



CHINA TRENDS HOLDINGS LIMITED

中國趨勢控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8171)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

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 announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- Turnover for the year ended 31 December 2014 amounted to approximately HK\$56,540,000
- Net loss attributable to owners was HK\$18,352,000 with basic loss per share of HK\$0.28 cents. Significant increase in loss for the year because of grant of share option amounted to approximately HK\$12,456,000 share-based payments expense during the year

RESULTS

The board (the “Board”) of directors (the “Directors”) of China Trends Holdings Limited (the “Company”) are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2014, together the audited comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
REVENUE	4	56,540	67,836
Cost of sales		<u>(54,106)</u>	<u>(65,426)</u>
Gross profit		2,434	2,410
Other income and gains	4	171	957
Administrative and other operating expenses		<u>(20,978)</u>	<u>(11,289)</u>
LOSS BEFORE TAX	5	(18,373)	(7,922)
Income tax expenses	6	<u>–</u>	<u>–</u>
LOSS FOR THE YEAR		(18,373)	(7,922)
OTHER COMPREHENSIVE (LOSS) INCOME			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		<u>(1,621)</u>	<u>1,778</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(19,994)</u>	<u>(6,144)</u>

	<i>Note</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
LOSS FOR THE YEAR			
ATTRIBUTABLE TO:			
Owners of the Company		(18,352)	(7,891)
Non-controlling interests		<u>(21)</u>	<u>(31)</u>
		<u>(18,373)</u>	<u>(7,922)</u>
TOTAL COMPREHENSIVE LOSS			
FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(19,957)	(6,130)
Non-controlling interests		<u>(37)</u>	<u>(14)</u>
		<u>(19,994)</u>	<u>(6,144)</u>
LOSS PER SHARE			
Basic (<i>HK cents per share</i>)	7	<u>(0.28)</u>	<u>(0.12)</u>
Diluted (<i>HK cents per share</i>)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,110	1,437
Intangible assets		25,000	25,000
Available-for-sale investment		22,800	22,800
		<hr/>	<hr/>
Total non-current assets		48,910	49,237
CURRENT ASSETS			
Trade receivables	8	9,919	10,613
Prepayments, deposits and other receivables		58,444	61,491
Cash and bank balances	9	7,485	10,942
		<hr/>	<hr/>
Total current assets		75,848	83,046
CURRENT LIABILITIES			
Other payables and accruals		476	463
		<hr/>	<hr/>
Total current liabilities		476	463
NET CURRENT ASSETS			
		75,372	82,583
TOTAL ASSETS LESS CURRENT LIABILITIES			
		124,282	131,820
NET ASSETS			
		124,282	131,820
EQUITY			
Equity attributable to owners of the Company			
Issued capital		66,350	66,350
Equity component of convertible bonds	10	391,534	391,534
Other reserves		(335,056)	(327,555)
		<hr/>	<hr/>
Non-controlling interests		122,828	130,329
		1,454	1,491
		<hr/>	<hr/>
TOTAL EQUITY		124,282	131,820
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Attributable to owners of the Company										
	Issued capital	Share premium account	Share option reserve	Foreign currency translation reserve	Equity component of convertible bonds	Special reserve	Capital reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2013	66,350	235,563	5,117	3,812	391,534	11,157	(1,638)	(575,436)	136,459	1,505	137,964
Total comprehensive income/ (loss) for the year	-	-	-	1,761	-	-	-	(7,891)	(6,130)	(14)	(6,144)
Realised of reserve upon share option lapsed	-	-	(5,117)	-	-	-	-	5,117	-	-	-
At 31 December 2013 and 1 January 2014	66,350	235,563	-	5,573	391,534	11,157	(1,638)	(578,210)	130,329	1,491	131,820
Total comprehensive loss for the year	-	-	-	(1,605)	-	-	-	(18,352)	(19,957)	(37)	(19,994)
Share-based payments	-	-	12,456	-	-	-	-	-	12,456	-	12,456
At 31 December 2014	<u>66,350</u>	<u>235,563</u>	<u>12,456</u>	<u>3,968</u>	<u>391,534</u>	<u>11,157</u>	<u>(1,638)</u>	<u>(596,562)</u>	<u>122,828</u>	<u>1,454</u>	<u>124,282</u>

Notes:

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) the low-carbon products applications. Mainly developing business of low-carbon 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.

