



**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 2013**

## **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 2013, together with the unaudited comparative amounts for the corresponding period in 2012, as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2013	2012	2013	2012
		HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited	HK\$'000 Unaudited
<b>REVENUE</b>	3	<b>56,786</b>	180,256	<b>32,657</b>	46,717
Cost of sales		(54,932)	(174,011)	(31,731)	(45,527)
Gross profit		<b>1,854</b>	6,245	<b>926</b>	1,190
Other income and gains	3	<b>937</b>	547	<b>666</b>	262
Administrative and other operating expenses		<b>(9,315)</b>	(6,478)	<b>(2,874)</b>	(2,500)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(6,524)</b>	314	<b>(1,282)</b>	(1,048)
Income tax expenses	4	—	—	—	—
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(6,524)</b>	314	<b>(1,282)</b>	(1,048)
<b>OTHER COMPREHENSIVE INCOME/(LOSS):</b>					
Exchange difference on translation of foreign operations		<b>1,187</b>	(252)	<b>265</b>	(54)
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(5,337)</b>	62	<b>(1,017)</b>	(1,102)
<b>(LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		<b>(6,501)</b>	274	<b>(1,282)</b>	(1,051)
Non-controlling interests		<b>(23)</b>	40	—	3
		<b>(6,524)</b>	314	<b>(1,282)</b>	(1,048)

		Nine months ended 30 September		Three months ended 30 September	
		2013	2012	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>					
		(5,327)	25	(1,020)	(1,104)
		(10)	37	3	2
		(5,337)	62	(1,017)	(1,102)
<b>(LOSS)/EARNINGS PER SHARE</b>					
		(0.10)	0.01	(0.02)	(0.02)
		N/A	N/A	N/A	N/A

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## 1. CORPORATE INFORMATION

China Trends Holdings Limited 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 (i) trading of electronic technology and related products, and (ii) developing the low-carbon energy-saving applications and solutions for digital products. The applications mainly make use of the energy performance contracting (EPC) and BOT mechanism, which would ultimately apply to different sectors in the society.

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

## 2. BASIS OF PREPARATION

These condensed unaudited consolidated financial statements have been prepared in accordance with the applicable disclosure requirements to the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the "GEM Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These condensed unaudited consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

## 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	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
<b>Revenue</b>				
Sales of goods	56,786	180,256	32,657	46,717
<b>Other income and gains</b>				
Bank interest income	934	294	664	107
Others	3	253	2	155
	<b>937</b>	<b>547</b>	<b>666</b>	<b>262</b>

#### 4. INCOME TAX EXPENSES

No provision for taxation has been made since the Company has tax loss during the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

#### 5. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic (loss)/earnings per share for the period is based on the unaudited net (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the nine months ended 30 September 2013 and 30 September 2012.

The calculations of basic loss per share are based on:

	Nine months ended 30 September		Three months ended 30 September	
	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2012 HK\$'000 Unaudited
Loss attributable to owners of the Company, used in the basic (loss)/earnings per share calculation	6,501	274	1,282	(1,051)

	Number of shares		Number of shares	
	Nine months ended 30 September		Three months ended 30 September	
	2013	2012	2013	2012
Weighted average number of ordinary shares in issue during the period used in the basic (loss)/earnings per share calculation	6,635,001,932	6,635,001,932	6,635,001,932	6,635,001,932

The computation of the diluted (loss)/earnings 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 2012 (Audited)	235,563	5,117	3,186	391,534	11,157	(1,638)	(571,665)	73,254	1,474	74,728
Profit for the period	-	-	-	-	-	-	274	274	40	314
Other comprehensive loss for the period	-	-	(249)	-	-	-	-	(249)	(3)	(252)
At 30 September 2012 (Unaudited)	235,563	5,117	2,937	391,534	11,157	(1,638)	(571,391)	73,279	1,511	74,790
At 1 January 2013 (Audited)	235,563	5,117	3,812	391,534	11,157	(1,638)	(575,436)	70,109	1,505	71,614
Loss for the period	-	-	-	-	-	-	(6,501)	(6,501)	(23)	(6,524)
Other comprehensive income for the period	-	-	1,174	-	-	-	-	1,174	13	1,187
At 30 September 2013 (Unaudited)	235,563	5,117	4,986	391,534	11,157	(1,638)	(581,937)	64,782	1,485	66,277

## DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2013 (nine months ended 30 September 2012: Nil).

## FINANCIAL REVIEW

During the nine months ended 30 September 2013, the Group recorded a revenue of approximately HK\$56,786,000 (nine months ended 30 September 2012: HK\$180,256,000), representing a decrease of 68.50%. The Group recorded a significant decrease as compared to that of previous period in revenue was mainly due to the bank account balance of Boss Dream (China) Limited (“Boss China”) was firstly frozen by Zhenjiang New District Public Security Bureau and subsequently frozen by Zhenjiang Intermediate People’s Court. Although the freezing order against the bank account balance of Boss China has been discharged, Jiangsu Province Higher People’s Court had accepted the appeal from the plaintiffs on 20 October 2013 and trading business of Boss China still unable to expand as a result. For the nine months ended 30 September 2013, the Group recorded revenue of approximately HK\$22,049,000 which was generated from Boss China (nine months ended 30 September 2012: HK\$168,234,000).

During the nine months ended 30 September 2013, the Group reported a loss of approximately HK\$6,524,000 (nine months ended 30 September 2012: a profit of HK\$314,000).

## OPERATIONAL REVIEW

The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) the low-carbon products applications. The existing business of lowcarbon energy-saving digital products solutions and applications make use of the energy performance contracting (EPC) and BOT mechanism which would ultimately apply to different sectors in the society and different cities.

1. On 1 March 2013, the Company entered into an acquisition agreement with Mr. Wang Yaomin (“Mr. Wang”). The Company agreed to acquire and Mr. Wang agreed to sell the entire issued share capital of Jurassic International Investment Group Inc. (USA), the only authorised of Jurassic theme in PRC and related intellectual properties, with total consideration US\$100.
2. On 7 November 2012, the bank accounts balance amounting to RMB49 million of Boss China are being frozen by China Jiangsu Province Zhenjiang New District Public Security Bureau. On 20 February 2013, Boss China’s bank account balance amounting to RMB23.5 million was frozen by Zhenjiang Intermediate People’s Court for six months.



On 21 February 2013, Zhenjiang New District Public Security Bureau has revoked the frozen of RMB49 million in bank account of Boss China.

On 6 March 2013, Boss China received Court Summons (“the Prosecution”) in relation to Fujieda company (“Fujieda”) as plaintiff (“the Plaintiff”) claimed that Boss China has not delivered the goods to Fujieda according to the Copper Foil Supply Contract between Boss China and Fujieda which signed on 31 January 2011. The above mentioned frozen bank account balance of RMB23.5 million was in relation with the Prosecution.

On 19 March 2013, the PRC lawyer appointed by Boss China has submitted the “OBJECTION TO THE JURISDICTION OF APPLICATION” to the Zhenjiang Intermediate People’s Court in relation to the legal representative of Fujieda had never agreed to, recognised, approved or participate in the Prosecution. Furthermore, the official seal used by Fujieda was made by the mean of a false report and is not legally binding and not entitled on behalf of the Fejieda.

On 29 March 2013, Boss China submitted the “SUBJECT QUALIFICATION OBJECTION APPLICATION” to the Zhenjiang Intermediate People’s Court in relation to the Plaintiff was not legally entitled on behalf of the Fujieda and requests the court to dismiss the Prosecution.

On 3 April 2013, the PRC lawyer appointed by Boss China was informed that the current legal representative of Fujieda had appointed lawyer and submitted the “APPLICATION FOR WITHDRAWAL” to the Zhenjiang Intermediate People’s Court sealed with the legitimate official seal. Subsequently, the dispute hearing between Boss China and Fujieda which was originally scheduled on 10 April 2013 has been cancelled by Zhenjiang Intermediate People’s Court as informed by the lawyer.

On 19 August 2013, Zhenjiang Intermediate People’s Court made the Civil Judgment on 14 August 2013 that the court ruling dismissed the plaintiff’s entire claim and the freezing order against the bank account balance amounting to RMB23.5 million of Boss China has been discharged on 20 August 2013 as informed by Boss China.

On 22 October 2013, the Company was informed by Boss China that, the PRC lawyer appointed by Boss China received a notice from Jiangsu Province Higher People’s Court that the appeal from the plaintiffs has been accepted.

