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 2017

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.

HIGHLIGHTS

- Revenue for the year ended 31 December 2017 amounted to approximately HK$80,935,000.
- Net loss attributable to owners was HK$8,273,000 with basic loss per share of HK$0.02 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 2017, together the audited comparative figures for the corresponding year in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
REVENUE	*4*	**80,935**	90,047
Cost of sales		**(77,650)**	(86,559)
Gross profit		**3,285**	3,488
Other income and gains	*4*	**278**	1,324
Administrative and other operating expenses		**(11,830)**	(13,698)
Loss from operations		**(8,267)**	(8,886)
Impairment loss on intangible asset		**–**	(2,219)
Impairment loss on other receivables		**–**	(3,000)
LOSS BEFORE TAX	*5*	**(8,267)**	(14,105)
Income tax expenses	*6*	**–**	–
LOSS FOR THE YEAR		**(8,267)**	(14,105)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**4,109**	(3,037)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(4,158)**	(17,142)

	Notes	2017 HK$'000	2016 HK$'000
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(8,273)**	(14,111)
Non-controlling interests		**6**	6
		(8,267)	(14,105)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(4,201)**	(17,117)
Non-controlling interests		**43**	(25)
		(4,158)	(17,142)
LOSS PER SHARE	*7*		
Basic (HK cents per share)		**(0.02)**	(0.03)
Diluted (HK cents per share)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**424**	551
Intangible assets		**22,781**	22,781
Available-for-sale investment		**22,800**	22,800
Total non-current assets		**46,005**	46,132
CURRENT ASSETS			
Trade receivables	*8*	**69,911**	46,389
Prepayments, deposits and other receivables		**3,347**	3,491
Cash and bank balances	*9*	**24,182**	32,591
Total current assets		**97,440**	82,471
CURRENT LIABILITIES			
Trade payable		**18,243**	–
Other payables and accruals		**896**	337
Tax payable		**123**	–
Total current liabilities		**19,262**	337
NET CURRENT ASSETS		**78,178**	82,134
TOTAL ASSETS LESS CURRENT LIABILITIES		**124,183**	128,266
NET ASSETS		**124,183**	128,266
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**427,161**	427,101
Other reserves		**(304,398)**	(300,212)
		122,763	126,889
NON-CONTROLLING INTERESTS		**1,420**	1,377
TOTAL EQUITY		**124,183**	128,266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Foreign currency translation reserve	Special reserve	Capital reserve	Accumulated losses	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2016	203,998	496,383	10,522	637	11,157	(1,638)	(601,436)	119,623	1,402	121,025
Total comprehensive loss for the year	–	–	–	(3,006)	–	–	(14,111)	(17,117)	(25)	(17,142)
Exercise of share options	400	987	(387)	–	–	–	–	1,000	–	1,000
Exercise of bonus warrants	18,705	4,678	–	–	–	–	–	23,383	–	23,383
Bonus issue	203,998	(203,998)	–	–	–	–	–	–	–	–
At 31 December 2016 and 1 January 2017	427,101	298,050	10,135	(2,365)	11,157	(1,638)	(615,547)	126,889	1,377	128,266
Total comprehensive income/(loss) for the year	–	–	–	4,072	–	–	(8,273)	(4,201)	43	(4,158)
Exercise of bonus warrants	60	15	–	–	–	–	–	75	–	75
Lapsed share options	–	–	(726)	–	–	–	726	–	–	–
At 31 December 2017	427,161	298,065	9,409	1,707	11,157	(1,638)	(623,094)	122,763	1,420	124,183

Notes:

1. CORPORATE INFORMATION

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

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

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for its accounting year beginning on 1 January 2017. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

The Group's revenue and result for the year ended 31 December 2017 were mainly derived from its operating segment of trading of electronic technology and related products. For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segment as follows:

(a) the trading of electronic technology and related products; and

(b) the media operating segment is involved in provision of media and e-commerce platforms and media advertising services.

