



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)

FIRST QUARTERLY REPORT 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of 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 that the companies listed on GEM are generally small and mid-sized companies, 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 PROFIT OR 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 three months ended 31 March 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

		Three months ended 31 March	
		2019	2018
		HK\$'000	HK\$'000
		Unaudited	Unaudited
	<i>Notes</i>		
REVENUE	3	30,219	23,575
Cost of sales		(29,207)	(22,773)
Gross profit		1,012	802
Other income and gains	3	109	64
Administrative and other operating expenses		(2,607)	(2,201)
LOSS BEFORE TAX		(1,486)	(1,335)
Income tax expenses	4	–	–
LOSS FOR THE PERIOD		(1,486)	(1,335)
OTHER COMPREHENSIVE INCOME			
Item that may be classified to profit or loss:			
Exchange differences on translation of foreign operations		2,418	2,187
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		932	852

		Three months ended 31 March	
		2019	2018
		HK\$'000	HK\$'000
<i>Notes</i>		Unaudited	Unaudited
(LOSS)/INCOME FOR THE PERIOD			
ATTRIBUTABLE TO:			
	Owners of the Company	(1,487)	(1,337)
	Non-controlling interests	1	2
		(1,486)	(1,335)
TOTAL COMPREHENSIVE			
INCOME FOR THE PERIOD			
ATTRIBUTABLE TO:			
	Owners of the Company	930	849
	Non-controlling interests	2	3
		932	852
LOSS PER SHARE			
ATTRIBUTABLE TO OWNERS			
OF THE COMPANY			
	– Basic (HK cents per share)	(0.003)	(0.003)
	– Diluted (HK cents per share)	N/A	N/A

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Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in 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) providing media and e-commerce platforms and media advertising services.

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

2. BASIS OF PREPARATION

The Group's unaudited consolidated results for the three months ended 31 March 2019 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. The accounting policies adopted in preparing these first quarterly results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2018. The first quarterly results are unaudited but have been reviewed by the Company's audit committee.

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	Three months ended	
	31 March	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Revenue		
Sales of goods	30,219	23,575
Other income and gains		
Bank interest income	64	11
Others	45	53
	109	64

4. INCOME TAX EXPENSES

No provision for taxation has been made since the Company has tax loss during the period ended 31 March 2019 (three months ended 31 March 2018: Nil). Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

5. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share for the three months ended 31 March 2019 is based on the unaudited loss attributable to owners of the Company for the three months ended 31 March 2019 of approximately HK\$1,487,000 (three months ended 31 March 2018: HK\$1,337,000) and the weighted average number of 42,716,118,022 ordinary shares in issue during the three months ended 31 March 2019 (three months ended 31 March 2018: 42,716,116,618).

No adjustment has been made to the basic loss per share for the three months ended 31 March 2019 and three months ended 31 March 2018 in respect of a dilution as the share options during the period had an anti-dilutive effect on the basic loss per share.

6. RESERVES AND NON-CONTROLLING INTERESTS

	Attributable to owners of the Company								Total HK\$'000
	Share premium account HK\$'000	Share option reserve HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
As at 1 January 2018 (Audited)	298,065	9,409	1,707	11,157	(1,638)	(623,094)	(304,394)	1,420	(302,974)
Loss for the period	-	-	-	-	-	(1,337)	(1,337)	2	(1,335)
Other comprehensive income	-	-	2,186	-	-	-	2,186	1	2,187
Total comprehensive income/(loss)	-	-	2,186	-	-	(1,337)	849	3	852
Issue of shares upon exercise of bonus warrants	-	-	-	-	-	-	-	-	-
As at 31 March 2018 (Unaudited)	298,065	9,409	3,893	11,157	(1,638)	(624,431)	(303,545)	1,423	(302,122)
As at 1 January 2019 (Audited)	298,065	10,448	(1,015)	11,157	(1,638)	(628,500)	(311,483)	1,473	(310,010)
Loss for the period	-	-	-	-	-	(1,487)	(1,487)	1	(1,486)
Other comprehensive income	-	-	2,417	-	-	-	2,417	1	2,418
Total comprehensive income/(loss)	-	-	2,417	-	-	(1,487)	930	2	932
Issue of shares upon exercise of bonus warrants	-	-	-	-	-	-	-	-	-
As at 31 March 2019 (Unaudited)	298,065	10,448	1,402	11,157	(1,638)	(629,987)	(310,553)	1,475	(309,078)

DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

FINANCIAL REVIEW

For the three months ended 31 March 2019, the Group recorded a revenue of approximately HK\$30,219,000 (three months ended 31 March 2018: HK\$23,575,000), representing an increase of approximately 28.18% as compared to that of previous period.

Loss attributable to owners of the Company for the three months ended 31 March 2019 was approximately HK\$1,487,000 (three months ended 31 March 2018: HK\$1,337,000).

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) providing media and e-commerce platforms and media advertising services.

On 11 April 2019, the Company entered into a cooperation agreement with 深圳優優購智能商業網絡科技有限公司 (Shenzhen WealthGo Company Limited)* (“Shenzhen WealthGo”), Mr. Wang Xinjie and Mr. Chen Xin, pursuant to which the Company shall (i) customise and sell an estimated one million sets of vending machines, where each set of vending machine(s) consists of a minimum of one and a maximum of ten, to Shenzhen WealthGo via Boss Dream (China) Limited, a subsidiary of the Company; (ii) support Shenzhen WealthGo in their operating vending machines project; and (iii) provide services in relation to the exchange of vouchers for gifts for the members of the “WealthStorm” platform of the Group.

