CHINA TRENDS HOLDINGS LIMITED
中國趨勢控股有限公司

(formerly known as "Quasar Communication Technology Holdings Limited")
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8171)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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.

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, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

- Turnover for the year ended 31 December 2008 amounted to HK$81,127,000
- Net loss attributable to shareholders is HK$32,847,000 with basic loss per share of HK5.60 cents

RESULTS

The board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company") are pleased to present the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2008, together the audited comparative figures for the corresponding year in 2007 as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
REVENUE	3	**81,127**	380,523
Cost of sales		**(84,409)**	(359,220)
Gross (loss)/profit		**(3,282)**	21,303
Other income and gains	3	**194**	465
Administrative and other operating expenses		**(25,835)**	(10,546)
Finance costs		**(758)**	(1,503)
Other impairment losses		**(2,677)**	(17,604)
LOSS BEFORE TAX	5	**(32,358)**	(7,885)
Tax	6	**(489)**	(314)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		**(32,847)**	(8,199)
DIVIDENDS		**Nil**	Nil
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	7	**(5.60) cents**	(1.55) cents
Diluted	7	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON–CURRENT ASSETS			
Property, plant and equipment		**1,251**	406
Available-for-sale investments	*8*	**–**	–
Other intangible assets	*9*	**–**	–
Deferred tax assets		**280**	306
Prepaid licenses fee	*10*	**–**	–
Total non-current assets		**1,531**	712
CURRENT ASSETS			
Inventories		**1,700**	–
Contract works in progress	*11*	**34,340**	3,382
Trade receivables	*12*	**610**	63,287
Prepayments, deposits and other receivables	*13*	**43,250**	35,095
Cash and bank balances		**7,590**	24,742
Total current assets		**87,490**	126,506
CURRENT LIABILITIES			
Trade payables	*14*	**219**	–
Trust receipt loans		**–**	12,040
Other payables and accruals		**3,827**	4,752
Tax payable		**4,946**	5,046
Due to a related company		**221**	167
Total current liabilities		**9,213**	22,005
NET CURRENT ASSETS		**78,277**	104,501
TOTAL ASSETS LESS CURRENT LIABILITIES		**79,808**	105,213
Net assets		**79,808**	105,213
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*15*	**5,865**	5,865
Reserves		**73,943**	99,348
Total equity		**79,808**	105,213

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2008

	Attributable to equity holders of the Company						
	Issued capital *HK$'000*	**Share premium account** *HK$'000*	**Warrant reserve** *HK$'000*	**Share option reserve** *HK$'000*	**Capital reserve** *HK$'000* *(note a)*	**(Accumulated losses)/ Retained profits** *HK$'000*	**Total** *HK$'000*
At 1 January 2007	5,265	51,579	–	–	11,157	25,951	93,952
Issue of shares	600	16,800	–	–	–	–	17,400
Issue of warrants	–	–	2,060	–	–	–	2,060
Loss for the year	–	–	–	–	–	(8,199)	(8,199)
At 31 December 2007 and at 1 January 2008	5,865	68,379	2,060	–	11,157	17,752	105,213
Equity-settled share option arrangements	–	–	–	7,442	–	–	7,442
Share options lapsed during the year	–	–	–	(465)	–	465	–
Warrant lapsed during the year	–	–	(1,160)	–	–	1,160	–
Loss for the year	–	–	–	–	–	(32,847)	(32,847)
At 31 December 2008	5,865	68,379	900	6,977	11,157	(13,470)	79,808

Note:

a. Capital reserve represents the difference between the nominal value of shares issued by the Company as consideration and the underlying net assets of the subsidiaries acquired pursuant to the group reorganisation in relation to the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited on 25 July 2002.

1. CORPORATE INFORMATION

China Trends Holdings Limited (formerly known as "QUASAR Communication Technology Holdings Limited") (the "Company") is a limited liability company incorporated in the Cayman Islands. Pursuant to a special resolution passed by the shareholders of the Company on 24 September 2008 and approved by the relevant authorities in Cayman Islands on 3 October 2008, the name of the Company was changed from "Quasar Communication Technology Holdings Limited" to "China Trends Holdings Limited 中國趨勢控股有限公司". The Chinese translation of the name of the Company, which was for identification purposes, was "思拓通訊科技控股有限公司" before the change of Company name.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is situated at 26/F., No.9 Des Voeux Road West, Sheung Wan, Hong Kong.

The Company is an investment holding company. The Group's principal activities have not changed during the year and were involved in sales and marketing of mobile phone appliance and the relevant application solution in Mainland China.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except otherwise indicated.

