



**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)

**THIRD QUARTERLY REPORT 2016**

## **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.**

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*This report, for which the directors of China Trends Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to China Trends Holdings Limited. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the nine months ended and the three months ended 30 September 2016, together with the unaudited comparative amounts for the corresponding period in 2015, as follows:

	<i>Notes</i>	Nine months ended 30 September		Three months ended 30 September	
		2016	2015	2016	2015
		<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Unaudited	<i>HK\$'000</i> Unaudited
<b>REVENUE</b>	3	<b>70,734</b>	62,485	<b>25,970</b>	28,714
Cost of sales		<b>(67,976)</b>	(60,074)	<b>(24,927)</b>	(27,555)
Gross profit		<b>2,758</b>	2,411	<b>1,043</b>	1,159
Other income and gains	3	<b>745</b>	129	<b>628</b>	121
Administrative and other operating expenses		<b>(10,851)</b>	(6,038)	<b>(2,965)</b>	(2,335)
<b>LOSS BEFORE TAX</b>		<b>(7,348)</b>	(3,498)	<b>(1,294)</b>	(1,055)
Income tax expenses	4	-	-	-	-
<b>LOSS FOR THE PERIOD</b>		<b>(7,348)</b>	(3,498)	<b>(1,294)</b>	(1,055)
<b>OTHER COMPREHENSIVE LOSS:</b>					
Items that may be classified to profit or loss:					
Exchange difference on translation of foreign operations		<b>(725)</b>	(1,260)	<b>(35)</b>	(1,305)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(8,073)</b>	(4,758)	<b>(1,329)</b>	(2,360)
<b>(LOSS) PROFIT FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		<b>(7,353)</b>	(3,484)	<b>(1,299)</b>	(1,050)
Non-controlling interests		<b>5</b>	(14)	<b>5</b>	(5)
		<b>(7,348)</b>	(3,498)	<b>(1,294)</b>	(1,055)

		Nine months ended 30 September		Three months ended 30 September	
		2016	2015	2016	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
		(8,070)	(4,731)	(1,333)	(2,342)
		(3)	(27)	4	(18)
		<b>(8,073)</b>	<b>(4,758)</b>	<b>(1,329)</b>	<b>(2,360)</b>
<b>LOSS PER SHARE</b>					
		(0.02)	(0.05)	–	(0.01)
		<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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*Notes:*

**1. CORPORATE INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is situated at 26/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) the low carbon products applications. It mainly develops business of low-carbon digital solutions and provides media and e-commerce platforms and media advertising services.

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

**2. BASIS OF PREPARATION**

These unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements to the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "GEM Listing Rules") and with Hong Kong Financial Reporting Standards which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies adopted in preparing these third quarterly results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2015. The third quarterly results are unaudited but have been reviewed by the Company's audit committee.

**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:

	Nine months ended 30 September		Three months ended 30 September	
	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
<b>Revenue</b>				
Sales of goods	70,734	62,485	25,970	28,714
<b>Other income and gains</b>				
Bank interest income	252	30	244	26
Others	493	99	384	95
	745	129	628	121

**4. INCOME TAX EXPENSES**

No provision for taxation has been made since the Company has tax loss during the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 5. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share for the period is based on the unaudited net loss attributable to owners of the Company and the weighted average number of ordinary shares in issue during the nine months ended 30 September 2016 and 30 September 2015.

The calculations of basic loss per share are based on:

	Nine months ended 30 September		Three months ended 30 September	
	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited	2016 HK\$'000 Unaudited	2015 HK\$'000 Unaudited
Loss attributable to owners of the Company, used in the basic loss per share calculation	(7,353)	(3,484)	(1,299)	(1,050)

	Number of shares			
	Nine months ended 30 September		Three months ended 30 September	
	2016	2015	2016	2015
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	35,360,207,631	6,677,612,226	42,707,651,967	6,735,001,932

The computation of the diluted loss per share does not assume the exercise of the Company's share options and convertible bonds as the exercise of the share options and convertible bonds will give rise to an anti-dilutive effect.

