



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

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8171)

**FIRST QUARTERLY REPORT 2012**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

**CONDENSED CONSOLIDATED INCOME STATEMENT**

The board (the "Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company") presents the unaudited consolidated results of the Company and its subsidiaries (together, the "Group") for the three months ended 31 March 2012, together with the unaudited comparative figures for the corresponding period in 2011, as follows:

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2012</b>	2011
		<b>HK\$'000</b>	HK\$'000
		<b>Unaudited</b>	Unaudited
	<i>Notes</i>		
REVENUE	2	<b>99,485</b>	20,786
Cost of sales		<b>(95,259)</b>	(20,514)
Gross profit		<b>4,226</b>	272
Other income and gains	2	<b>88</b>	1,040
Administrative and other operating expenses		<b>(1,815)</b>	(2,085)
PROFIT/(LOSS) BEFORE TAX		<b>2,499</b>	(773)
Income tax expense	4	—	—
PROFIT/(LOSS) FOR THE PERIOD		<b>2,499</b>	(773)
Attributable to:			
Owners of the Company		<b>2,463</b>	(769)
Non-controlling interests		<b>36</b>	(4)
		<b>2,499</b>	(773)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	4		
— Basic		<b>0.04 cents</b>	(0.01) cents
— Diluted		<b>N/A</b>	N/A

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 March	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
PROFIT/(LOSS) FOR THE PERIOD	<b>2,499</b>	(773)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	(199)	337
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(199)	337
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>2,300</b>	(436)

Notes:

### 1. BASIS OF PREPARATION

The Company is a limited liability company incorporated in the Cayman Islands. The Group's unaudited consolidated results for the three months ended 31 March 2012 have been prepared in accordance with Chapter 18 of the GEM Listing Rules.

The Group's unaudited consolidated results for the three months ended 31 March 2012 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. The accounting policies adopted in preparing these first quarterly results are consistent with those used in the Company's annual audited consolidated financial statements for the year ended 31 December 2011. The first quarterly results are unaudited but have been reviewed by the Company's audit committee.

### 2. 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:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
	<b>Unaudited</b>	Unaudited
<b>Revenue</b>		
Sales of goods	<b>99,485</b>	20,786
<b>Other income and gains</b>		
Others	<b>88</b>	1,040

### 3. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided for the three months ended 31 March 2012 (three months ended 31 March 2011: Nil) as the Group did not generate any assessable profits arising 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 three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

**4. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The calculation of basic profit per share for the three months ended 31 March 2012 is based on the unaudited profit attributable to owners of the Company for the three months ended 31 March 2012 of approximately HK\$2,463,000 (three months ended 31 March 2011: loss of HK\$769,000) and the weighted average number of 6,635,001,932 ordinary shares in issue during the three months ended 31 March 2012 (three months ended 31 March 2011: 6,635,001,932).

No adjustment has been made to the basic profit per share for the three months ended 31 March 2012 and three months ended 31 March 2011 in respect of a dilution as the share options and convertible bonds outstanding during the period had an anti-dilutive effect on the basic profit per share.

**5. RESERVES AND NON-CONTROLLING INTERESTS**

	Attributable to owners of the Company									
	Share premium account	Share option reserve	Equity component of convertible bonds	Foreign currency translation reserve	Special reserve	Capital reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unaudited										
As at 1 January 2011	235,563	5,117	391,534	672	11,157	(1,638)	(69,297)	573,108	1,418	574,526
Loss for the period	-	-	-	-	-	-	(769)	(769)	(4)	(773)
Other comprehensive income	-	-	-	334	-	-	-	334	3	337
Total comprehensive income for the period	-	-	-	334	-	-	(769)	(435)	(1)	(436)
As at 31 March 2011	235,563	5,117	391,534	1,006	11,157	(1,638)	(70,066)	572,673	1,417	574,090
Unaudited										
As at 1 January 2012	235,563	5,117	391,534	3,186	11,157	(1,638)	(571,665)	73,254	1,474	74,728
Profit for the period	-	-	-	-	-	-	2,463	2,463	36	2,499
Other comprehensive income	-	-	-	(196)	-	-	-	(196)	(3)	(199)
Total comprehensive income for the period	-	-	-	(196)	-	-	2,463	2,267	33	2,300
As at 31 March 2012	235,563	5,117	391,534	2,990	11,157	(1,638)	(569,202)	75,521	1,507	77,028

## DIVIDEND

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2012 (three months ended 31 March 2011: Nil).

## FINANCIAL REVIEW

For the three months ended 31 March 2012, the Group recorded a revenue of approximately HK\$99,485,000 (period ended 31 March 2011: HK\$20,786,000), representing an increase of approximately 379% as compared to that of previous period. Profit attributable to owners of the Company for the three months ended 31 March 2012 was approximately HK\$2,463,000 (period ended 31 March 2011: loss of HK\$769,000).