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

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

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

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

	For the year ended 31 December					
	Trading of electronic technology and related products		**Media business** *(Note)*		**Consolidated total**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:						
Sales to external customers	**80,935**	90,047	**–**	–	**80,935**	90,047
	80,935	90,047	**–**	–	**80,935**	90,047
Segment results	**597**	735	**–**	–	**597**	735
Reconciliation:						
Interest income					**9**	283
Unallocated expenses					**(8,873)**	(15,123)
Loss before tax					**(8,267)**	(14,105)
Income tax expenses					**–**	–
Loss for the year					**(8,267)**	(14,105)
Other segment information:						
Capital expenditure	**–**	59	**–**	–	**–**	59
Impairment loss on intangible asset	**–**	–	**–**	2,219	**–**	2,219
Impairment on other receivables	**–**	–	**–**	3,000	**–**	3,000
Depreciation	**166**	409	**–**	10	**166**	419

	As at 31 December					
	Trading of electronic technology and related products		Media business *(Note)*		Consolidated total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**87,938**	65,394	**22,781**	22,781	**110,719**	88,175
Unallocated assets					**32,726**	40,428
Total assets					**143,445**	128,603
Segment liabilities	**18,566**	195	**–**	–	**18,566**	195
Unallocated liabilities					**696**	142
Total liabilities					**19,262**	337

Note: On 14 November 2016, the board announced that the Company and Yue Chen Xing Holdings Limited entered into a cooperative framework agreement in relation to the Game Channel of Wealth Storm Platform. The announcement dated 14 November 2016 regarding the plan is to use the copyright of a film library held by the Group to generate future profits. For details, please refer to Company's announcement dated 14 November 2016. For the year ended 31 December 2017, the framework agreement was elapsed as the framework agreement was valid only for six months.

Geographical information

(a) Revenue from external customers

	For the year ended 31 December	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**–**	22,890
Mainland China (excluding Hong Kong)	**80,935**	67,157
	80,935	90,047

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

(b) Non-current assets

	As at 31 December	
	2017	2016
	HK$'000	*HK$'000*
Mainland China (excluding Hong Kong)	**23,205**	23,332

Revenue from major customers

Trading of electronic technology and related products segment	**2017**	2016
	HK$'000	*HK$'000*
Customer A	**56,836**	32,309
Customer B	**24,099**	22,890
Customer C	**–**	21,477
Customer D	**–**	13,371
	80,935	90,047

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**80,935**	90,047
Other income and gains		
Bank interest income	**9**	283
Net exchange gains	**92**	–
Others	**177**	1,041
	278	1,324

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Cost of sales	**77,650**	86,559
Auditors' remuneration		
— Annual audit	**389**	404
— Other services	**–**	23
Total auditors' remuneration	**389**	427
Employee benefits expenses (including directors' remuneration):		
— Wages, salaries and allowances	**1,438**	1,498
— Other benefits in kind	**104**	109
— Pension scheme contributions	**100**	49
Total employee benefits expenses	**1,642**	1,656
Depreciation	**166**	419
Impairment loss on other receivables	**–**	3,000
Impairment loss on intangible asset	**–**	2,219
Minimum lease payments under operating leases, land and buildings	**1,945**	1,570
Net exchange losses	**–**	96

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Group has tax loss during the years ended 31 December 2017 and 2016. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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

	2017	2016
	HK$'000	*HK$'000*
Loss before tax:	**(8,267)**	(14,105)
Tax at the statutory tax rate of 16.5% (2016: 16.5%)	**(1,364)**	(2,327)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**51**	50
Expenses not deductible for tax and income not subject to tax rate	**29**	863
Tax effect of taxes losses not recognised	**1,284**	1,414
Tax charge at the Group's effective tax rate	**–**	–

At 31 December 2017, the Group has unused tax losses of approximately HK$113,182,000 (2016: HK$105,088,000) available indefinitely for offset against future profits. No deferred tax asset (2016: HK$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

7. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

	2017	2016
	HK$'000	*HK$'000*
Losses		
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	**(8,273)**	(14,111)

	Number of shares	
	2017	2016
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	**42,715,352,881**	41,853,658,875

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the years ended 31 December 2017 and 2016.

8. TRADE RECEIVABLES

The Group grants a credit period normally ranging from cash on delivery to 60–180 days to its trade customers.