2.2 EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Basis for disclaimer of opinion

A. Scope limitation – loss of access to certain books and records maintained by certain subsidiaries

As detailed in auditors' report, the underlying books and records of certain subsidiaries of the Company were not accessible due to the changes to the board of directors of the Company and certain subsidiaries during the year. Although the present board of directors of the Company have represented that the directors have taken due care in the preparation of the consolidated financial statements of the Group, the present board of directors were unable to give representation as to the completeness of the books and records of certain subsidiaries of the Company during the year ended 31 December 2008. The present board of directors was unable to represent that all transactions entered by these subsidiaries of the Company during the year ended 31 December 2008 have been properly included in the consolidated financial statements. Accordingly, the auditors were unable to carry out adequate audit procedures they considered necessary to satisfy themselves as to the timing, accuracy and completeness of the assets and liabilities of the Group as at 31 December 2008 and of its loss and cash flows for the year then ended. The auditors qualified their opinion in respect of the limitation of scope in their auditors' report of the assets and liabilities of the Group as at 31 December 2008 and of its loss and cash flows for the year ended 31 December 2008 and the related disclosures thereof in the financial statements.

B. Scope limitation – inventories

As detailed in auditors' report, included in the consolidated balance sheet were inventories stated at net realisable value of approximately HK$1,700,000 (with a total cost of HK$2,443,783) as at 31 December 2008. The auditors had not been invited to attend the physical inventory count on or about 31 December 2008 and the auditors had not been provided with sufficient and appropriate evidences for verification of the existence, completeness and valuation of the inventories. The auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves as to the existence, completeness and valuation of the inventories as stated in the consolidated balance sheet of the Group as at 31 December 2008 and that the inventories were free from material misstatement and were fairly stated. Any adjustments to the balance of the inventories as at 31 December 2008 found to be necessary would affect the Group's net assets as at 31 December 2008 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

C. Scope limitation – contract works in progress

As detailed in auditors' report, included in the consolidated balance sheet was contract works in progress of approximately HK$34,340,000 as at 31 December 2008. The auditors had not been invited to attend physical inventory count on or about 31 December 2008 and the auditors had not been provided with a detailed information and explanation of the nature and the future utilisation of the contract works in progress. Due to the lack of sufficient and appropriate evidences available to them, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the existence, completeness and valuation of the contract works in progress as stated in the consolidated balance sheet of the Group as at 31 December 2008 and that the contract works in progress was properly classified, free from material misstatement and was fairly stated as at 31 December 2008. Any adjustments to the balance of the contract works in progress as at 31 December 2008 found to be necessary would affect the Group's net assets as at 31 December 2008 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

D. Scope limitation – trade receivables

As detailed in auditors' report, included in the consolidated balance sheet were trade receivables of approximately HK$63,287,000 and HK$610,000 after impairment provision of approximately HK$1,211,000 and HK$3,888,000 respectively as at 31 December 2007 and 2008. The auditors had not been provided with certain books and records of certain subsidiaries of the Company and the auditors had not been provided with sufficient and appropriate evidences for verification of the settlement of the trade receivables throughout the year ended 31 December 2008. The auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves that the trade receivables and the impairment as stated in the consolidated balance sheet at 31 December 2008 were free from material misstatement and were fairly stated. Any adjustments to the balance of the trade receivables as at 31 December 2008 found to be necessary would affect the Group's net assets as at 31 December 2008 and have a consequential effect on its loss and cash flows for the year then ended and the related disclosures thereof in the financial statements.

E. Scope limitation – trade deposits paid

As detailed in auditors' report, included in prepayments, deposits and other receivables in consolidated balance sheet were deposits paid of approximately HK$8,200,000 as at 31 December 2008. The deposits were paid by a subsidiary of the Company to a supplier during the year as deposits for the supply of mobile phones and related appliance and accessories. The auditors had not been provided with sufficient and appropriate explanation and evidences as to the nature of the deposits, including but not limited to the arrangement for the subsequent recovery of the deposits or the ability of the supplier in fulfillment of the obligation in supplying the mobile phones and related appliance and accessories to the Group. No subsequent settlement or goods have been received by the Group up to the date of this report and the auditors have not been able to obtain sufficient information they considered necessary for the assessment of the recoverability of the deposits. The auditors were unable to carry out alternative audit procedures they considered necessary to satisfy themselves as to the existence and valuation of the trade deposits and that the trade deposits were free from material misstatement and were fairly stated as at 31 December 2008. Any adjustments to the balance of the trade deposits as at 31 December 2008 found to be necessary would affect the Group's net assets as at 31 December 2008 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