**6. RESERVES**

	Share premium account HK\$'000	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Equity component of convertible bonds HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- Controlling interests HK\$'000	Total HK\$'000
At 1 January 2015 (Audited)	235,563	12,466	3,968	391,534	11,157	(1,638)	(596,562)	56,478	1,454	57,932
Loss for the period	-	-	-	-	-	-	(3,484)	(3,484)	(14)	(3,498)
Other comprehensive loss for the period	-	-	(1,247)	-	-	-	-	(1,247)	(13)	(1,260)
Total comprehensive loss for the period	-	-	(1,247)	-	-	-	(3,484)	(4,731)	(27)	(4,758)
Issue of shares upon exercise of share options	5,934	(1,934)	-	-	-	-	-	4,000	-	4,000
At 30 September 2015 (Unaudited)	241,497	10,522	2,721	391,534	11,157	(1,638)	(600,046)	55,747	1,427	57,174
At 1 January 2016 (Audited)	496,383	10,522	637	-	11,157	(1,638)	(601,436)	(84,375)	1,402	(82,973)
Loss for the period	-	-	-	-	-	-	(7,348)	(7,348)	-	(7,348)
Other comprehensive loss	-	-	(722)	-	-	-	-	(722)	(3)	(725)
Total comprehensive loss for the period	-	-	(722)	-	-	-	(7,348)	(8,070)	(3)	(8,073)
Issue of bonus shares	(203,998)	-	-	-	-	-	-	(203,998)	-	(203,998)
Issue of shares upon exercise of share options	987	(387)	-	-	-	-	-	600	-	600
Issue of shares upon exercise of bonus warrants	4,672	-	-	-	-	-	-	4,672	-	4,672
At 30 September 2016 (Unaudited)	298,044	10,135	(85)	-	11,157	(1,638)	(608,784)	(291,171)	1,399	(289,772)

**DIVIDEND**

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: Nil).

**FINANCIAL REVIEW**

During the nine months ended 30 September 2016, the Group recorded a revenue of approximately HK\$70,734,000 (nine months ended 30 September 2015: HK\$62,485,000), representing an increase of 13.20%. The Group recorded an increase as compared to that of previous period in revenue was mainly due to Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company, being reached a settlement from all parties from the malicious litigation from Zhengjiang New district in Zhengjiang Intermediate People's Court mediation on 24 June 2015. As a result, Boss China has contributed on revenue to the Group to approximately HK\$47,845,000 (nine months ended 30 September 2015: HK\$11,270,000).

During the nine months ended 30 September 2016, the Group reported a loss of approximately HK\$7,348,000 (nine months ended 30 September 2015: HK\$3,498,000).

**OPERATIONAL REVIEW**

On 3 February 2016, Honour Sky International Limited ("Honour Sky"), the substantial shareholder of the Company, and China Technology Education Trust Association ("Trust Association"), a charitable society, issued a consent letter to the Company in relation to the provision the standby facility ("Standby Facility") in the principal amount of up to HK\$500,000,000. The drawdown from such Standby Facility shall be utilised by the Company for investment or acquisition of a designated media project which is public service oriented and would facilitate youth's innovation and entrepreneurship both in the PRC and Hong Kong.

On 19 February 2016, the Company and Shenzhen Cocaa Network Technology Co., Ltd entered into a cooperative agreement in relation to the Children Intelligent TV.

On 8 March 2016, the Company, being one of the creditors of Asia Television Limited (the “ATV”), has issued the debt restructuring proposals (the “Debt Restructuring Proposals”) to the provisional liquidator of ATV.

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

On 28 March 2016, the Company issued a letter (the “Further Explanation”) to the Provisional Liquidators and further explained the Debt Restructuring Proposals.

On 11 April 2016, the Company issued a revised Debt Restructuring Proposal to the provisional liquidator of ATV.

On 24 June 2016, the Company and Mr. Xu entered into a memorandum of understanding in relation to patents acquisition.

On 30 June 2016, the Company and Youshi Interactive entered into a supplemental agreement to the cooperative agreement in relation to the “Interactive TV shopping platform”.

## **PROSPECT**

The Group will continue to expand the trading of electronic technology and related products business both in Hong Kong and and PRC and the contribution from PRC will be recovered after the malicious litigation from Zhengjiang New District have reached a settlement in Zhengjiang Intermediate People’s Court mediation on 24 June 2015.

The Group is working hard on provision of online media platforms and media advertising business. Interactive TV Shopping Platforms which allows users to browse the content and redeem the products via the TV APP/or mobile phone APP would be the main development focus of the Group and large scale promotion and start operation in late 2016 or early 2017. The Company’s Directors and management will dedicate their best effort to lead the Group to strive for the best interests for our Shareholders.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL**

As at 30 September 2016, the interests and short positions of the Directors or chief executives and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

**(I) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY – SHARE OPTION**

Name of Director	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$ (note 2)	Number of underlying Shares for Share Options	Approximately percentage of interests
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	120,000,000(L)	0.28%
Zhang Zhan Liang	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	60,000,000(L)	0.14%
An Jin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	60,000,000(L)	0.14%
Chen Yicheng	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	60,000,000(L)	0.14%

*Notes:*

1. The letter "L" denotes the Shareholders' long position in the Shares.
2. Adjustment of share option upon completion of bonus shares issued on 24 March 2016.

