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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

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, 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

- Reported a revenue of approximately HK$25,027,000 for the six months ended 30 June 2009
- Incurred a net loss after tax of approximately HK$5,526,000 and a basic loss per share of HK0.80 cents for the six months ended 30 June 2009

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the six months and the three months ended 30 June 2009, together with the unaudited comparative amounts for the corresponding periods in 2008, as follows:

		Six months ended 30 June		**Three months ended 30 June**	
	Notes	**2009**	2008	**2009**	2008
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		Unaudited	Unaudited	**Unaudited**	Unaudited
REVENUE	*4*	**25,027**	51,520	**15,756**	30,267
Cost of sales		**(24,654)**	(50,022)	**(15,600)**	(30,314)
Gross profit/(loss)		**373**	1,498	**156**	(47)
Other income and gains	*4*	**–**	192	**–**	93
Administrative and other operating expenses		**(3,900)**	(20,717)	**(1,732)**	(18,222)
Finance costs		**–**	(518)	**–**	(152)
Other impairment losses		**(1,700)**	(1,691)	**(1,700)**	(846)
LOSS BEFORE TAX	*5*	**(5,227)**	(21,236)	**(3,276)**	(19,174)
Tax	*6*	**(299)**	(17)	**(299)**	(17)
LOSS FOR THE PERIOD		**(5,526)**	(21,253)	**(3,575)**	(19,191)
Other comprehensive income:					
Equity-settled share option arrangements		**–**	7,442	**–**	7,442
Other comprehensive income for the period, net of tax		**–**	7,442	**–**	7,442

	Notes	Six months ended 30 June **2009** *HK$'000* **Unaudited**	2008 *HK$'000* Unaudited	Three months ended 30 June **2009** *HK$'000* **Unaudited**	2008 *HK$'000* Unaudited
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(5,526)**	(13,811)	**(3,575)**	(11,749)
Loss attributable to owners of the Company		**(5,526)**	(21,253)	**(3,575)**	(19,191)
Total comprehensive loss attributable to owners of the Company		**(5,526)**	(13,811)	**(3,575)**	(11,749)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Basis	*7*	**(0.80)**	(3.62)	**(0.52)**	(3.27)
Diluted	*7*	**N/A**	N/A	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

The unaudited consolidated statement of financial position as at 30 June 2009, together with the audited consolidated statement of financial position as at 31 December 2008, were as follows:

	Notes	**30 June 2009** *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**845**	1,251
Deferred tax assets		**306**	280
Available-for-sale investments	*8*	**–**	–
Other intangible assets	*9*	**–**	–
Total non-current assets		**1,151**	1,531
CURRENT ASSETS			
Inventories		**1,940**	1,700
Contract works in progress		**34,340**	34,340
Trade receivables	*10*	**–**	610
Prepayments, deposits and other receivables	*11*	**48,124**	43,250
Cash and bank balances		**7,080**	7,590
Total current assets		**91,484**	87,490
CURRENT LIABILITIES			
Trade payables	*12*	**1,189**	219
Other payables and accruals		**3,771**	3,827
Tax payable		**5,270**	4,946
Due to a related company		**–**	221
Total current liabilities		**10,230**	9,213
NET CURRENT ASSETS		**81,254**	78,277
NET ASSETS		**82,405**	79,808
EQUITY			
Share capital	*13*	**7,037**	5,865
Reserves		**75,368**	73,943
		82,405	79,808

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK$'000	Share premium HK$'000	Warrant reserve HK$'000	Share option reserve HK$'000	Capital reserve HK$'000 (Note 1)	Accumulated losses HK$'000	Total HK$'000
Unaudited							
At 1 January 2008	5,865	68,379	2,060	–	11,157	17,752	105,213
Total comprehensive income/(loss) for the period	–	–	–	7,442	–	(21,253)	(13,811)
At 30 June 2008	5,865	68,379	2,060	7,442	11,157	(3,501)	91,402
Unaudited							
At 1 January 2009	5,865	68,379	900	6,977	11,157	(13,470)	79,808
Total comprehensive loss for the period	–	–	–	–	–	(5,526)	(5,526)
Issue of shares *(note 13(i))*	1,172	6,951	–	–	–	–	8,123
At 30 June 2009	**7,037**	**75,330**	**900**	**6,977**	**11,157**	**(18,996)**	**82,405**