F. Scope limitation – revenue and cost of sales

As detailed in auditors' report, included in revenue and cost of sales of HK$81,127,000 and HK$84,409,000 shown in the consolidated income statement were certain sales transactions and the related cost of sales amounting to approximately HK$26,979,000 and HK$28,177,000, respectively, for which the auditors had not been provided with sufficient and appropriate information and explanation for their verification of their occurrence, completeness and valuation. The auditors have not been able to carry out alternative audit procedures they considered necessary to satisfy themselves that the revenue and cost of sales as stated in the consolidated income statement for the year ended 31 December 2008 were free from material misstatement and were fairly stated. Any adjustments to the amount of the revenue and cost of sales for the year ended 31 December 2008 found to be necessary would affect the loss of the Group for the year ended 31 December 2008 and have a consequential effect on its cash flows for the year ended 31 December 2008, its net assets as at 31 December 2008 and the related disclosures thereof in the financial statements.

G. Scope limitation – carrying amounts of investments in subsidiaries and amounts due from subsidiaries

As detailed in auditors' report, included in the Company's balance sheet were investments in subsidiaries of approximately HK$14,882,000 and amounts due from subsidiaries of approximately HK$47,437,000 as at 31 December 2008. Due to the scope limitations in respect of items A, B, C, D , E and F above and the lack of sufficient and appropriate evidences available to the auditors, the auditors have not been able to carry out audit procedures they considered necessary to satisfy themselves as to the accuracy and valuation of the balances of investments in and amounts due from subsidiaries and whether any impairment loss is required. The auditors have not been able to perform alternative audit procedures they considered necessary to satisfy themselves as to whether the carrying amounts of the investments in subsidiaries and amounts due from subsidiaries were free from material misstatement and were fairly stated. Any adjustments to the carrying amounts of investments in and amounts due from subsidiaries as at 31 December 2008 found to be necessary would affect the Company's net assets as at 31 December 2008 and have a consequential effect on its loss for the year then ended and the related disclosure thereof in the financial statements.

Disclaimer of Opinion: Disclaimer on View Given by Financial Statements

In their opinion, because of the significance of the matters described in the basis for disclaimer of opinion section, the auditors do not express an opinion on the financial statements as to whether the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Report on Matters Under Sections 141(4) and 141(6) of The Hong Kong Companies Ordinance

In respect alone of the limitation on our work relating to points (A), (B), (C), (D), (E), (F) and (G) in the basis for disclaimer of opinion section:

- the auditors have not obtained all the information and explanations that they considered necessary for the purpose of their audit; and

- the auditors were unable to determine whether proper books of account had been kept.

2.3 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangement
HK(IFRIC)-Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of adopting these new and revised HKFRSs are as follows:

HKAS 39 and HKFRS 7 Amendments – Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term if specified criteria are met.

A debt instrument that would have met the definition of loans and receivables (if it had not been required to be classified as held for trading at initial recognition) may be classified out of the fair value through profit or loss category or (if it had not been designated as available for sale) may be classified out of the available-for-sale category to the loans and receivables category if the entity has the intention and ability to hold it for the foreseeable future or until maturity.

In rare circumstances, financial assets that are not eligible for classification as loans and receivables may be transferred from the held-for-trading category to the available-for-sale category or to the held to maturity category (in the case of a debt instrument), if the financial asset is no longer held for the purpose of selling or repurchasing in the near term.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above. The amendments are effective from 1 July 2008.

As the Group has not reclassified any of its financial instruments, the amendments have had no impact on the financial position or results of operations of the Group.

HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group buy the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or results of operations of the Group.

HK(IFRIC)-Int 12 Service Concession Arrangements

HK(IFRIC)-Int 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. As the Group currently has no such arrangements, the interpretation has had no effect on these financial statements.

HK(IFRIC)-Int 14 HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, including situations, when a minimum funding requirement exists. As the Group has no defined benefit scheme, the interpretation has had no effect on these financial statements.

2.4 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]

HKFRS 4 and HKFRS 7 Amendments	Amendments to HKFRS 7, Disclosures about Financial Instruments [1]
HKFRS 8	Operating Segments [1]
HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [2]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 Amendments	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items [2]
HK (IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK (IFRIC)-Int 9 and HKAS 39 Embedded Derivatives [5]
HK (IFRIC)-Int 13	Customer Loyalty Programmes [3]
HK (IFRIC)-Int 15	Agreements for the Construction of Real Estate [1]
HK (IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK (IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [2]
HK (IFRIC)-Int 18	Transfers of Assets from Customers [6]

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarify wording. Except for the amendment to HKFRS 5 which is effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2009 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 January 2009
2 Effective for annual periods beginning on or after 1 July 2009
3 Effective for annual periods beginning on or after 1 July 2008
4 Effective for annual periods beginning on or after 1 October 2008
5 Effective for annual periods ending on or after 30 June 2009
6 Effective for transfers of assets from customers received on or after 1 July 2009
* *Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.*

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 and HKAS 1 (Revised) may result in new or amended disclosures and the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HKAS 23 (Revised) may result in changes in accounting policies, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

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:

	2008	2007
	HK$'000	*HK$'000*
Revenue		
Sales of goods	**81,127**	380,523
Other income and gains		
Bank interest income	**148**	404
Others	**46**	61
	194	465
Total revenue, other income and gains	**81,321**	380,988

4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's assets are located in Mainland China.