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**69,911**	46,389
Less: impairments	**–**	–
	69,911	46,389

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**19,042**	–
31 to 60 days	**–**	2,404
61 to 90 days	**12,757**	19,740
Over 91 days	**38,112**	24,245
	69,911	46,389

An aged analysis of the trade receivables based on the contract term that are not individually nor collectively considered to be impaired is as follows:

	2017	2016
	HK$'000	*HK$'000*
Neither past due nor impaired	**45,606**	28,262
1 to 30 days past due	**13,137**	18,127
30 days to 1 year past due	**2,593**	–
1 year to 2 years past due	**8,575**	–
	69,911	46,389

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors 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.

9. CASH AND BANK BALANCES

	2017	2016
	HK$'000	*HK$'000*
Cash and bank balances	**24,182**	32,591

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") was RMB1,689,000 (2016: RMB1,937,000) (equivalent to approximately HK$2,025,000 (2016: HK$2,152,000)). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

10. CONTINGENT LIABILITIES

As at 31 December 2017, the Group and the Company did not have any significant contingent liabilities (2016: Nil).

11. OPERATING LEASE COMMITMENTS

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

	2017	2016
	HK$'000	*HK$'000*
Within one year	**2,027**	480
In the second to fifth years, inclusive	**2,507**	–
	4,534	480

12. RELATED PARTY TRANSACTIONS

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

		2017	2016
	Notes	***HK$'000***	*HK$'000*
New Era Group (China) Limited	*(a)*		
Rental paid		**960**	960
Rental deposit paid		**160**	160
New Era Foundation (China) Limited	*(b)*		
Rental paid		**985**	601
Rental deposit paid		**177**	100

Notes:

(a) The Company entered into a tenancy agreement (the "Tenancy Agreement A") with New Era Group (China) Limited ("New Era"), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement A, New Era agreed to lease to the Company an office premise for a term of 36 months commencing on 1 July 2008. The Company shall pay a deposit of HK$160,000 and a monthly rental of HK$80,000 to New Era. The deposit was included in prepayments, deposits and other receivables in the statement of consolidated financial position. On 1 January 2011, the term of Tenancy Agreement A has been extended a 36 months commencing from 1 July 2011, on 1 January 2014, the term of Tenancy Agreement A has been further extended a 36 months commencing from 1 July 2014, agreed by both the Company and New Era. On 5 May 2017, the Tenancy Agreement A has been further extended a 36 months commencing from 1 July 2017 with the same terms and conditions.

(b) On 1 December 2009, a subsidiary of the Company, Boss China entered into a tenancy agreement (the "Tenancy Agreement B") with New Era Foundation (China) Limited ("New Era China"), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement B, New Era China agreed to lease to Boss China an office premise for a term of 48 months commencing on 1 January 2010, Boss China shall pay a deposit of RMB90,000 (equivalent to approximately HK$115,000) and a monthly rental of RMB43,000 to New Era China with no rent free period.

On 31 December 2013, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 January 2014, Boss China shall pay a deposit of RMB90,000 (equivalent to approximately HK$112,000), and a monthly rental of approximately RMB43,000 to New Era China with no rent free period.

On 1 January 2017, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 January 2017, Boss China shall pay a deposit of RMB148,000 (equivalent to approximately HK$177,000, and a monthly rental of approximately RMB74,000 to New Era China with no rent free period. The deposit was included in prepayments, deposits and other receivables in the consolidated statement of financial position.

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

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

	2017	2016
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**210**	292
Equity-settled share option expenses	**–**	–
Pension scheme contributions	**–**	–
	210	292

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2017 and 2016.

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 2017.

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

FINANCIAL REVIEW

During the year ended 31 December 2017, the Group recorded a revenue of approximately HK$80,935,000 (2016: HK$90,047,000), representing a decrease of 10.1%. The Group recorded a decrease as compared to last year in revenue was mainly due to the continuing downward of China economic increase in a difficult world economic environment with complexities and challenges in the year of 2017.

