

# Interim Report 2014



**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)

## **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.*

## **HIGHLIGHTS**

- Reported a revenue of approximately HK\$26,405,000 for the six months ended 30 June 2014
- Reported a net loss after tax of approximately HK\$3,905,000 and a basic loss per share attributable to owners of the Company of 0.06 HK cent for the six months ended 30 June 2014

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER 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 six months and the three months ended 30 June 2014, together with the unaudited comparative amounts for the corresponding periods in 2013, as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
<b>REVENUE</b>	4	26,405	24,129	11,198	16,703
Cost of sales		(25,121)	(23,201)	(10,667)	(16,048)
Gross profit		1,284	928	531	655
Other income and gains	4	20	271	8	25
Administrative and other operating expenses		(5,209)	(6,441)	(2,819)	(2,361)
<b>LOSS BEFORE TAX</b>	5	(3,905)	(5,242)	(2,280)	(1,681)
Income tax expenses	6	-	-	-	-
<b>LOSS FOR THE PERIOD</b>		(3,905)	(5,242)	(2,280)	(1,681)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME:</b>					
Items that may be classified to profit or loss:					
Exchange differences on translation of foreign operations		(1,623)	922	(50)	702
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		(5,528)	(4,320)	(2,330)	(979)
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		(3,895)	(5,219)	(2,275)	(1,672)
Non-controlling interests		(10)	(23)	(5)	(9)
		(3,905)	(5,242)	(2,280)	(1,681)

	Notes	Six months ended 30 June		Three months ended 30 June	
		2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
		Unaudited	Unaudited	Unaudited	Unaudited
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>					
Owners of the Company		(5,502)	(4,307)	(2,325)	(978)
Non-controlling interests		(26)	(13)	(5)	(1)
		<b>(5,528)</b>	<b>(4,320)</b>	<b>(2,330)</b>	<b>(979)</b>
<b>LOSS PER SHARE</b>					
Basis (HK cents per share)	7	<b>(0.06)</b>	(0.08)	<b>(0.04)</b>	(0.03)
Diluted (HK cents per share)	7	<b>N/A</b>	N/A	<b>N/A</b>	N/A

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

The unaudited condensed consolidated statement of financial position as at 30 June 2014, together with the audited consolidated statement of financial position as at 31 December 2013, were as follows:

	<i>Notes</i>	<b>30 June 2014 HK\$'000 Unaudited</b>	31 December 2013 HK\$'000 Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		1,250	1,437
Intangible assets	8	25,000	25,000
Available-for-sale investments		22,800	22,800
		<b>49,050</b>	49,237
<b>CURRENT ASSETS</b>			
Trade receivables		11,198	10,613
Prepayments, deposits and other receivables	9	59,933	61,491
Cash and bank balances	10	6,575	10,942
		<b>77,706</b>	83,046
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		464	463
		<b>464</b>	463
<b>NET CURRENT ASSETS</b>			
		<b>77,242</b>	82,583
<b>NET ASSETS</b>			
		<b>126,292</b>	131,820
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	11	66,350	66,350
Equity component of convertible bonds		391,534	391,534
Other reserves		(333,057)	(327,555)
		<b>124,827</b>	130,329
Non-controlling interests		1,465	1,491
<b>TOTAL EQUITY</b>			
		<b>126,292</b>	131,820

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Issued capital HK\$'000	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 (Note (a))	Capital reserve HK\$'000 (Note (b))	Accumulated losses HK\$'000	Total HK\$'000	Non-Controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2013 (Audited)	66,350	235,563	5,117	3,812	391,534	11,157	(1,638)	(575,436)	136,459	1,505	137,964
Loss for the period	-	-	-	-	-	-	-	(5,219)	(5,219)	(23)	(5,242)
Other comprehensive income	-	-	-	912	-	-	-	-	912	10	922
Total comprehensive income/(loss) for the period	-	-	-	912	-	-	-	(5,219)	(4,307)	(13)	(4,320)
At 30 June 2013 (Unaudited)	66,350	235,563	5,117	4,724	391,534	11,157	(1,638)	(580,655)	132,152	1,492	133,644
At 1 January 2014 (Audited)	66,350	235,563	-	5,573	391,534	11,157	(1,638)	(578,210)	130,329	1,491	131,820
Loss for the period	-	-	-	-	-	-	-	(3,895)	(3,895)	(10)	(3,905)
Other comprehensive loss	-	-	-	(1,607)	-	-	-	-	(1,607)	(16)	(1,623)
Total comprehensive loss for the period	-	-	-	(1,607)	-	-	-	(3,895)	(5,502)	(26)	(5,528)
At 30 June 2014 (Unaudited)	66,350	235,563	-	3,966	391,534	11,157	(1,638)	(582,105)	124,827	1,465	126,292