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

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“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 year and prior years.

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

3. OPERATING SEGMENT INFORMATION

The Group’s revenue and result for the year ended 31 December 2014 were mainly derived from its operating segment of trading of electronic technology and related products. For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segment as follows:

- (a) the trading of electronic technology and related products; and
- (b) the media operating segment is involved in provision of online media platforms and multi-media and advertising business.

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

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

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

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

For the year ended 31 December						
	Trading of electronic technology and related products		Media business (Note)		Consolidated total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment revenue:						
Sales to external customers	<u>56,540</u>	<u>67,836</u>	<u>–</u>	<u>–</u>	<u>56,540</u>	<u>67,836</u>
	<u>56,540</u>	<u>67,836</u>	<u>–</u>	<u>–</u>	<u>56,540</u>	<u>67,836</u>
Segment results	(2,254)	(3,948)	–	–	(2,254)	(3,948)
Reconciliation:						
Other income and gains					71	957
Unallocated expenses					<u>(16,190)</u>	<u>(4,931)</u>
Loss before tax					<u>(18,373)</u>	<u>(7,922)</u>
Income tax expenses					<u>–</u>	<u>–</u>
Loss for the year					<u>(18,373)</u>	<u>(7,922)</u>
Other segment information:						
Capital expenditure	8	54	–	–	8	54
Share-based payments	12,456	–	–	–	12,456	–
Depreciation	<u>239</u>	<u>633</u>	<u>64</u>	<u>205</u>	<u>303</u>	<u>838</u>
As at 31 December						
	Trading of electronic technology and related products		Media business (Note)		Consolidated total	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment assets	73,677	76,552	25,000	25,000	98,677	101,552
Unallocated assets					<u>26,081</u>	<u>30,731</u>
Total assets					<u>124,758</u>	<u>132,283</u>
Segment liabilities	200	224	–	–	200	224
Unallocated liabilities					<u>276</u>	<u>239</u>
Total liabilities					<u>476</u>	<u>463</u>

Note: The mode of operation of the Group's media business through the provision of Copyright of a film library held by the Group and receives royalty income. The Group entered into a cooperation framework agreement with Europe & America Pioneer was not yet implemented as at the date of this announcement due to 博思夢想(中國)有限公司, the main subsidiary of the Company, was involved in malicious litigation from Zhenjiang New District. There is no progress of the above cooperation framework agreement during the year 2014 as compared with 2013 annual reporting date.

Geographical information

(a) Revenue from external customers

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
Hong Kong	56,540	45,718
Mainland China (excluding HK)	–	22,118
	<u>56,540</u>	<u>67,836</u>

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

(b) Non-current assets

	As at 31 December	
	2014 HK\$'000	2013 HK\$'000
Hong Kong	39	103
Mainland China (excluding HK)	26,071	26,334
Overseas	22,800	22,800
	<u>48,910</u>	<u>49,237</u>

Revenue from major customers

	For the year ended 31 December	
	2014 HK\$'000	2013 HK\$'000
<i>Trading of electronic technology and related products segment</i>		
Customer A	56,540	45,718
Customer B	–	22,118
	<u>56,540</u>	<u>67,836</u>

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:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue		
Sales of goods	<u>56,540</u>	<u>67,836</u>
Other income and gains		
Bank interest income	31	954
Others	<u>140</u>	<u>3</u>
	<u>171</u>	<u>957</u>