Save as disclosed above, as at 30 September 2016, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2016, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any members of the Company:

### (I) INTEREST IN ISSUED SHARES

Name	Nature of interest	Number of shares held	Approximately percentage of interests (note 4)
Honour Sky International Limited (note 2)	Beneficial owner	10,783,683,830(L)	25.25%
China Technology Education Trust Association (note 2)	Interest of controlled corporation	10,783,683,830(L)	25.25%
Kuan Hsin Hwei (note 3)	Beneficial owner	1,637,440,000(L)	3.83%
Ruan Xiaoping (note 3)	Beneficial owner	1,500,000,000(L)	3.51%
Yu Bin (note 3)	Beneficial owner	988,160,000(L)	2.31%
Chen Yingjiu (note 3)	Beneficial owner	602,400,000(L)	1.41%
Zheng Yan (note 3)	Beneficial owner	581,120,000(L)	1.36%
Wang Jianjun (note 3)	Beneficial owner	300,000,000(L)	0.70%

**(II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY – 2021 WARRANTS (WARRANT CODE: 8015)**

Name	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$	Number of underlying shares for 2021 Warrants	Approximately percentage of interests (note 4)
Kuan Hsin Huei (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	875,152,000(L)	2.05%
Ruan Xiaoping (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	300,000,000(L)	0.70%
Yu Bin (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	369,760,000(L)	0.87%
Chen Yingjiu (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	120,480,000(L)	0.28%
Zheng Yan (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	200,000,000(L)	0.47%
Wang Jianjun (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	60,000,000(L)	0.14%

**Notes:**

- The letter "L" denotes the Shareholders' long position in the Shares.
- Honour Sky International Limited is a private company wholly and beneficially owned by China Technology Education Trust Association (the "Trust Association"). Accordingly, the Trust Association is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of the Trust Association.
- According to the disclosure of interest of the Stock Exchange, Kuan Hsin Huei, Ruan Xiaoping, Yu Bin, Chen Yingjiu, Zheng Yan and Wang Jiajun are the parties acting in concert and each of them is interested in approximately 17.64% (including interest of shares, warrants and parties acting in concert) of the total issued share capital of the Company.
- The approximately percentage of interests in the Company is calculated on the basis of 42,707,807,396 Shares in issue as at 30 September 2016.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at 30 September 2016, there is no person (other than a Director or chief executive of the Company), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES**

Save as disclosed in the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial parts of the business of the Company were entered into or existed during the period under review.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with business of the Group during the period under review.

## **2021 WARRANTS (WARRANT CODE: 8015)**

The Company has issued the bonus warrants on the basis of two bonus warrants for every five existing shares held on 17 March 2016, subjects to adjustment. The subscription rights attached to the bonus warrants will be exercisable from 29 March 2016, the date of issuance until the close of business on 28 March 2021.

After ordinary resolution has been passed at extra ordinary general meeting on 7 March 2016 to approve the bonus warrants issue, 8,159,991,432 units of bonus warrants (warrant code: 8015) with initial subscription price of HK\$0.0125 per bonus warrants has been issued and listed on the GEM of the Stock Exchange of Hong Kong Limited.

During the period, 1,868,250,238 units of bonus warrants has been exercised by warrant holders of the Company and 6,291,741,194 units of bonus warrants are outstanding as at 30 September 2016.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

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

1. Mr. Xiang Xin becomes the Chairman of the Board and Chief Executive Officer of the Company during the period.

Such practice deviates from code provision A.2.1 of the CG Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Xiang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Xiang to hold both positions as the Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

2. The Company has no fixed terms of appointment for non-executive Directors. Independent non-executive Directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the relevant provision under the Articles of Association of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive Directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders was fair and reasonable, and does not intend to change the current practice at the moment.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors. All Directors confirmed that they complied with the required standards as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period under review.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Committee currently comprises all three independent non-executive Directors of the Company, Mr. Wong Chung Kin, Quentin as the Chairman, Ms. An Jing and Mr. Chen Yicheng as the members.

The Group's unaudited consolidated results for the nine months ended 30 September 2016 have been reviewed by the Committee, which was of the opinion that such results have complied with the applicable accounting standards and that adequate disclosures have been made.

## **DIRECTORS OF THE COMPANY**

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

By order of the Board

**China Trends Holdings Limited**

**Xiang Xin**

*Chairman and Chief Executive Director*

Hong Kong, 9 November 2016