Note:

1. 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	Unaudited	Unaudited
Net cash outflow from operating activities	**(8,633)**	(7,100)
Net cash outflow from investing activities	**–**	(15,164)
Net cash inflow/(outflow) from financing activities	**8,123**	(1,148)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(510)**	(23,412)
Cash and cash equivalents at beginning of the period	**7,590**	24,742
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7,080**	1,330
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**7,080**	1,330

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 BASIS OF PREPARATION

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

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2008.

2.1 (a) Status of books and records maintained by Certain Subsidiaries

The directors of the Company are responsible for the preparation of the Group's consolidated financial statements based on the books and records maintained by the Company and its subsidiaries (the "Group"). However, given the loss of access to certain books and records of the Concerned Subsidiaries (as defined below) due to the unhelpfulness of the former directors of certain subsidiaries of the Group, namely Hanbit I & T (HK) Co., Limited, Quasar Communication Technology Limited, Zetta Global Limited, Ace Solution Technology Limited, Gold Glory Development Limited, Qualfield Limited, Synerex Inc. and Zetta Media Holdings Limited (collectively, the "Concerned Subsidiaries") as mentioned in the annual report of the Company for the year ended 31 December 2008, other than Friendly Group Limited and Pacific Vision Technologies Limited which were newly incorporated in late 2008, the Company no longer has access to certain books and records of the Concerned Subsidiaries. The present directors of the Company have tried to get assistance from the former directors of the Company and the Concerned Subsidiaries to locate the relevant information and documents of the Concerned Subsidiaries. Hence, only limited books and records of the Concerned 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 of the Concerned Subsidiaries could be given by the present directors of the Company although due care has been taken in the preparation of the condensed consolidated financial statements to mitigate the effect of the incomplete books and records of the Concerned Subsidiaries since 31 December 2008. The present directors of the Company have, in the assessment of the Group's assets and liabilities, taken such steps as they considered practicable to establish these assets and liabilities based on the information of which they were aware and have made provisions and adjustments as they considered appropriate in the preparation of these condensed consolidated financial statements.

2.2 Accounting policies

During the current period, the Group has applied, for the first time, the following new standards, amendment and interpretations issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's financial statement beginning on 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Interpretation 9 & HKAS 39 (Amendment)	Reassessment of Embedded Derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
Various HKAS	All of the Annual Improvements to HKFRS 2008 issued in October 2008 (except for the amendment to HKFRS)

The adoption of the new and amended HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment is required.

3. SEGMENTAL INFORMATION

No business segment information is presented as over 90% of the Group's revenue and assets relate to the business of sales and marketing of mobile phone appliances and the relevant parts solution.

Geographical segment information based on the Group's revenue is presented below:

	Six months ended 30 June				**Three months ended 30 June**			
	2009		2008		**2009**		2008	
	HK$'000	***%***	*HK$'000*	*%*	***HK$'000***	***%***	*HK$'000*	*%*
	Unaudited		Unaudited		**Unaudited**		Unaudited	
China	**15,756**	**63%**	51,520	100%	**15,756**	**100%**	30,267	100%
Thailand	**9,271**	**37%**	–	0%	**–**	**0%**	–	0%
	25,027	**100%**	51,520	100%	**15,756**	**100%**	30,267	100%

4. REVENUE, OTHER INCOME AND GAINS

The Group's revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

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

	Six months ended 30 June		**Three months ended 30 June**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Unaudited	Unaudited	**Unaudited**	Unaudited
Revenue				
Sales of goods	**25,027**	51,520	**15,756**	30,267
Other income and gains				
Bank interest income	**–**	147	**–**	52
Exchange gains, net	**–**	3	**–**	2
Others	**–**	42	**–**	39
	–	192	**–**	93