3. On 26 April 2013, the Company entered into a conditional framework agreement to acquire the entire issued share capital of Think Device Limited (BVI) which is principally engaged in low-carbon culture. The framework agreement was valid until 25 October 2013.
4. On 5 June 2013, the Company entered into a cooperation framework agreement with Zhong Jin Land Development Limited (“Zhong Jin Land”) which the Company provide low-carbon city solutions to government around the country and combined to create “Citysky low-carbon city” project. Zhong Jin Land Development Limited as a real estate developers, will complete the construction project in accordance with the Company’s solutions and transfer the construction results to the company or person that designated by the Company.
5. To settle the dispute over the repayment obligation of the outstanding convertible bond as disclosed in the Company announcement dated 25 February 2013, the Company and Bondholders entered into the conditional Deed of Amendment on 18 April 2013 detailed as stated in the circular on 22 May 2013 which have been approved by shareholders at an extraordinary general meeting held on 14 June 2013. On 21 June 2013, the terms of the Deed of Amendment became unconditional and the maturity date of the outstanding convertible bonds is extended to 30 December 2015.
6. On 28 June 2013, the Company, Zhong Jin Land and Daqing Sheng Di Property Limited (“Sheng Di Property”) entered into a cooperation framework agreement in relation to Daqing Dream City Low Carbon City Project. The project includes planning and design of low-carbon city solutions, primary development and infrastructure construction, secondary development include theme park, spa hotel, residential building and commercial facilities.

## OUTLOOK AND PROSPECT

According to the EPC energy management contract model and BOT mechanism, the Group provides a set of energy saving services, project financing, engineering construction, and related services to the clients in a contract of more than five years and realise the investment return by profit sharing on certain percentage with customers.

The Group believes that the low-carbon city solutions which perfectly match PRC urban development policy and will bring huge opportunity for the Group in the future.

For trading business, the board is currently expanding the business of the Group in Hong Kong in order to reduce the impact of business suspension from Boss China to the Group.

The Company's directors and management will dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

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

As at 30 September 2013, 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 SHARES

Name	Nature of interest	Number of Shares held	Approximately percentage of interests
Xiang Xin ( <i>note 2</i> )	Interest of controlled corporation	1,650,914,973 (L)	24.88%
Kung Ching ( <i>note 2</i> )	Interest of controlled corporation	1,650,914,973 (L)	24.88%

**(II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY – CONVERTIBLE BONDS**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of underlying Shares for Convertible Bonds</b>	<b>Approximately percentage of interests</b>
Xiang Xin ( <i>note 2</i> )	Interest of controlled corporation	3,827,193,135 (L)	57.68%
Kung Ching ( <i>note 2</i> )	Interest of controlled corporation	3,827,193,135 (L)	57.68%

*Notes:*

1. The letter "L" denotes the Shareholders' long position in the Shares.
2. The Shares and the underlying Shares of the Company are held by Honour Sky International Limited and Mr. Xiang is the sole director of the company. Mr. Xiang and Ms. Kung Ching are the ultimate beneficiaries of such company.

To settle the dispute over the repayment obligation of the outstanding convertible bond as disclosed in the Company announcement dated 25 February 2013, the Company and Bondholders entered into the conditional Deed of Amendment on 18 April 2013 detailed as stated in the circular on 22 May 2013 which have been approved by shareholders at an extraordinary general meeting held on 14 June 2013. On 21 June 2013, the terms of the Deed of Amendment became unconditional and the maturity date of the outstanding convertible bonds is extended to 30 December 2015.

Save as disclosed above, as at 30 September 2013, 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 2013, 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
Honour Sky International Limited	Beneficial owner	1,650,914,973 (L)	24.88%
New Times Global Capital Inc. (note 2)	Interest of controlled corporation	1,650,914,973 (L)	24.88%
Morgan Strategic Limited	Beneficial owner	1,236,032,432 (L)	18.63%
Top Ten International s.a.r.l. (note 3)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Chen Darren (note 3)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Tao Xue Juan (note 4)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Ocean Space Development Limited	Beneficial owner	141,564,000 (L)	2.13%
Zhang Shao Cai (note 5)	Interest of controlled corporation	141,564,000 (L)	2.13%