Segment information is presented by way of the Group's primary segment reporting basis. No further business segment information is presented as the Group's revenue and assets relate entirely to the business of sales and marketing of mobile phone appliance and the relevant application solution in Mainland China market.

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.

5. LOSS BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Cost of sales#	**84,409**	359,220
Auditors' remuneration:		
Annual audit	**238**	350
Interim audit	**250**	–
Other assurance services	**430**	–
	918	350
Depreciation	**170**	95
Loss on disposal of items of property, plant and equipment	**–**	49
Exchange losses, net	**50**	201
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**2,702**	4,318
Others	**35**	85
Pension scheme contributions	**13**	92
Equity-settled share option expenses	**7,442**	–
	10,192	4,495
Minimum lease payments under operating leases:		
Land and buildings	**730**	373
Impairment of available-for-sale investments	**–**	1,342
Impairment of trade receivables	**2,677**	304
Impairment of contract works in progress	**–**	12,136
Impairment of non-current assets held-for-sales	**–**	3,822
	2,677	17,604
Bank interest income	**(148)**	(404)

\# *Included an amount of HK$743,760 (2007: nil) in respect of write-down of inventories to net realisable value.*

6. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2007:17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Charge for the year	**47**	378
Underprovision in previous year	**416**	–
	463	378
Deferred tax		
Charge/(credit) for the year	**26**	(64)
Total tax charge for the year	**489**	314

A reconciliation of the tax expense applicable to loss before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2008		2007	
	HK$'000	*%*	*HK$'000*	*%*
Loss before tax	**(32,358)**		(7,885)	
Tax at the statutory tax rate	**(5,339)**	**16.5**	(1,380)	17.5
Income not subject to tax	**(1)**	**–**	(184)	2.3
Expenses not deductible for tax	**1,001**	**(3.1)**	1,964	(24.9)
Tax losses utilised	**–**	**–**	(195)	2.5
Tax benefits not recognised	**4,343**	**(13.4)**	165	(2.1)
Underprovision in previous years	**416**	**(1.3)**	–	–
Effect of changes in tax rates	**69**	**(0.2)**	–	–
Others	**–**	**–**	(56)	0.7
Tax charge at the Group's effective tax rate	**489**	**(1.5)**	314	(4.0)

7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

The calculations of basic loss per share are based on:

	2008	2007
	HK$'000	*HK$'000*
Earnings		
Loss for the year attributable to equity holders of the Company, used in the basic loss per share calculation	**(32,847)**	(8,199)

	Number of shares	
	2008	2007
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**586,451,500**	529,739,171

The diluted loss per share amounts for the years ended 31 December 2008 and 2007 have not been disclosed as the share options and warrants outstanding during the year had an anti-dilutive effect on the basic loss per share.

8. AVAILABLE-FOR-SALE INVESTMENTS

	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	**9,142**	9,142
Impairment	**(9,142)**	(9,142)
	–	–

As at the balance sheet date, all the unlisted equity investments were stated at cost less impairment. As the range of reasonable fair value estimates is so significant, the directors are of the opinion that their fair value cannot be measured reliably.

9. OTHER INTANGIBLE ASSETS

	2008	2007
	HK$'000	*HK$'000*
Cost	**17**	17
Accumulated amortisation	**(17)**	(17)
Net carrying amount	**–**	–

The other intangible assets represented the trade mark of QUASAR.

10. PREPAID LICENSES FEE

	2008	2007
	HK$'000	*HK$'000*
Cost	**5,460**	5,460
Accumulated amortisation	**(5,460)**	(5,460)
Net carrying value	**–**	–

11. CONTRACT WORKS IN PROGRESS

	2008	2007
	HK$'000	*HK$'000*
Contract costs for development of mobile phone appliance solution	**34,340**	15,518
Impairment	**–**	(12,136)
	34,340	3,382

During the year, the Group incurred contract costs of HK$34,340,000 for development of mobile phone application solution. In the opinion of the directors of the Company, the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in assessing the nature and future utilisation of these contract works in progress. Accordingly, the directors of the Company were not able to assess if the amount of the contract works in progress and the impairment amount, if any, were fairly stated as at 31 December 2008.