5. LOSS BEFORE TAX

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>		
Cost of sales	54,106	65,426		
Auditors' remuneration				
— Annual audit	<table border="1"><tr><td style="text-align: right;">325</td><td style="text-align: right;">265</td></tr></table>	325	265	265
325	265			
— Other services	<table border="1"><tr><td style="text-align: right;">15</td><td style="text-align: right;">15</td></tr></table>	15	15	15
15	15			
Total auditors' remuneration	<u>340</u>	<u>280</u>		
Employee benefits expenses (including directors' remuneration):				
— Wages, salaries and allowances	<table border="1"><tr><td style="text-align: right;">1,101</td><td style="text-align: right;">1,696</td></tr></table>	1,101	1,696	1,696
1,101	1,696			
— Other benefits in kind	<table border="1"><tr><td style="text-align: right;">147</td><td style="text-align: right;">219</td></tr></table>	147	219	219
147	219			
— Share-based payments	<table border="1"><tr><td style="text-align: right;">6,194</td><td style="text-align: right;">—</td></tr></table>	6,194	—	—
6,194	—			
— Pension scheme contributions	<table border="1"><tr><td style="text-align: right;">36</td><td style="text-align: right;">52</td></tr></table>	36	52	52
36	52			
Total employee benefits expenses	<u>7,478</u>	<u>1,967</u>		
Depreciation	303	838		
Minimum lease payments under operating leases, land and buildings	1,945	1,953		
Net exchange gains	<u>(40)</u>	<u>(195)</u>		

6. INCOME TAX EXPENSES

No provision for taxation has been made since the Group has tax loss during the years ended 31 December 2014 and 2013. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

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

	2014 HK\$'000	2013 HK\$'000
Loss before tax:	<u>(18,373)</u>	<u>(7,922)</u>
Tax at the statutory tax rate of 16.5% (2013: 16.5%)	(3,032)	(1,307)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(168)	(2,262)
Income not subject to tax	(4)	(16)
Expenses not deductible for tax	2,069	98
Tax effect of taxes losses not recognised	<u>1,135</u>	<u>3,487</u>
Tax charge at the Group's effective tax rate	<u><u>–</u></u>	<u><u>–</u></u>

At 31 December 2014, the Group has unused tax losses of approximately HK\$91,375,000 (2013: HK\$85,554,000) available indefinitely for offset against future profits. No deferred tax asset (2013: HK\$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

7. LOSS PER SHARE

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

The calculation of basic loss per share is based on:

	2014 HK\$'000	2013 HK\$'000
Loss		
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	<u>(18,352)</u>	<u>(7,891)</u>
	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	<u>6,635,001,932</u>	<u>6,635,001,932</u>

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the years ended 31 December 2014 and 2013.

8. TRADE RECEIVABLES

The Group grants a credit period normally ranging from cash on delivery to 30–90 days to its trade customers.

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	9,919	10,613
Less: impairments	<u>–</u>	<u>–</u>
	<u>9,919</u>	<u>10,613</u>

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

	Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,950	6,551
31 to 60 days	4,969	–
61 to 90 days	<u>–</u>	<u>4,062</u>
	<u>9,919</u>	<u>10,613</u>

9. CASH AND BANK BALANCES

	Group		Company	
	2014	2013	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	6,077	4,385	1,022	537
Time deposits	<u>1,408</u>	<u>6,557</u>	<u>1,408</u>	<u>6,557</u>
	<u>7,485</u>	<u>10,942</u>	<u>2,430</u>	<u>7,094</u>

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi (“RMB”) was RMB1,682,000 (2013: RMB5,853,000) (equivalent to approximately HK\$2,099,000 (2013: HK\$7,492,000)). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term time deposits rate. The bank balances are deposited with credit worthy banks with no recent history of default. The carrying amounts of the bank balances and cash approximate to their fair values.

10. CONVERTIBLE BONDS

On 30 December 2009, the Company issued zero-coupon convertible bonds (the “Convertible Bonds”) with a nominal value of HK\$595,000,000 as part of the consideration of HK\$600,000,000 for acquiring 100% equity interest in Legend Century Investments Limited and its subsidiaries. The Convertible Bonds are interest-free and convertible at the option of the bondholders into ordinary shares of the Company on or before 30 December 2012 at a conversion price of HK\$0.125 (subject to change) each. On 15 June 2010, the conversion price for the Convertible Bonds had been adjusted to HK\$0.037 per share as a result of the completion of the Rights Issues issued on 8 July 2010. The Company has the right to mandatorily convert the outstanding of the Convertible Bonds at the maturity date on 30 December 2012.