During the year ended 31 December 2017, the Group incurred a loss of approximately HK$8,267,000 (2016: HK$14,105,000) in which the loss attributable to the owners of the Company was approximately HK$8,273,000 (2016: HK$14,111,000). Loss for the year decreased significantly during the year mainly arising from exchange gains on translation of foreign operation in Mainland China by approximately HK$4,109,000 due to appreciation of Renminbi during the year of 2017.

OPERATIONAL REVIEW

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

1. On 30 September 2016, as an integral part of its marketing plans for the Wealth Storm Platform, Boss Dream Culture Communication Limited ("Boss Culture") announced that each of the current employees and ultimate shareholders of all strategic partners who have a contractual relationship with Boss Culture, which include but not limited to the Company and China Innovation Investment Limited, will receive monthly "Wealth Storm" redemption coupons in accordance with his/her salary and the nominal value of his/her/its shareholding respectively (the "Welfare Plan").

   On 27 January 2017, the development of the Wealth Storm Platform is almost completed and has been in on-line pilot operation. Due to no ideal solutions for the payment and data privacy issues at this moment, the schedule for the implementation of Welfare Plan shall be delayed for some time until further notice.

2. On 25 November 2016, the Company and Mr. Cheung Kin Wa, entered into an agreement in relation to the sale and purchase of all issued shares of Skynet Satellite Data Limited ("Skynet Acquisition Agreement").

   Skynet Satellite Data Limited ("Skynet"), jointly with Poly LM Asset Management Co., Ltd. ("Poly LM") and GC Capital Partners Limited ("GC Capital"), signed a memorandum of understanding with Thuraya Telecommunications Company ("Thuraya") in relation to the opportunity to invest Thuraya and its next generation project in March 2016. At the same time, Skynet has made agreement with SRT Wireless LLC ("SRTW"), in which SRTW authorize Skynet as the sole agent in China to manufacture and sale Satellite data communication products.

   On 30 December 2016, the Company entered into the conditional placing agreement (the "Placing Agreement") with VC Brokerage Limited (the "Placing Agent"), pursuant to which the Placing Agent has agreed to act as placing agent of the Company, on a best effort basis, for the purpose of arranging Placees for the Convertible Notes, which is the three-year 1% coupon unlisted convertible notes in principal amount of up to HK$1,560,000,000 to be issued by the Company, subject to the terms and conditions provided in the Placing Agreement. The net proceeds of the Placing of approximately HK$1,513,200,000 will be applied towards payment of the consideration for the Potential Acquisition.

On 26 January 2017, the Company sent an email to Thuraya, in which the Company inform the status of the Acquisition by the Company and the fact that the Company has entered into the conditional Placing Agreement with VC Brokerage Limited, and requested Thuraya to confirm in written that Skynet has the rights to acquire 60% equity interests of Thuraya in the consideration of not more than USD200,000,000 by 30 March 2017 based on the net asset value of Thuraya. On 30 January 2017, the Company was informed by Thuraya to contact its investment bank for the Company's requests.

On 31 January 2017, the Company engaged its legal adviser to contact Thuraya's investment bank, on behalf of the Company, in relation to the possible acquisition of 60% equity interests of Thuraya.

On 1 February 2017, the Company's legal adviser sent an email to Thuraya, in which the Company requested Thuraya to confirm that Skynet has the rights to acquire 60% equity interests of Thuraya in the consideration of not more than USD200,000,000 by 30 March 2017 based on the net asset value of Thuraya.

The Company did not receive any confirmation from Thuraya by 30 March 2017. The memorandum of understanding (the "Thuraya MOU") entered into among Skynet, Poly LM, GC Capital and Thuraya in relation to the potential investment in Thuraya has also lapsed on 31 March 2017. Since the Thuraya MOU has lapsed, the estimated value of Skynet is expected to be less than HK$30,000,000, and it is unlikely that the condition precedent relating to the valuation of Skynet being not less than HK$30,000,000 under the Agreement will be fulfilled. While the latest date for the fulfilment of the conditions under the Agreement is 24 May 2017, unless Skynet could enter into an agreement or another memorandum of understanding with Thuraya to the satisfaction of the Company, the Company will not complete the Acquisition.