5. LOSS BEFORE TAX

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

	Six months ended 30 June		**Three months ended 30 June**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Unaudited	Unaudited	**Unaudited**	Unaudited
Cost of inventories recognized as expense	**24,654**	50,022	**15,600**	30,314
Auditors' remuneration	**240**	240	**37**	90
Minimum lease payments under operating lease in respect of land and buildings	**694**	238	**344**	119
Depreciation	**146**	57	**94**	29
Property, plant and equipment written off	**260**	–	**260**	–
Employee benefits expense, including directors' remuneration				
– wages, salaries and others	**904**	1,822	**457**	762
– equity-settled share option expenses	**–**	7,442	**–**	7,442
– pension scheme contributions	**30**	7	**14**	(16)
	934	9,271	**471**	8,188
Impairment of contract works in progress	**–**	1,691	**–**	846
Impairment of inventories	**1,700**	–	**1,700**	–
	1,700	1,691	**1,700**	846

6. TAX

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil) as the Group did not generate any assessable profits in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the countries in which the Group operates, based on existing legislation interpretations and practices in respect thereof. No profits tax or income tax has been provided for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

	Six months ended 30 June		**Three months ended 30 June**	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Unaudited	Unaudited	**Unaudited**	Unaudited
Current tax – Hong Kong				
Charge for the period	**–**	–	**–**	–
Underprovision in previous year	**299**	–	**299**	–
Deferred tax				
Charges for the period	**–**	17	**–**	17
	299	17	**299**	17

7. LOSS PER SHARE

The calculation of basic loss per share for the six months ended 30 June 2009 is based on the unaudited net loss attributable to the owners of the Company for the six months ended 30 June 2009 of approximately HK$5,526,000 (six months ended 30 June 2008: HK21,253,000) and the weighted average number of 690,779,500 ordinary shares in issue during the six months ended 30 June 2009 (six months ended 30 June 2008: 586,451,500).

The diluted loss per share for the six months ended 30 June 2009 and six months ended 30 June 2008 have not been disclosed as the share options and warrants outstanding during the period had an auti-dilutive effect on the basic loss per share.

The calculations of basic loss per share are based on:

	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Unaudited	Unaudited	**Unaudited**	Unaudited
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(5,526)**	(21,253)	**(3,575)**	(19,191)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2009	2008	**2009**	2008
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**690,779,500**	586,451,500	**690,779,500**	586,451,500

8. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	Unaudited	Audited
Unlisted shares, at cost	**9,142**	9,142
Impairment	**(9,142)**	(9,142)
	–	–

As at 30 June 2009, 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

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
Cost	**17**	17
Accumulated amortisation	**(17)**	(17)
Net carrying amount	**–**	–

The other intangible assets represented the trade mark of QUASAR.

10. TRADE RECEIVABLES

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
Trade receivables	**3,888**	4,498
Impairments	**(3,888)**	(3,888)
	–	610

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 30 June 2009 and 31 December 2008, based on the invoice date, is as follows:

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
Within 1 month	**–**	610

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

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	Unaudited	Audited
At 1 January	**3,888**	1,211
Impairment loss recognised during the period/year	**–**	2,677
	3,888	3,888

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Included in prepayments, deposits and other receivables consisted of deposits paid for proposed acquisitions in the amount of (i) HK$5,000,000 (31 December 2008: HK$5,000,000) 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 (31 December 2008: HK$25,000,000) paid to a vendor (the "Vendor"), an independent third party, in respect of the possible cooperation and/or transaction to be entered into between the Company and the Vendor on or before 30 September 2009 or such later date as the Company and the Vendor may agree.