Notes:

- (a) Special reserve represents the difference between the nominal value of shares issued by the Company as consideration and the underlying net assets of the then subsidiaries acquired pursuant to the group reorganisation in relation to the listing of the shares of the Company on the Stock Exchange on 31 July 2002.
- (b) Capital reserve represents the difference of capital injected by the Group in subsidiaries and the adjustment of non-controlling interest as a consequence of its non-contribution resulting with a decrease in shareholding in those subsidiaries.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Six months ended 30 June</b>	
	<b>2014</b> <i>HK\$'000</i> <b>Unaudited</b>	<b>2013</b> <i>HK\$'000</i> Unaudited
Net cash used in operating activities	<b>(4,367)</b>	(35,689)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(4,367)</b>	(35,689)
Cash and cash equivalents at the beginning of the period	<b>10,942</b>	77,484
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>6,575</b>	41,795
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balance	<b>2,675</b>	34,211
Non-pledged time deposits with original maturity of less than three months when acquired	<b>3,900</b>	7,584
	<b>6,575</b>	41,795



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 was principally engaged in (i) trading of electronic technology and related products, and (ii) the low carbon products applications. Mainly develop business of low-carbon energy-saving digital media products solutions and applications make use of the energy performance contracting (EPC) and BOT mechanism which would apply to different sectors in the society and different cities.

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

### 2.1 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 Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

These unaudited condensed 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 2013.

### 2.2 ACCOUNTING POLICIES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKAS; 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 period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group. 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. SEGMENT INFORMATION

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

- (a) the trading of electronic technology and related products; and
- (b) the media solutions business which involved in provision of network platforms and advertising business.

#### Six months ended 30 June 2014 (Unaudited)

	Trading of electronic technology and related products <i>HK\$'000</i>	Media solutions business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	26,405	–	26,405
Segment results	1,284	–	1,284
Reconciliation:			
Other income and gains			20
Unallocated expenses			(5,209)
Loss before tax			(3,905)
Income tax expenses			–
Loss for the period			(3,905)

Six months ended 30 June 2013 (Unaudited)

	Trading of electronic technology and related products <i>HK\$'000</i>	Media solutions business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	24,129	–	24,129
Segment results	928	–	928
Reconciliation:			
Other income and gains			271
Unallocated expenses			(6,441)
Loss before tax			(5,242)
Income tax expenses			–
Loss for the period			(5,242)

Geographical segment information based on the Group's revenue:

All Group's revenue are generated in Hong Kong for the six months ended 30 June 2014 (and three months period from 1 April 2014 to 30 June 2014) and six months ended 30 June 2013 (and three months period from 1 April 2013 to 30 June 2013).

#### 4. 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:

	Six months ended 30 June		Three months ended 30 June	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
<b>Revenue</b>				
Sales of goods	26,405	24,129	11,198	16,703
<b>Other income and gains</b>				
Bank interest income	20	270	8	25
Others	–	1	–	–
	<b>20</b>	<b>271</b>	<b>8</b>	<b>25</b>

#### 5. LOSS BEFORE TAX

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

	Six months ended 30 June		Three months ended 30 June	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Cost of sales	25,121	23,201	10,667	16,048
Auditors' remuneration	168	120	84	60
Depreciation	154	315	78	169
Employee benefits expense (including directors' remuneration)				
– wages, salaries and allowances	542	904	270	429
– other benefits in kind	56	117	31	52
– pension scheme contributions	18	29	9	12
	<b>616</b>	<b>1,050</b>	<b>310</b>	<b>493</b>
Minimum lease payments under operating lease in respect of land and buildings	973	976	483	487

**6. INCOME TAX EXPENSES**

No provision for taxation has been made since the Company has tax loss during the six months ended 30 June 2014 (six months ended 30 June 2013: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

**7. LOSS PER SHARE**

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 six months ended 30 June 2014 and 30 June 2013.

