1) of the GEM Listing Rules; and fails to have one independent non-executive director obtained appropriate qualification, or accounting or related financial management expertise as required by rules 5.05(2) and 5.28 of the GEM Listing Rules. The Company strived to find the suitable person to fill the casual vacancy for the post of independent non-executive director and the member of the Committee. Finally, Ms. Lu Yuhe has been appointed as the independent non-executive director and a member of the Committee with effect from 10 July 2009 to fill the casual vacancy of the said positions and to comply with the rules 5.05 and 5.28 of the GEM Listing Rules.

Pursuant to the Rule 5.09 of the GEM Listing Rules, the Company received a written confirmation from each of the independent non-executive directors of their independence to the Company. The Company considers that all of the independent non-executive directors are independent.

The Group's audited results for the year ended 31 December 2009 have been reviewed by the audit committee, which was of the opinion that subject to qualifications as mentioned by the auditors of the Company in the auditors' report as extracted and disclosed under section 2.2 of this announcement, the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

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

Hong Kong, 23 March 2010

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Yang Gaocai, Mr. Wong Chak Keung and Mr. Law Gerald Edwin and the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. Lu Yuhe and Mr. Kwok Chi Hung.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumption that are fair and reasonable.

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.