12. TRADE RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**4,498**	64,498
Impairment	**(3,888)**	(1,211)
	610	63,287

In the opinion of the directors of the Company, as the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in verifying of the settlement of the trade receivables throughout the year. Accordingly, the present directors of the Company were not able to assess if the trade receivables and the impairment were fully stated as at 31 December 2008.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control team to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 1 month	**610**	14,477
1 to 2 months	**–**	21,680
2 to 3 months	**–**	14,988
Over 3 months	**–**	12,142
	610	63,287

The movements in provision for impairment of trade receivables are as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 January	**1,211**	907
Impairment loss recognised during the year	**2,677**	304
At 31 December	**3,888**	1,211

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	2008	2007
	HK$'000	*HK$'000*
Neither past due nor impaired	**610**	36,157
Less than 1 month past due	**–**	14,988
1 to 3 months past due	**–**	12,142
Over 3 months	**–**	–
	610	63,287

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Prepayments	**340**	150
Deposits for proposed acquisitions *(note (a))*	**30,000**	30,000
Trade deposits paid *(note (b))*	**8,200**	–
Rental deposit	**281**	–
Other receivables	**340**	856
Tax reserve certificate	**4,089**	4,089
	43,250	35,095

Notes:

(a) Deposits paid for proposed acquisitions consisted of (i) HK$5,000,000 (2007: HK$30,000,000) paid to Ocean Space Development Limited in respect of the proposed acquisition of a 100% equity interest in Legend Century Investments Limited and (ii) HK$25,000,000 (2007: Nil) paid to an independent third party in respect of the proposed acquisition of a 24% equity interest in Guangdong Allwin Culture Development Co., Limited* (廣東愛威文化發展有限公司), detail of which are disclosed in the annual report.

The above deposits for proposed acquisitions are unsecured, interest-free and will be refundable if the proposed acquisitions are not executed and completed.

* *for identification purpose*

(b) Trade deposits paid represented amounts paid to a supplier as deposits for supply of mobile phones and related appliance and accessories. In the opinion of the directors of the Company, as the directors were unable to obtain access to certain relevant information and documents of certain subsidiaries, they were not able to obtain adequate information in assessing the nature of the deposits, including but not limited to the arrangement for the subsequent recovering of the deposits or the ability of the supplier in fulfilment of the obligations in supplying the mobile phones and related appliance and accessories to the Group in the foreseeable future. Accordingly, the present directors of the Company were not able to assess the valuation of the trade deposits and if there was any impairment and that the amount of the trade deposits was fairly stated as at 31 December 2008.

14. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet date, based on the invoice date, is as follows:

	2008	2007
	HK$'000	*HK$'000*
Over 90 days	**219**	–

The trade payables are non-interest-bearing and are normally settled on 60 day terms.

15. SHARE CAPITAL

Shares

	2008	2007
	HK$'000	*HK$'000*
Authorised:		
30,000,000,000 ordinary shares (2007: 1,000,000,000) of HK$0.01 each *(note iii)*	**300,000**	10,000
Issued and fully paid:		
586,451,500 ordinary shares of HK$0.01 each	**5,865**	5,865

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is a follows:

	Number of authorised ordinary shares	Number of shares in issue	Issued share capital *HK$'000*	Share premium account *HK$'000*	Total *HK$'000*
At 1 January 2007	1,000,000,000	526,451,500	5,265	51,579	56,844
Issue of shares:					
On 12 December 2007 *(note ii)*	–	60,000,000	600	16,800	17,400
At 31 December 2007	1,000,000,000	586,451,500	5,865	68,379	74,244
Increase of authorised share capital *(note iii)*	29,000,000,000	–	–	–	–
At 31 December 2008	30,000,000,000	586,451,500	5,865	68,379	74,244

Notes:

i. On 28 May 2007, the Company entered into a warrant placing agreement with an independent third party ("Subscriber A") in relation to a private placing of 58,000,000 warrants at an issue price of HK$0.02 per warrant, which entitle Subscriber A to subscribe for up to 58,000,000 new shares of the Company of the HK$0.01 each at an exercise price of HK$0.50 per new share for a period of 53 weeks commencing from the date of issue of the warrants. The placing of the warrants were completed on 3 July 2007 and a total consideration amounting to HK$1,160,000 was received and credited to the warrant reserve and has been fully applied as the Group's working capital. No warrants have been exercised during the year and the warrants were lapsed on 7 July 2008.