The details and the movement of the Convertible Bonds during the reporting periods and outstanding as at end of the reporting period were as follows:

	Nominal value	Equity component
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 January 2010	595,000	460,768
Less: amount converted into the shares of the Company on 7 July 2010	<u>(89,403)</u>	<u>(69,234)</u>
Balance at 31 December 2012, 31 December 2013, 1 January 2014 and 31 December 2014	<u>505,597</u>	<u>391,534</u>

As at 31 December 2012, the conversion right to convert the outstanding Convertible Bonds have been expired. On 25 February 2013, the Company received the lawyer’s letter from Hau, Lau, Li & Yeung Solicitors & Notaries acting for Ocean Space Development Limited, which require the Company to pay back Convertible Bonds holders in the sum of HK\$505,597,736. During the year ended 31 December 2013, according to the circular of the Company dated 22 May 2013, the Company and the Convertible Bonds holders entered into a conditional Deed of Amendment on 18 April 2013 to (i) extend the maturity date of the outstanding Convertible Bonds for a further terms of 3 years from 30 December 2012 to 30 December 2015, being the revised maturity date; (ii) clarify that any outstanding Convertible Bonds not converted on the revised maturity date due to conversion restrictions will be cancelled. All other terms of the Convertible Bonds shall remain unchanged and valid.

11. CONTINGENT LIABILITIES

As at 31 December 2014, the Group and the Company did not have any significant contingent liabilities (2013: Nil).

12. OPERATING LEASE COMMITMENTS

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

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,936	1,481
In the second to fifth years, inclusive	<u>2,156</u>	<u>1,736</u>
	<u>4,092</u>	<u>3,217</u>

13. RELATED PARTY TRANSACTIONS

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

		Group	
	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
New Era Group (China) Limited	<i>(a)</i>		
Rental paid		960	960
Rental deposit paid		160	160
New Era Foundation (China) Limited	<i>(b)</i>		
Rental paid		648	656
Rental deposit paid		112	115
		<u>112</u>	<u>115</u>

Notes:

- (a) The Company entered into a tenancy agreement (the “Tenancy Agreement A”) with New Era Group (China) Limited (“New Era”), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement A, New Era agreed to lease to the Company an office premise for a term of 36 months commencing on 1 July 2008. The Company shall pay a deposit of HK\$160,000 and a monthly rental of HK\$80,000 to New Era. The deposit was included in prepayments, deposits and other receivables in the statement of financial position. On 1 January 2011, the term of Tenancy Agreement A has been extended by 36 months from 1 July 2011 (and further extended to 30 June 2017 at 1 January 2015) agreed by both the Company and Net Era.
- (b) On 1 December 2009, a subsidiary of the Company, Boss China entered into a tenancy agreement (the “Tenancy Agreement B”) with New Era Foundation (China) Limited (“New Era China”), a company of which Mr. Xiang Xin, a director of the Company, has control. Pursuant to the Tenancy Agreement B, New Era China agreed to lease to Boss China an office 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 in the consolidated statement of financial position.

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

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

	2014 HK\$'000	2013 <i>HK\$'000</i>
Salaries, allowances and benefits in kind	440	611
Share-based payment	6,194	–
Pension scheme contributions	–	9
	<u>6,634</u>	<u>620</u>

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

DIVIDEND

The Directors do not recommend the payment of any dividend for each of the years ended 31 December 2014 and 2013.

CHAIRMAN'S STATEMENT

On behalf of the Board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company"), I am pleased to present to you the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014.

FINANCIAL REVIEW

During the year ended 31 December 2014, the Group recorded a revenue of approximately HK\$56,540,000 (2013: HK\$67,836,000), representing a decrease of 17%. The Group recorded a decrease as compared to last year in revenue was mainly due to Boss Dream (China) Limited ("Boss China"), a subsidiary of the Company, being involved in malicious litigation by Zhenjiang New District and still cause business effect to the Group. Boss China still have no contribution on revenue to the Group during the year 2014. As a result of the business from Hong Kong still at the beginning stage and attraction of new customers is not satisfactory.