The plans of Shenzhen WealthGo are as follows: (i) in 2019, being the “pilot” year, Shenzhen WealthGo is expected to order 1,000 sets of vending machines; (ii) in 2020, being the “promotion” year, Shenzhen WealthGo is expected to order 10,000 sets of vending machines; (iii) in 2021, being the “development” year, Shenzhen WealthGo is expected to order 100,000 sets of vending machines; and (iv) in 2022, being the “outbreak” year, Shenzhen WealthGo is expected to order 1,000,000 sets of vending machines.

All parties to the Cooperation Agreement have agreed on the e-commerce media business model of the WealthStorm, and agreed to connect all vending machines with the WealthStorm, including but not limited to all the media resources that “暢讀”, the full digital magazine reading platform developed by 北京維旺明科技股份有限公司 (Beijing Viva Technologies Limited)*, which has authorized the Company for distribution.

During the period of this cooperation, not only would the Company supply paid hardware (i.e. vending machines) to Shenzhen WealthGo via Boss China, but also it would provide free app software and import customers to Shenzhen WealthGo, while Shenzhen WealthGo is responsible for searching supplier channel and laying hardware. Furthermore, Shenzhen WealthGo agreed that the Company or Boss China would obtain 50% of the gross profit of the Project after deducting the third-party expenses (including e-commerce revenue and advertising revenue and without deduction of depreciation), and that the gross profit from the previous month would be distributed on the first day of every month, in which the gross profit includes the payment via vending machines by cash or by scan code. If the income of Shenzhen WealthGo is negative after deducting all costs, Shenzhen WealthGo would not need to pay the gross profit share to the Company for that respective month. The loss would be accumulated to the next month and the gross profit would only be distributed when there is a positive business margin, and so on.

* For identification purposes only

PROSPECT

The Group will continue to expand the trading business and 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2019, the interests of the Directors or chief executive and their associates in the ordinary shares of HK\$0.01 each (the "Shares") and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$ (note 2)	Number of underlying Shares for Share Options	Approximately percentage of interests
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	120,000,000(L)	0.28%
Chan Cheong Yee	4 April 2018	4 April 2018 to 3 April 2028	Beneficial interest	0.025	120,000,000 (L)	0.28%
Wong Chung Kin, Quentin	4 April 2018	4 April 2018 to 3 April 2028	Beneficial interest	0.025	60,000,000 (L)	0.14%
An Jin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	60,000,000(L)	0.14%
Chen Yicheng	6 July 2014	6 July 2014 to 5 July 2024	Beneficial owner	0.025	60,000,000(L)	0.14%

Notes:

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

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

As at 31 March 2019, 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

Name	Nature of interest	Number of shares held	Approximately percentage of interest (note 4)
Honour Sky International Limited (note 2)	Beneficial owner	12,583,683,830(L)	29.46%
China Technology Education Trust Association (note 2)	Interest of controlled corporation	12,583,683,830(L)	29.46%
Yu Bin (note 3) (note 5)	Beneficial owner	3,255,360,000(L)	7.62%
Zheng Yan (note 3) (note 5)	Beneficial owner	3,255,360,000(L)	7.62%
Kuan Hsin Huei (note 3)	Beneficial owner	1,637,440,000(L)	3.83%
Ruan Xiaoping (note 3)	Beneficial owner	1,500,000,000(L)	3.51%
Chen Yingjiu (note 3)	Beneficial owner	602,400,000(L)	1.41%
Wang Jianjun (note 3)	Beneficial owner	300,000,000(L)	0.70%

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

Name	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$	Number of underlying shares for 2021 Warrants	Approximately percentage of interests (note 4)
Kuan Hsin Huei (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	875,152,000(L)	2.05%
Ruan Xiaoping (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	300,000,000(L)	0.70%
Yu Bin (note 3) (note 5)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	569,760,000(L)	1.33%
Zheng Yan (note 3) (note 5)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	569,760,000(L)	1.33%
Chen Yingjiu (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	120,480,000(L)	0.28%
Wang Jianjun (note 3)	29 March 2016	29 March 2016 to 28 March 2021	Beneficial owner	0.0125	60,000,000(L)	0.14%

Notes:

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 China Technology Education Trust Association (the "Trust Association"). Accordingly, the Trust Association is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to technology education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of the Trust Association.
3. According to the disclosure of interest of the Stock Exchange, Kuan Hsin Huei, Ruan Xiaoping, Yu Bin, Zheng Yan, Chen Yingjiu and Wang Jiajun are the parties acting in concert. They are interested in shares of approximately 17.07% and in warrants of approximately 4.50% of the total issued share capital of the Company.
4. The approximately percentage of interests in the Company is calculated on the basis of 42,716,118,022 Shares in issue as at 31 March 2019.
5. According to the disclosure of interest of the Stock Exchange, Yu Bin and Zheng Yan are in the interests of Children under 18 and/or spouse.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, as at 31 March 2019, 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 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.

2021 WARRANTS (WARRANT CODE: 8015)

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

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

During the period of the first three months in 2019, zero units of bonus warrants has been exercised by warrant holders of the Company and 6,283,350,568 units of bonus warrants are outstanding as at 31 March 2019.

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 was the Chairman of the Board and Chief Executive Officer of the Company during the period ended 31 March 2019. 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.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

The Group's unaudited consolidated results for the three months ended 31 March 2019 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 of the Company are Mr. Xiang Xin (Chairman), Mr. Chan Cheong Yee and Mr. Yip, Wing Ho; the independent non-executive directors of the Company are Mr. Wong Chung Kin, Quentin, Ms. An Jing, 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, 10 May 2019