ii. On 21 November 2007, the Company entered into a share subscription agreement and a warrant subscription agreement with an independent third party ("Subscriber B") in relation to (i) the subscription of 60,000,000 new shares of the Company of HK$0.01 each at a subscription price of HK$0.29 per new share; and (ii) 45,000,000 warrants at an issue price of HK$0.02 per warrant, which entitle Subscriber B to subscribe for up to 45,000,000 new shares of the Company of HK$0.01 each at an exercise price of HK$0.28 per new share for a period of 2 years commencing from the date of issue of the warrants. The share subscription and warrant subscription were completed on 12 December 2007 with gross proceeds of HK$17,400,000 and HK$900,000, respectively, which have been fully applied as the Group's working capital. The new shares rank pari passu with the existing shares in issue in all aspects. Total consideration received from the issue of warrants amounting to HK$900,000 has been credited to the warrant reserve and has been fully applied as the Group's working capital. No warrants have been exercised during the year and all the warrants remained outstanding as at 31 December 2008.

iii. Pursuant to an ordinary resolution passed by the shareholders of the Company on 24 September 2008, the authorised share capital of the Company was increased from HK$10,000,000 to HK$300,000,000 by the creation of 290,000,000 additional shares of HK$0.01 each, ranking pari passu in all respects with the existing share capital of the Company.

iv. On 31 December 2008, the Company entered into a placing agreement, a total of 117,288,000 shares of the Company of HK$0.01 each at a placing price of HK$0.07 per share (the "Placing"). The Placing was completed on 21 January 2009 with a net proceeds of approximately HK$8,127,000 received by the Company. The purpose of the Placing was to enlarge the shareholders base and to provide additional working capital for the Group's operation.

16. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities at the balance sheet date.

17. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 2 to 3 years.

At 31 December 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2008	2007
	HK$'000	*HK$'000*
Within one year	**1,370**	410
In the second to fifth years, inclusive	**1,679**	675
	3,049	1,085

18. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

DIVIDEND

The Directors did not recommend a final dividend for the year ended 31 December 2008 (2007: Nil).

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 2008.

Financial review

During the year ended 31 December 2008, the Group recorded a turnover of approximately HK$81,127,000 (2007: HK$380,523,000), representing a decrease of 78.7%. The decrease in turnover was due to the deterioration of the general business as a whole and the fierce competition in the current business operations of the Group.

During the year ended 31 December 2008, the Group incurred a loss of approximately HK$32,847,000 (2007: HK$8,199,000). The loss for the year was mainly due to (i) the drop in the profit margin of the current business operations including the impairment loss made on the contract works in progress and the inventories in the amount of approximately HK$4,125,000, (ii) compensation paid to customers in the amount of HK$8,761,000 and (iii) the equity-settled share option expenses in the amount of approximately HK$7,442,000.

Operational review

The Group is principally engaged in sales and marketing of mobile phone appliance and the relevant parts solution in Mainland China market. As there is fierce competition in the current business operations of the Group, the Board has been seeking opportunities to increase the business scope and the foundation of the Group.

In view of the intense competition and falling profit margin, the Company is actively seeking opportunities to other business with higher return than the existing business.

Prospect

The Board anticipates that the worsening financial and economic crisis will further curtail consumer and corporate demand for goods and services thereby pulling down sales volume and results for year 2009. However, 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

Books and records maintained by certain subsidiaries

The directors of the Company are responsible to prepare the Group's consolidated financial statements based on the books and records maintained by the Company and its subsidiaries (the "Group"). However, after the change of the board of directors of the Company and certain subsidiaries during the year ended 31 December 2008, the Company no longer has access to certain books and records of certain subsidiaries of the Group. The present directors of the Company have tried to get assistance from the former directors of the Company and certain subsidiaries to locate the relevant information and documents of the certain subsidiaries. However, the present directors of the Company lost contact with certain former directors and were therefore unable to obtain access to the relevant information and documents of the certain subsidiaries within the time constraint in the preparation of these consolidated financial statements. Hence, only limited books and records of the certain subsidiaries are accessible by the present directors of the Company. In view of the foregoing, no representations as to the completeness of the books and records the certain subsidiaries could be given by the present directors of the Company although due care has been taken in the preparation of the consolidated financial statements to mitigate the effect of the incomplete books and records of the certain subsidiaries.

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 liquidity position with a current ratio of approximately 9.50 (2007: 5.75) and total cash and bank balances amounted to approximately HK$7,590,000 (2007: HK$24,742,000) with no pledged deposits placed in banks for securing any borrowings or banking facilities. As at 31 December 2008, the gearing ratio based on total liabilities over total assets was approximately 10.35% (2007: 17.30%).