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

12. TRADE PAYABLES

An aged analysis of the trade payables as at 30 June 2009 and 31 December 2008, based on the invoice date, is as follows:

	30 June 2009	31 December 2008
	HK$'000	*HK$'000*
	Unaudited	Audited
Within 1 month	**970**	–
Over 3 months	**219**	219
	1,189	219

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

13. SHARE CAPITAL

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
Authorised:		
30,000,000,000 ordinary shares of HK$0.01 each	**300,000**	300,000
Issued and fully paid:		
703,739,500 (2008: 586,451,500) ordinary shares of HK$0.01 each	**7,037**	5,865

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

	Number of shares in issue	**Issued share capital** *HK$'000*	**Share premium account** *HK$'000*	**Total** *HK$'000*
At 1 January 2009	586,451,500	5,865	68,379	74,244
Issue of shares:				
On 21 January 2009 *(note i)*	117,288,000	1,172	7,038	8,210
Share issue expenses	–	–	(87)	(87)
	117,288,000	1,172	6,951	8,123
At 30 June 2009	703,739,500	7,037	75,330	82,367

Note:

(i) 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$8,123,000 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.

14. SHARE OPTION SCHEME

Pursuant to a written resolution of all the shareholders of the Company passed on 16 July 2002, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentive to directors and eligible employees and, unless otherwise cancelled or amended, will expire on 30 July 2012. Under the Scheme, the directors of the Company may grant options to eligible employees, including executive directors of the Company, and any of its subsidiaries, to subscribe for shares of the Company.

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

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

On 9 April 2008, the Company granted a total of 40,000,000 share options to the directors and eligible employees under the Scheme of the Company. As at 30 June 2009, the number of shares in respect of which options had been granted and remained outstanding under the Scheme was 37,500,000, representing 5.33% of the shares of the Company in issue.

Details of the options granted under the Scheme and outstanding at 30 June 2009 are as follows:

Grantee	Date of grant	Exercise period	Outstanding as at 1 January 2009	Granted during the period	Exercise during the period	Lapse during the period	Outstanding as at 30 June 2009	Exercise price per share option
								HK$
Directors								
Xiang Xin	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	5,000,000	–	–	–	5,000,000	0.28
Wong Chak Keung	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	5,000,000	–	–	–	5,000,000	0.28
Cho Hui Jae*	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	5,000,000	–	–	–	5,000,000	0.28
Sze Lin Tang#	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	2,500,000	–	–	–	2,500,000	0.28
Leung Wing Kin	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	2,500,000	–	–	–	2,500,000	0.28
Zhang Zhan Liang	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	2,500,000	–	–	–	2,500,000	0.28
			22,500,000	–	–	–	22,500,000	
Consultant								
Li Tan Yeung, Richard	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	5,000,000	–	–	–	5,000,000	0.28
			27,500,000	–	–	–	27,500,000	
Employees	9 Apr 2008	9 Apr 2008 – 8 Apr 2013	10,000,000	–	–	–	10,000,000	0.28
			37,500,000	–	–	–	37,500,000	

* *The resolution to re-elect Mr. Cho Hui Jae as the executive director of the Company was not passed in the annual general meeting of the Company held on 30 June 2009.*

Mr. Sze Ling Tang resigned as an independent non-executive director of the Company on 11 February 2009 and the share option will be lapsed accordingly.

Notes:

i. The options granted on 9 April 2008 were measured using the Black-Scholes Option Pricing Model (the "Model") which was performed by an independent valuer, RHL Appraisal Limited. The inputs into the Model are summarised as follows:

Date of grant	9 April 2008
Expected volatility	97.99%
Expected life (year)	5
Risk-free interest rate	2.113%
Expected annual dividend yield	Nil
Fair value per option *(HK$)*	0.18606

ii. The volatility measured at the standard deviation of expected share price is based on statistical analysis of daily shares over the period of five years from the date immediately preceding the grant date. The above calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the share options and the historical volatility of the Company shares set out above.

iii. The risk free rate is the yield of the 5-year Hong Kong Exchange Fund Notes as at the date of grant.

iv. The closing market price per ordinary share of HK$0.01 each of the Company immediately before the date on which the options were granted as quoted in the Hong Kong Stock Exchange's daily quotation sheets was HK$0.23.