On 24 May 2017, the Skynet Acquisition Agreement has lapsed.

On 30 June 2017, the Placing Agreement has lapsed.

3. On 28 December 2017, Nopo International Limited ("Nopo International"), a wholly-owned subsidiary of the Company, entered into the agreement with Rich Group International (HK) Limited ("Rich Group"), Shanghai Fengtian Enterprise Limited ("Shanghai Fengtian") and Ms. Zou Dongming, pursuant to which Nopo International and Rich Group will invest and increase the share capital of Shanghai Fengtian through a new company (the "Investment Vehicle").

   Nopo International will invest RMB22,000,000 in sum to the Investment Vehicle to acquire 25% shareholding of the Investment Vehicle while Rich Group will invest RMB66,000,000 in sum to acquire 75% shareholding of the Investment Vehicle and promise to give up the rights to receive the share dividends of shareholding in Shanghai Fengtian directly held by it.

   The Investment Vehicle will invest the sum assets of RMB88,000,000 into Shanghai Fengtian to acquire 88% shareholding of Shanghai Fengtian but own 100% shareholding interests in Shanghai Fengtian. After the investment by increasing share capital, the registered share capital of Shanghai Fengtian will be increased from RMB12,000,000 to RMB100,000,000 and its company name (to be determined) will be changed.

4. On 14 February 2018, the Company entered into a framework agreement ("Framework Agreement") with Fuda Investment Inc. ("Fuda") and Great Chapter Holdings Limited ("Great Chapter") to acquire 100% shareholdings of Great Chapter, so as to enhance the media contents sources and promotion channels of mobile users for Wealth Storm Platform underneath the Company via utilizing the contents and channels in multiple media areas of an enterprise totally controlled by Great Chapter through series of VIE (Variable Interest Entity) agreements.

   To speed up the cooperation, all the parties to the Framework Agreement agreed to streamline the terms of cooperation. On 9 March 2018, the Company entered into a supplementary memorandum ("Supplementary Memorandum") to the Framework Agreement with Fuda and Great Chapter. Pursuant to the Supplementary Memorandum, The Company agreed to acquire the rights of use and distribution of the "Viva Reading" content held by Wuxi Viva New Media Technology Limited, which is actually controlled by Fuda, and no longer to acquire 100% shareholdings of Great Chapter held by Fuda.

OUTLOOK AND PROSPECT

The Group will continue to expand the media business, develop media and e-commerce platforms and media advertising business in mainland China. The Company's Directors and management will dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. The Group maintained a healthy liquidity position with a current ratio of approximately 5 (2016: 245) and total cash and bank balances amounted to approximately HK$24,182,000 (2016: HK$32,591,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities.

CAPITAL STRUCTURE AND FLUCTUATION IN EXCHANGE

The capital of the Company comprised ordinary shares only as at 31 December 2017. During the year under review, sales and purchases of the Group were mainly transacted in Renminbi. As at 31 December 2017, a substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in Renminbi, foreign exchange risk was considered to be minimal.

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.

EMPLOYEES

As at 31 December 2017, there were a total of 11 (2016: 12) staff employed by the Group. The staff costs including Directors' remuneration for the year were approximately HK$1,642,000 (2016: HK$1,656,000) and no share-based payments expenses were incurred as a result of grant of share options during the year (2016: nil). The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share-based payments.

CHARGE, CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2017, the Group had commitments under operating lease amounting to approximately HK$4,534,000 (2016: HK$480,000) and there were no charges on any assets of the Group.

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. Mr. Xiang Xin is the Chairman of the Board and Chief Executive Officer of the Company during the year 2017. 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. The independent non-executive Directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the relevant article under the Articles of Association of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive Directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders is fair and reasonable, and does not intend to change the current practice at the moment.

AUDITOR

The financial statements for the years ended 31 December 2016 and 2017 were audited by ZHONGHUI ANDA CPA Limited.

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

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Audit Committee currently comprises all 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 Audit Committee examined the accounting principles and practices adopted by the Company and its subsidiaries and discussed with the management its internal controls and accounts. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTIONS

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

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 14 March 2018

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

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

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