As at 31 December 2008, the Company entered into a placing agreement pursuant to which the Company had conditionally agreed to place, through a placing agent on a best effort basis, in aggregate of 117,290,300 placing shares to not fewer than six placees. The placing of 117,288,000 shares of the Company of HK$0.01 each at a placing price of HK$0.07 per share was completed on 21 January 2009 with a net proceeds of approximately HK$8,127,000 received by the Company.

Capital structure and fluctuation in exchange

During the year under review, sales and purchases of the Group were mainly transacted in United States dollars and Hong Kong dollars. As at 31 December 2008, a substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in United States dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

Employees

As at 31 December 2008, there were a total of 9 (2007: 15) full-time staff employed by the Group. The staff costs for the year including directors' remuneration were approximately HK$2,750,000 (2007: HK$4,495,000) and equity-settled share option expenses were approximately HK$7,442,000 (2007: nil).

Significant investments and material acquisitions

During the year, the Group had the following significant investments and material acquisitions:

(a) Pursuant to a non-legally binding memorandum of understanding dated 18 December 2007 (the "MOU ") entered into between the Company and Ocean Space Development Limited ("Ocean Space"), an independent third party, the Company has been in negotiation with Ocean Space for the potential acquisition (the "Legend Acquisition") of the entire issued share capital of Legend Century Investments Limited ("Legend") which would have controlling stakes in a PRC company which is engaging in lift door advertisement publications and convenience store door advertisement publications in certain major cities of the PRC. Pursuant to the MOU, the Company was required to place a refundable deposit in the sum of HK$40 million to Ocean Space in return for the granting of the exclusive right to negotiate the terms of the Legend Acquisition by the Vendor of which HK$30 million had been paid during the year ended 31 December 2007.

    Subsequently, there were certain changes in the terms of the Legend Acquisition and on 7 July 2008, the Company entered into a supplemental agreement with Ocean Space pursuant to which, Legend and its subsidiaries (the "Legend Group") will execute a reorganisation and upon completion of the reorgainsation, the principal assets held by the Legend Group will consist of the LED/LCD business and media business but will not hold the life door advertisement publications and convenience store door advertisement publications business.

    On 20 September 2008, the Company and Ocean Space entered into another supplemental agreement, pursuant to which, the deposit for the negotiation of the Legend Acquisition be reduced from HK$40,000,000 to HK$5,000,000 and Ocean Space had refunded HK$25,000,000 to a nominee of the Company on 15 October 2008 (see (d) below).

On 18 February 2009, the Company entered into a sale and purchase agreement with Ocean Space in respect of the Legend Acquisition at a consideration of HK$600,000,000 which shall be settled by (i) the net-off of the deposit of HK$5,000,000 paid upon the signing of the MOU and (ii) the issue of a three-year convertible bond of HK$595,000,000 by the Company to Ocean Space which would be convertible into the shares of the Company of HK$0.01 each at a conversion price of HK$0.125 each.

(b) On 28 January 2008, the Company entered into a non-legally binding memorandum of understanding (the "MOU 2") with China Innovation Investment Limited ("China Innovation") a then independent third party and a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, in respect of the strategic co-operation in the civil and military dual-use optoelectronic industry. Pursuant to the MOU 2, China Innovation will base on its first right of refusal to invest in two LED optoelectronic projects, namely 上海大晨光電科技有限公司 (Shanghai Morning Optoelectronic Technology Limited, "SMOTL"), primarily engaged in the New LED lighting Project, and 雲南天達光伏科技股份有限公司 (Yunnan Tianda Photovoltaic Co., Ltd., "Yunnan Tianda"), primarily engaged in the New Solar Energy Project, of 中國兵器工業集團公司 (China North Industries Group Corporation "CNGC") to provide support to the Company on the manufacturing, assembling and development of LED optoelectronic products and related civil and military dual-use products. The Company will provide strategic solutions and distribution channels to the CNGC's optoelectronic enterprises, which are principally engaged in manufacturing of LED optoelectronic products and are also subject to potential investment by China Innovation.

On 18 March 2008, the Company entered into a cooperation letter of intent (the "LOI") with China Innovation and 南京北方信息產業集團有限公司 (Nanjing North Information Industry Group Co., Ltd. "NNII"), a wholly-owned subsidiary of CNGC. Pursuant to the LOI, the Company, China Innovation and NNII will jointly participate in the share restructuring of 南京北方慧華光電有限公司 (Nanjing North Weihaw Optics Electronics Co., Ltd. "NNWO") which is currently controlled by NNII and engaged in the New Media LCD Project. Upon completion of the restructuring, NNWO will continue to regard civil and military dual-use optoelectronic products as its principal scope of business.