No relevant share options had been exercised, cancelled or lapsed during the six months ended 30 June 2009.

15. OPERATING LEASES COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging of 2 to 5 years.

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
Within one year	**960**	1,370
In the second to fifth year inclusive	**960**	1,679
	1,920	3,049

16. OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 15 to the condensed financial statements, at 30 June 2009, the Group and the Company had the following commitments:

(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 reorganisation, 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司 (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 cooperation and/or transaction would be entered into between the Company and the Vendor on or before 30 September 2009 or such later date as the Company and the Vendor may agree.

17. RELATED PARTIES TRANSACTIONS

The Group and the Company had the following material transactions with related parties during the period/year:

	30 June 2009 *HK$'000* **Unaudited**	31 December 2008 *HK$'000* Audited
New Era Group (China) Limited:		
Rental paid	**480**	320
Rental deposit paid	**160**	160

The Company entered into a tenancy agreement (the "Tenancy Agreement") with New Era Group (China) Limited (the "Landlord"), a company of which Mr. Xiang Xin, a director of the Company, is also a director. Pursuant to the Tenancy Agreement, the Landlord 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 the Landlord with the rental free period for the period from 1 July 2008 to 31 August 2008. The deposit was included in prepayments, deposits and other receivables in the balance sheet.

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

18. CONTINGENT LIABILITIES

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

19. INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 June 2009, the Group recorded a revenue of approximately HK$25,027,000 (six months ended 30 June 2008: HK$51,520,000), representing a decrease of 51%. The decrease in revenue was due to the fierce competition in the current business operations of the Group.

For the six months ended 30 June 2009, the Group recorded a loss of approximately HK$5,526,000 (six months ended 30 June 2008: HK$21,253,000). The loss incurred in the current period was mainly due to the drop in the profit margin of the current business operations.

Operation review

The Group is principally engaged in sales and marketing of mobile phone appliances and the relevant parts solution. As set out in the annual report of the Company for the year ended 31 December 2008, there is fierce competition in the current business operations of the Group and 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.

On 18 February 2009, the Company entered into a sale and purchase agreement with Ocean Space Development Limited ("Ocean Space"), an independent third party, in respect of acquisition of the entire issued share capital of Legend Century Investments Limited (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 already paid to Ocean Space 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. Since the conditions precedent of the Legend Acquisition has been fulfilled, the completion of the acquisition shall take place in due course when the Listing Committee of the Stock Exchange granting listing of and permission to deal in the new shares to be allotted and issued upon exercise of the conversion rights attached to the convertible bond.

The Group is of the view that the potential business development in optoelectronic industry is one of the key commercial applications in PRC, the Group therefore considers that optoelectronic industry, in particular the LED product markets may provide great potential to generate significant returns and strengthen the income stream for the Group. The Directors consider that the Legend Acquisition represents a good opportunity for the Group to expand into the optoelectronic, media and advertisement publication business in the PRC.

Since suspension of the trading in the shares (the "Shares") of the Company on 1 April 2009, the Company has been liaising closely with the Stock Exchange with an aim to restore trading in the Shares. During the process, the Stock Exchange has raised concerns on the qualifications made by the auditors of the Company on the financial statements of the Company for the year ended 31 December 2008, the Group's internal control system and the operating and financial positions of the Group. It is expected that the publication of the announcement providing information on the Group's internal control system and the operating and financial positions of the Group will be published in due course.

Given the difficulty in retrieving the missing documents and the unhelpfulness of the former directors of Ace Solution Technology Limited and its subsidiaries (collectively the "Disposal Group") in providing the missing documents and information relating to the Disposal Group especially for the year ended 31 December 2008, the Group has not conducted any business through the Disposal Group in the period under review. On 15 June 2009, the Company, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Mr. Yu Shu Kuen (the "Purchaser") pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell: (i) one share in the capital of Ace Solution Technology Limited (the "Target"), representing the entire issued share capital of the Target, and (ii) all obligations, liabilities and debts owing or incurred by the Target to the Company on or at any time prior to completion of the Sale and Purchase Agreement. Further announcement will be made on the Sale and Purchase Agreement and the transaction completed thereunder.