The calculations of basic loss per share are based on:

	Six months ended 30 June		Three months ended 30 June	
	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited	2014 HK\$'000 Unaudited	2013 HK\$'000 Unaudited
Loss attributable to owners of the Company, used in the basic loss per share calculation	(3,895)	(5,219)	(2,275)	(1,672)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2014	2013	2014	2013
Weighted average number of ordinary shares in issue during the period used in the basic loss 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 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.

## 8. INTANGIBLE ASSETS

	<b>Copyright of a film library</b>
	<i>HK\$'000</i>
	<i>(note)</i>
<b>At 30 June 2014 (Unaudited)</b>	
Cost	25,000
Accumulated amortisation and impairment losses	—
	<hr/>
Carrying amount	<u>25,000</u>
<b>At 31 December 2013 (Audited)</b>	
Cost	25,000
Accumulated amortisation and impairment losses	—
	<hr/>
Carrying amount	<u>25,000</u>

*Notes:* Copyright of a film library (the "Copyright") represents the copyright of five series (a total of 320 episodes) and 16 education series of an animation named 神探威威貓 and the related music songs which was acquired during the year ended 31 December 2010, with an indefinite useful lives at a consideration of HK\$25,000,000. The fair value of the Copyright has been assessed by the directors under the cost methodology. No impairment has been provided as the fair value less costs to sell is higher than its carrying amount at the end of the reporting period.

In determining the fair value less costs to sell, the directors had based on the assumptions that there will be no material change in existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of the Company.

## 9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2014 <i>HK\$'000</i> Unaudited	31 December 2013 <i>HK\$'000</i> Audited
Prepayments	166	223
Rental deposit ( <i>note 15</i> )	322	326
Trade deposits	49,920	51,200
Other receivables	9,525	9,742
	<b>59,933</b>	<b>61,491</b>

## 10. CASH AND BANK BALANCES

	30 June 2014 <i>HK\$'000</i> Unaudited	31 December 2013 <i>HK\$'000</i> Audited
Cash and bank balances	2,675	4,385
Time deposits	3,900	6,557
	<b>6,575</b>	<b>10,942</b>

## 11. SHARE CAPITAL

	30 June 2014 <i>HK\$'000</i> Unaudited	31 December 2013 <i>HK\$'000</i> Audited
Authorised:		
30,000,000,000 ordinary shares of HK\$0.01 each	<b>300,000</b>	300,000
Issued and fully paid:		
6,635,001,932 (2013: 6,635,001,932) ordinary shares of HK\$0.01 each	<b>66,350</b>	66,350

## 12. SHARE OPTION SCHEME

Pursuant to an extra-ordinary meeting of the Company held on 1 November 2014 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "New Scheme") on 24 November 2014, the Company adopted the Share Option Scheme for the purpose of providing incentive to directors, employees and consultants. Unless or otherwise cancelled, amended or expire, the New Scheme will be expired on 23 November 2020.

The total number of shares in respect of which options may be granted under the New Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the New Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK\$5,000,000 in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

A consideration of HK\$1 shall be paid to the Company upon acceptance of the grant. Options may be exercised in accordance with the terms of the New Scheme at any time during a year to be determined and notified by the directors of the Company, which period may not expire earlier than 3 years and later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The exercise price is determined by the directors of the Company, and will not be less than the higher of closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.

No share option has been granted and outstanding under the New Scheme as at 30 June 2014.



## 13. OPERATING LEASES COMMITMENTS

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	<b>30 June 2014</b>	31 December 2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>Unaudited</b>	Audited
Within one year	<b>1,936</b>	1,481
In the second to fifth year, inclusive	<b>3,124</b>	1,736
	<b>5,060</b>	3,217

## 14. OTHER COMMITMENTS AND EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 13 to the condensed consolidated financial statements, the Group and the Company do not have other material commitments as at 30 June 2014.

As at 6 July 2014, the Company granted a total number of 644,000,000 share options to eligible participants, subject to acceptance of the grantees, to subscribe for a total 644,000,000 ordinary shares of HK\$0.01 each of the Company under the share option scheme adopted on 24 November 2010.