On 18 June 2008, the Company, China innovation and 北京北方光電有限公 (China Opto-Electro Industries Co., Ltd. ("COEI"), a wholly-owned subsidiary of CNGC, entered into a cooperation framework agreement, pursuant to which the Company and China Innovation have been granted a first right of refusal to acquire not more than 30% equity interests or not more than 30 million shares of COEI under the capital restructuring of COEI. The Company and China Innovation have also agreed to contribute to COEI the first right of refusal to invest in SMOTL (New LED Lighting Project), Yunnan Tianda (New Solar Energy Project) and NNWO (New Media LCD Project) to avoid potential competition.

(c) On 1 February 2008, the Company entered into a non-legally binding memorandum of understanding (the "MOU 3") with Chi Mei Optoelectronics Corporation ("CMO"), an independent third party and the common shares of which are listed on the Taiwan Stock Exchange, and its wholly-owned subsidiary, in respect of the overall co-operation in the LED new lighting products and the LCD related commercial products and technologies. Pursuant to the MOU 3, the Company will (i) provide product specification of the market demand for the purpose of research and development and production of the LED new lighting products; (ii) establish demonstration centres for the LED new lighting products in major cities of the PRC; and (iii) provide distribution channels for the LED new lighting products in the PRC. On the other hand, CMO and its subsidiary will (i) provide the parts for the LED new lighting products as well as procure suppliers of related parts and components; (ii) provide the assembling and manufacturing flow process of LED new lighting products and training to the manufacturers designated by the Company; (iii) use its commercially best effort to ensure long-term stable supply of parts and components and other up-stream products to the manufacturers designated by the Company of LED new lighting products or any new manufacturing entities to be established by the Company in the future; and (iv) use its commercially best effort to provide to the Company the LCD related commercial products and other final products.

(d) On 20 September 2008, the Company entered into a sales and purchase agreement with an independent third party (the "Vendor") pursuant to which, the Company agreed to acquire an enlarged 24% equity interest in Guangdong Allwin Culture Development Co., Limited (廣東愛威文化發展有限公司) (the "Allwin Acquisition") which is principally engaged in media production and integration, advertisement and animation production and broadcasting at a consideration of HK$25,000,000. The Company was required to pay a deposit in the amount of HK$25,000,000 for the Allwin Acquisition which was paid by the direct transfer of the deposit refunded by Ocean Space in respect of the Legend Acquisition to the Vendor on 15 October 2008.

On 27 February 2009, the Company entered into a termination agreement with the Vendor for the Allwin Acquisition. The Vendor shall refund in full the deposit of HK$25,000,000 to the Company if no binding agreement(s) regarding the possible co-operation an/or transaction would be entered into between the Company and the Vendor on or before 30 June 2009.

Charge, contingent liabilities and commitments

As at 31 December 2008, there were no guarantees (2007: HK$50,000,000) given to banks by the Company in respect of banking facilities available to certain wholly-owned subsidiaries. As at 31 December 2008, apart from the commitments mentioned in the heading "Significant investments and material acquisitions", the Group had commitments under operating lease amounting to approximately HK$3,049,000 (2007: HK$1,085,000) and there were no charges on any assets of the Group.

Purchase, sale or redemption of listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

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 the Company has no fixed terms of appointment for independent non-executive directors and segregation of duties of the Chairman and chief executive officer. 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 provision of the Articles. 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. Mr. Xiang Xin was appointed as the Chairman of the Board during the period from 21 March 2008 to 5 February 2009 and Mr. Xiang was also appointed as the chief executive officer of the Company during the period from 25 February 2008 to 8 September 2008. The non-segregation of duties of Chairman and chief executive officer deviated from the provision A.2.1 of the CG Code was on a temporary basis only.

BOARD PRACTICES AND PROCEDURES

The Company was in compliance with the Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Committee currently comprises all three independent non-executive directors of the Company, Mr. Zhang Zhan Liang as the Chairman and Mr. Zhang Jun and Mr. Leung Wing Kin as the members.

The Group's audited results for the year ended 31 December 2008 have been reviewed by the audit committee, which was of the opinion that subject to qualifications as mentioned by the auditors of the Company in the auditors' report as extracted and disclosed under section 2.2 of this announcement, the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors, initial management shareholders or their respective associates of the Company has an interest in a business which competes or may compete with the business of the Group.

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
Siu Pang
Chairman

Hong Kong, 30 April 2009

As at the date of this announcement, the executive Directors are Mr. Siu Pang, Mr. Xiang Xin, Mr. Im Kai Chuen Stephen, Mr. Wong Chak Keung and Mr. Cho Hui Jae and the independent non-executive Directors are Mr. Leung Wing Kin, Mr. Zhang Zhan Liang and Mr. Zhang Jun.

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