**(II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY — CONVERTIBLE BONDS** (note 9)

<b>Name</b>	<b>Nature of interest</b>	<b>Number of underlying Shares for the Convertible Bonds</b>	<b>Approximately percentage of interests</b> (note 8)
China Technology Education Trust Association (note 6)	Beneficial owner	8,311,405,405 (L)	125.27%
Joy China Group Limited (note 7)	Trustee	5,130,000,000 (L)	77.32%
China New Urbanization Investment Limited (note 7)	Beneficiary of a trust	5,130,000,000 (L)	77.32%
Rao Gui Min (note 7)	Interest of controlled corporation	5,130,000,000 (L)	77.32%
Honour Sky International Limited	Beneficial owner	3,827,193,135 (L)	57.68%
New Times Global Capital Inc. (note 2)	Interest of controlled corporation	3,827,193,135 (L)	57.68%
Ocean Space Development Limited	Beneficial owner	975,057,621 (L)	14.70%
Zhang Shao Cai (note 5)	Interest of controlled corporation	975,057,621 (L)	14.70%

**Notes:**

1. The letter "L" denotes the Shareholders' long position in the Shares.

2. Honour Sky International Limited is a private company wholly and beneficially owned by New Times Global Capital Inc.. Accordingly, New Times Global Capital Inc. is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. Mr. Xiang Xin and Ms. Kung Ching, each of them owns 50% share of New Times Global Capital Inc. and are also the directors of New Times Global Capital Inc. is taken to be interested in the Shares and underlying Shares of the Company held by Honour Sky International Limited.
3. Morgan Strategic Limited is a private company 40% owned by Top Ten International s.a.r.l. ("Top Ten") and Top Ten is a private company wholly and beneficially owned by Mr. Chen Darren. Accordingly, Top Ten and Mr. Chen Darren are interested in the Shares of the Company held by Morgan Strategic Limited.
4. Morgan Strategic Limited is a private company 60% owned by Ms. Tao Xue Jun. Accordingly, Ms. Tao Xue Jun is interested in the Shares of the Company held by Morgan Strategic Limited.
5. Ocean Space Development Limited, a company incorporated in the British Virgin Islands, is a private company wholly and beneficially owned by Mr. Zhang Shao Cai. Accordingly, Mr. Zhang Shao Cai is interested in the shares and the underlying shares of the Company held by Ocean Space Development Limited.
6. The underlying Shares of the Company are held by China Technology Education Trust Association (the "Association"), 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 Association.
7. On 23 December 2011, the Company entered into a second supplemental agreement with Joy China Group Limited, with effect from 1 January 2012, the Company reserve the right to acquire the remaining 80% of the group of Full Smart Asia Limited before 1 January 2015 by paying HK\$113,740,000 convertible bonds and HK\$91,460,000 promissory note to the Vendor when the net asset value of group of Full Smart Asia Limited reach HK\$228,000,000.

On 12 August 2013, Joy China Group Limited has transferred the above-mentioned interest to China New Urbanization Investment Limited and part of the settlement terms, HK\$91,460,000 promissory note, has been altered to HK\$91,460,000 convertible bonds which resulted in settlement terms as HK\$205,200,000 convertible bonds. Mr. Rao Gui Min is the sole shareholder and director of China New Urbanization Investment Limited.

The completion of acquisition remains subject to the fulfillment of the conditions, and subject to the approval of the independent shareholders of the Company.

8. The approximately percentage of interests in the Company is calculated on the basis of 6,635,001,932 Shares in issue as at 30 September 2013.

To settle the dispute over the repayment obligation of the outstanding convertible bond as disclosed in the Company announcement dated 25 February 2013, the Company and Bondholders entered into the conditional Deed of Amendment on 18 April 2013 detailed as stated in the circular on 22 May 2013 which have been approved by shareholders at an extraordinary general meeting held on 14 June 2013. On 21 June 2013, the terms of the Deed of Amendment became unconditional and the maturity date of the outstanding convertible bonds is extended to 30 December 2015.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at 30 September 2013, 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.

## 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 is the Chairman of the Board and the Chief Executive Officer of the Company up to 4 March 2013. 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.

Following the resignation of Mr. Xiang Xin and appointment of Mr. Wang Yaomin as Chairman of the Board on 4 March 2013, the Company complied with the code provisions in the Code A.2.1 accordingly.

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. Zhang Zhan Liang 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 2013 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, Mr. Liang Xiaojin and Mr. Chen Banyan; the non-executive Director is Mr. Wang Yaomin; and the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. An Jing and Mr. Chen Yicheng; Ms. Kung Ching is alternate director to Mr. Xiang Xin.

By order of the Board

**China Trends Holdings Limited**

**Xiang Xin**

*Executive Director and Chief Executive Director*

Hong Kong, 8 November 2013