## 15. RELATED PARTIES TRANSACTIONS

Save as those disclosed elsewhere in these condensed consolidated financial statement, the Group had the following material transactions with related parties during the period:

		<b>Six months ended 30 June</b>	
		<b>2014</b>	2013
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>Unaudited</b>	Unaudited
New Era Group (China) Limited	<i>(a)</i>		
Rental paid		<b>480</b>	480
Rental deposit paid		<b>160</b>	160
New Era Foundation (China) Limited	<i>(b)</i>		
Rental paid		<b>324</b>	326
Rental deposit paid		<b>112</b>	189

*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 (note 9) in the condensed consolidated statement of financial position. Tenancy Agreement A has been extended and latest tenancy period commenced from 1 July 2014 for 36 months which was agreed by both the Company and New Era.
- (b) On 1 December 2009, a subsidiary of the Company, Boss Dream (China) Limited (“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 premises for a term of 48 months commencing on 1 January 2010, Boss China shall pay a deposit of RMB90,000 (equivalent to approximately HK\$115,000) and a monthly rental of RMB43,000 to New Era China with no rent free period.

On 31 December 2013, New Era China agreed to lease to Boss China an office premise for a term of 36 months commencing on 1 January 2014, Boss China shall pay a deposit of RMB90,000 (equivalent to approximately HK\$112,000) and a monthly rental of approximately RMB43,000 to New Era China with no rent free period. The deposit was included in prepayments, deposits and other receivables (note 9) in the condensed consolidated statement of financial position.

The related party transactions were conducted on terms negotiated between the Company and the related companies and lower than the market rental price.

**16. CONTINGENT LIABILITIES**

As at 30 June 2014, the Group did not have any significant contingent liabilities.

**17. INTERIM DIVIDENDS**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

During the six months ended 30 June 2014, the Group recorded a revenue of approximately HK\$26,405,000 (six months ended 30 June 2013: HK\$24,129,000), representing an increase of 9.4%. The Group recorded a slightly increase in revenue as compared to that of previous period. As a result of malicious litigation by Zhenjiang New District, Boss China's business still aborted and recorded no revenue for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

During the six months ended 30 June 2014, the Group reported a loss of approximately HK\$3,905,000 (six months ended 30 June 2013: HK\$5,242,000).

### OPERATIONAL REVIEW

The principal activity of the Company is investment holding. The Group was principally engaged in (i) trading of electronic technology and related products, and (ii) the low carbon products applications. Mainly develop business of low-carbon energy-saving digital media products solutions and applications make use of the energy performance contracting (EPC) and BOT mechanism which would 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) ("Jurassic USA"), the only authorised of Jurassic theme in PRC and related intellectual properties, with total consideration US\$100. As at 31 December 2013, the Company has requested Mr. Wang and agreed on 5 March 2014, to buy back the entire issued share capital of Jurassic USA with original consideration US\$100 due to statutory and accounting records was unable to be provided by accountant of Jurassic USA.

As disclosed, it is not related and there is no legal impact on cooperation framework agreement entered into between the Company, Zhong Jin Land Development Limited and Daqing Sheng Di Property Limited ("Sheng Di Property") on 28 June 2013 after Mr. Wang buy back the entire issued share capital of Jurassic (USA) with consideration US\$100, because the subsidiary of Sheng Di Property was Jurassic International Investment Group Inc. (BVI) ("Jurassic (BVI)") instead of Jurassic (USA). To the best of knowledge and information of the directors of the Company, Jurassic (USA) and Jurassic (BVI) are not within the same group and their respective director and shareholder are not the same. As at the date of this report, the cooperation of the above cooperation framework agreement was not yet implemented and the Company has been treated as unable to implement.

2. On 10 December 2013, the Company, China Innovation Investment Limited and Hughesnet China Company Limited (“Hughes China”) entered into a cooperative framework agreement in relation to Satellite Mobile Internet Project which the Company is responsible for investing in operating equipment on Satellite Mobile Internet Project within the Greater China.