The Group will strive to maintain the market share in the current business operations at the same time to explore new businesses, such as the media and advertisement publication, civil and military dual-use optoeletronic and consumer electronic products as mentioned above, so as to bring a reasonable return to our shareholders.

Liquidity, financial resources and gearing

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

The Group maintained a healthy liquidity position with a current ratio of approximately 8.95 (30 June 2008: 6.03) and total cash and bank balances amounted to approximately HK$7,080,000 (30 June 2008: HK$16,487,000 including pledged deposits of HK$15,157,000 placed in banks for securing banking facilities available to two subsidiaries.) As at 30 June 2009, the gearing ratio based on total debts over total equity was zero (30 June 2008: 11.92%).

Capital structure and fluctuation in exchange

Details in the changes of the capital structure of the Company during the six months ended 30 June 2009 are set in note 13 to the condensed consolidated financial statements. The capital of the Group comprised only ordinary shares as at 30 June 2009.

During the period under review, sales and purchases of the Group were mainly transacted in US dollars and Hong Kong dollars. As at 30 June 2009, substantial portion of the assets and liabilities of the Group were current in nature, and the amounts were principally denominated in US dollars and Hong Kong dollars, foreign exchange risk was considered to be minimal.

Completion of placing of new shares

In accordance with a placing agreement entered into between the Company and a placing agent on 31 December 2008 (the "Placing"), a total of 117,288,000 of new ordinary share(s) of HK$0.01 in the share capital of the Company had been successfully placed and issued to not less than ten placees, who are professional, institutional and/or corporate, or individual investors and independent third parties at the placing price of HK$0.07 per placing share. The net proceeds from the Placing amounted to HK$8,123,000 and were used for general working capital.

Employees

As at 30 June 2009, there was a total of 10 (30 June 2008: 7) staff employed by the Group. The staff costs, including directors' remuneration, for the six months period ended 30 June 2009 were approximately HK$934,000 (six months period ended 30 June 2008: HK$1,829,000). The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension fund scheme and discretionary bonus.

Significant investments and material acquisitions

Save for the Legend Acquisition as disclosed above, during the period under review, the Group did not have any significant investment or material acquisitions.

Save for the commitment disclosed in note 15 and 16 to the condensed consolidated financial statements, as at 30 June 2009, neither the Group nor the Company had any significant commitments.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL

At 30 June 2009, the interests and short positions of the directors and chief executive in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules, were as follows:

Share options

Name of Director	Date of grant	Exercise period	Capacity	Exercise price per share *HK$*	No. of underlying shares of the Company comprised the share options outstanding as at 30 June 2009	Approximate percentage of interest
Xiang Xin	9 April 2008	9 April 2008 to 8 April 2013	Beneficiary	0.28	5,000,000	0.71%
Wong Chak Keung	9 April 2008	9 April 2008 to 8 April 2013	Beneficiary	0.28	5,000,000	0.71%
Leung Wing Kin	9 April 2008	9 April 2008 to 8 April 2013	Beneficiary	0.28	2,500,000	0.36%
Zhang Zhan Liang	9 April 2008	9 April 2008 to 8 April 2013	Beneficiary	0.28	2,500,000	0.36%
					15,000,000	

Save as disclosed above, as at 30 June 2009, none of the directors or chief executive had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

At 30 June 2009, the following interests and short positions of 5% or more of the issued share capital and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long/short position in the shares of the Company