During the year ended 31 December 2014, the Group incurred a loss of approximately HK\$18,373,000 (2013: HK\$7,922,000) in which the loss attributable to the owners of the Company was approximately HK\$18,352,000 (2013: HK\$7,891,000). Loss for the year increase significantly during the year mainly because of grant of share option to directors, employee and others amounted to approximately HK\$12,456,000 share-based payments expenses (2013: NIL). Excluding the share-based payments expenses, loss for the years slightly decrease as compared with last year.

OPERATIONAL REVIEW

1. 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.

On 11 August 2014, the Company and China Mobile Satellite Communication Group Limited and Smart Number Holdings Limited entered into an agreement in relation to cooperation on the operation of the free satellite internet and pay satellite phone project of Skynet (Skynet Satellite Communication Project).

The company will generate income from 50% customer prepayments of using satellite voice service of the Company's satellite phone terminals (with free internet access).

2. 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, the Company entered into a third supplemental agreement with Joy China Group Limited, to vary the terms stated in the second supplemental agreement that HK\$91,460,000 promissory note turns into the convertible bonds with conversion price HK\$0.04 and other terms and conditions remains unchanged.

On 1 January 2015, the Company does not acquire the remaining 80% of the group of Full Smart Asia Limited as a result of the abovementioned conditional terms do not reach after the Company's assessment.

OUTLOOK AND PROSPECT

The Group will continue to expand the business in Hong Kong in order to reduce the impact of malicious litigation of Boss China to the Group.

Also, the Group was in the progress of developing the business through EPC (energy management contract) and BOT mechanism. Our customers will benefit from participating the EPC and BOT mechanism by reducing their cost, the Group will share the benefits from the reduced cost of customers. Based on the above-mentioned business model, the Group believes that the low-carbon city solutions and the low-carbon products solutions will bring huge opportunity to the Group in the future. As at the date of this announcement, the EPC and BOT business was not yet commenced due to the main subsidiary of the Company, Boss China being involved in malicious litigation from Zhenjiang New District and still in the progress.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity, Financial Resources and Gearing

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. The Group maintained a healthy liquidity position with a current ratio of approximately 159 (2013: 179) and total cash and bank balances amounted to approximately HK\$7,485,000 (2013: HK\$10,942,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities.

Capital Structure and Fluctuation in Exchange

The capital of the Company comprised ordinary shares only as at 31 December 2014. During the year under review, sales and purchases of the Group were mainly transacted in Renminbi, United States dollars and Hong Kong dollars. As at 31 December 2014, a substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in Renminbi, United States dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

Employees

As at 31 December 2014, there were a total of 12 (2013: 12) full-time staff employed by the Group. The staff costs including directors' remuneration for the year were approximately HK\$7,478,000 (2013: HK\$1,967,000) of which approximately HK\$6,194,000 (2013: NIL) share-based payments expenses incurred as a result of grant of share options during the year. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share based payment.

Charge, Contingent Liabilities and Commitments

As at 31 December 2014, the Group had commitments under operating lease amounting to approximately HK\$4,092,000 (2013: HK\$3,217,000) and there were no charges on any assets of the Group.

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. Mr. Xiang Xin 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. 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.

AUDITORS

The financial statements for the years ended 31 December 2013 and 2014 were audited by ZHONGHUI ANDA CPA Limited.

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

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Audit Committee currently comprises all three independent non-executive directors of the Company, Mr. Zhang Zhan Liang as the Chairman, Ms. An Jing and Mr. Chen Yicheng as the members.

The Audit Committee examined the accounting principles and practices adopted by the Company and its subsidiaries and discussed with the management its internal controls and accounts. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014.

DIRECTORS' SECURITIES TRANSACTIONS

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

PUBLICATION OF ANNUAL REPORT

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

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

Hong Kong, 12 March 2015

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Liang Xiaojin and Ms. Zhong Keying; the non-executive director is Mr. Sun Kuan Chi; 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 and Mr. Chen Banyan is an alternate director to Mr. Liang Xiaojin.

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

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