On 9 April 2014, the Company and Hughes China entered into an agreement in relation to the cooperation on construction and operation of free satellite mobile internet (Skynet) and on 11 April 2014, the Company and DishHD Asia Satellite Limited entered into an agreement in relation to the cooperation on the operation of the free satellite television and paid satellite television project of Skynet (Skynet Satellite Vision Project). As regards of the two agreements, Company will generate income from sales of dual-model satellite phone and dual-model satellite television and 50% value added service income from operators using Skynet.

## PROSPECT

According to the established EPC and BOT mechanism, the Group provides customers low-carbon energy-saving digital media products solutions, engineering construction and related services and realise the investment return by profit sharing on certain percentage with customers. The Group believes that the low-carbon products business model will bring the Group a huge potential development in the future.

As a result of malicious litigation by Zhenjiang New District, the board is currently expanding the business of the Group in Hong Kong in order to reduce the impact of temporary suspension of business in 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.

## LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and expenditure mainly through internally generated fund and the net proceeds from the Placing.

The Group maintained a healthy liquidity position with a current ratio of approximately 167 (31 December 2013: 179) and total cash and bank balances amounted to approximately HK\$6,575,000 (31 December 2013: HK\$10,942,000). As at 30 June 2014, the gearing ratio based on total debts over total equity was zero (31 December 2013: zero).

## CAPITAL STRUCTURE AND FLUCTUATION IN EXCHANGE

Details in the changes of the capital structure of the Company during the six months ended 30 June 2014 are set in note 11 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2014.

The Group has transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi (“RMB”) and Hong Kong dollar (“HKD”). As at 30 June 2014, substantial portion of the assets and liabilities of the Group were current in nature, and the amount were principally denominated in RMB and HKD. The Group’s financial policies seek to control the foreign currency fluctuation risk of individual transactions. The management of the Group has been monitoring the exchange risk, and will consider hedging major foreign currency risk when required.

## EMPLOYEES

As at 30 June 2014, there was a total of 12 staff employed by the Group. The staff costs, including directors’ remuneration, for the six months ended 30 June 2014 were approximately HK\$616,000. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension fund scheme and discretionary bonus.

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

As at 30 June 2014, 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 Future 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 ISSUED SHARES

Name	Nature of interest	Number of Share held	Approximately percentage of interests
Kung Ching (note 2)	Interest of controlled corporation	1,650,914,973 (L)	24.88%

### (II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY — CONVERTIBLE BONDS

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

*Notes:*

- The letter "L" denotes the long position in the Shares.
- The Shares and the underlying Shares of the Company are held by Honour Sky International Limited which Ms. Kung Ching, spouse of Mr. Xiang Xin, is the ultimate beneficiaries of such company.

Save as disclosed above, as at 30 June 2014, 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 or underlying Shares 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 June 2014, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was 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 was 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 member of the Company:

**(I) INTEREST IN ISSUED SHARES**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximately percentage of interests (note 8)</b>
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**

<b>Name</b>	<b>Nature of interest</b>	<b>Number of underlying Shares for the Convertible Bonds</b>	<b>Approximately percentage of interests (note 8)</b>
China Technology Education Trust Association (note 6)	Beneficial owner	8,311,405,405 (L)	125.27%
China New Urbanisation Investment Limited (note 7)	Beneficial of trustee	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 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 director of New Times Global Capital Inc. and 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 Juan. Accordingly, Ms. Tao Xue Juan 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 Xin 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 2013, 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 Urbanisation 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 Urbanisation 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 June 2014.

Save as disclosed above, as at 30 June 2014, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in Shares and underlying Shares" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **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 spouse 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 part 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.

## **SHARE OPTION SCHEME**

Details of the share option scheme of the Company are set out in note 12 to the condensed consolidated financial statements.

## **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 Chief Executive Officer of the Company during the year 2013.

Mr. Wang Yaomin is the Chairman of the Board of the Company since 4 March 2013.

Following the resignation of Mr. Wang Yaomin and appointment of Mr. Xiang Xin as the Chairman of the Board, Mr. Xiang Xin becomes the Chairman of the Board and Chief Executive Officer of the Company with effect from 5 March 2014. 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 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 six months ended 30 June 2014 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. Sun Kuan Chi; and the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. An Jing and Mr. Chen Yicheng. 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 officer*

Hong Kong, 8 August 2014