Name of shareholder	Capacity	Number of share held Long position	Percentage of interests
Morgan Strategic Limited	Beneficiary	160,720,000	22.83%
Top Ten International s.a r.l. *(note 1)*	Corporate	160,720,000	22.83%
Chen Darren *(note 1)*	Deemed	160,720,000	22.83%
Lo Wai Chi	Beneficiary	100,240,000	14.24%
Jo Won Seob	Beneficiary	81,200,000	11.53%
Shenyin Wanguo (H.K.) Limited *(note 2)*	Corporate	40,900,000	5.81%
Shenyin Wanguo Strategic Investments (H.K.) Limited *(note 2)*	Beneficiary	20,000,000	2.84%
Shenyin Wanguo Trading (H.K.) Ltd. *(note 2)*	Beneficiary	20,900,000	2.96%
Korea Technology Investment Corporation	Beneficiary	37,000,000	5.25%

Long/short position in the unlisted warrant of the Company

Name		Number of underlying shares in respect of unlisted warrants to be held Long position	Percentage of interests	Short position	Percentage of interests
Morgan Strategic Limited	Beneficiary	45,000,000	6.39%	–	–
Top Ten International s.a r.l. *(note 1)*	Corporate	45,000,000	6.39%	–	–
Chen Darren *(note 1)*	Deemed	45,000,000	6.39%	–	–
Pretty Profit Enterprises Ltd.	Beneficiary	45,000,000	6.39%	45,000,000	6.39%
Cheung Chun Yip *(note 3)*	Corporate	45,000,000	6.39%	45,000,000	6.39%

The unlisted warrants entitle the holders to subscribe for new shares of the Company at the subscription price of HK$0.28 per share (subject to adjustment) until 11 December 2009.

Notes:

1. Morgan Strategic Limited was a private company wholly and beneficially owned by Top Ten International s.a r.l. ("Top Ten") and Top Ten was a private company wholly and beneficially owned by Chen Darren. Accordingly, Top Ten and Chen Darren were interested in the shares of the Company held by Morgan Strategic Limited.

2. The entire issued share capital of Shenyin Wanguo Strategic Investments (H.K.) Limited and Shenyin Wanguo Trading (H.K.) Ltd. were legally and beneficially owned by Shenyin Wanguo (H.K.) Limited. Accordingly, Shenyin Wanguo (H.K.) Limited was to be interested in all the shares registered in the name of Shenyin Wanguo Strategic Investments (H.K.) Limited and Shenyin Wanguo Trading (H.K.) Ltd.

3. Pretty Profit Enterprises Ltd. was a private company wholly and beneficially owned by Ms. Cheung Chun Yip. Accordingly, Ms. Cheung Chun Yip was deemed to be interested in the securities of the Company held by Pretty Profit Enterprises Ltd.

Save as disclosed above, as at 30 June 2009, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests in share capital" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period under review.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or their respective associates as defined in the GEM Listing Rules had any interest in business that competed or might compete with business of the Group during the period under review.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in note 14 to the condensed consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2009, the Company was in compliance with the Code on Corporate Governance Practice, to the extent practicable, as set out in Appendix 15 of the GEM Listing Rules, except for the minor deviation that the non-executive directors were not appointed for a specific term but were subject to retirement by rotation at the Company's annual general meeting in accordance with the Company's articles of association. In this regard, the directors have reviewed its current practice and considered its present arrangements are reasonable and does not intend to change the current practice at the moment.

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The Company established an audit committee (the "Committee") on 16 July 2002 in accordance with the requirements of the GEM Listing Rules. The Committee has three members comprising Mr. Zhang Zhan Liang, Mr. Leung Wing Kin and Ms. Lu Yuhe.

The Group's unaudited consolidated results for the six months ended 30 June 2009 have been reviewed by the Committee, which was of the opinion that such results have complied with the applicable accounting standards and that adequate disclosures have been made.

DIRECTORS OF THE COMPANY

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Im Kai Chuen Stephen and Mr. Wong Chak Keung and the independent non-executive Directors are Mr. Zhang Zhan Liang, Mr. Leung Wing Kin and Ms. Lu Yuhe.

By order of the Board
China Trends Holdings Limited
Xiang Xin
Chairman

Hong Kong, 12 August 2009

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.