## OPERATIONAL REVIEW

The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) the low-carbon energy-saving applications for digital products. The applications mainly make use of the energy performance contracting (EPC) and BOT mechanism which would ultimately apply to different sectors in the society and different cities.

1. On 23 December 2011, the Company entered into a second supplemental agreement with Joy China Group Limited (“Joy China”), with effect from 1 January 2012, the Company reserve the right to acquire the remaining 80% of the group of Full Smart Asia Limited before 1 January 2015 by paying HK\$113,740,000 convertible bonds and HK\$91,460,000 promissory note to Joy China when the net asset value of group of Full Smart Asia Limited reach HK\$228,000,000.
2. On 17 February 2012, the Company decided to suspend acquiring the entire share capital of Beijing Need Education Technology Company Limited.
3. On 29 February 2012, a subsidiary of the Company, 博思夢想(中國)有限公司 (transliterated Boss (China) Systems Limited) (“Boss China”) entered into a cooperation framework agreement with 博思夢想文化傳播有限公司 (transliterated Boss Dream Cultural Communication Company Limited) (“Boss Cultural”) and 浙江聯億家科技有限公司 (transliterated Zhejiang Lianyijia Technology Limited). Cooperation to build one million “energy-saving media terminal” in PRC regions within ten years, to create national media terminal network and shopping terminal network.

4. On 9 March 2012, Boss China entered into a cooperation framework agreement with Boss Cultural and 北京烽火傳祥網絡科技有限公司 (transliterated Beijing Flame Chuanxiang Network Technology Limited). Cooperate to construct 10,000 military game theme of “Glorious Mission – National Defense Education Experience Centers” in PRC regions within five years. Boss China will equip not less than 100 high performance energy-saving all-in-one computers in each Experience Centre.

## EVENT AFTER THE REPORTING PERIOD

On 2 May 2012, Boss China entered into a cooperation agreement with Boss Cultural and Next Step China Management Company Limited. Cooperate to establish 10,000 “Satellite Lecture” (Education theaters) within 10 years in mainland China regions. It is agreed that each educational theaters equipped with satellite real-time teaching facilities and 100 units of energy-saving computer-on-demand equipment. Provide employment and entrepreneurship training to the whole society, and provide business support program to those who have passed the energy saving solutions and training.

## DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2012, the interests of the Directors or chief executive and their associates in the ordinary shares of HK\$0.01 each (the “Shares”) and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (i) Interest in issued Shares

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

**(ii) Interest in the underlying Shares of the Company — share option**

Name	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$	Number of underlying Shares for Share Options	Approximately percentage of interests
Xiang Xin	9 April 2008	9 April 2008 to 8 April 2013	Beneficial owner	0.0935	14,973,262 (L)	0.23%
Zhang Zhan Liang	9 April 2008	9 April 2008 to 8 April 2013	Beneficial owner	0.0935	7,486,631 (L)	0.11%

**(iii) Interest in the underlying Shares of the Company — convertible bonds**

Name	Nature of interest	Number of underlying Shares for Convertible Bonds	Approximately percentage of interests
Xiang Xin ( <i>note 2</i> )	Interest of controlled corporation	3,827,193,135 (L)	57.68%

*Notes:*

- The letter "L" denotes the long position in the Shares.
- The Shares and the underlying Shares of the Company are held by Honour Sky International Limited and Mr. Xiang Xin is the sole director of the company and Mr. Xiang and his family member(s) are the ultimate beneficiaries of such company.

Save as disclosed above, as at 31 March 2012, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares or underlying Shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 31 March 2012, according to the register kept by the Company pursuant to section 336 of SFO, and so far as was known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any member of the Company:

### (i) interest in issued Shares

Name	Nature of interest	Number of Shares held	Approximately percentage of interests
Honour Sky International Limited	Beneficial owner	1,650,914,973 (L)	24.88%
New Times Global Capital Inc. (note 2)	Interest of controlled corporation	1,650,914,973 (L)	24.88%
Kung Ching (note 2)	Interest of controlled corporation	1,650,914,973 (L)	24.88%
Morgan Strategic Limited	Beneficial owner	1,236,032,432 (L)	18.63%
Top Ten International s.a r.l. (note 3)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Chen Darren (note 3)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Tao Xue Juan (note 4)	Interest of controlled corporation	1,236,032,432 (L)	18.63%
Ocean Space Development Limited	Beneficial owner	141,564,000 (L)	2.13%
Zhang Shao Cai (note 5)	Interest of controlled corporation	141,564,000 (L)	2.13%

## (ii) interest in the underlying Shares of the company – convertible bonds

Name	Nature of interest	Number of underlying Shares for the Convertible Bonds	Approximately percentage of interests <i>(note 8)</i>
China Technology Education Trust Association <i>(note 6)</i>	Beneficial owner	8,311,405,405 (L)	125.27%
Honour Sky International Limited	Beneficial owner	3,827,193,135 (L)	57.68%
New Times Global Capital Inc. <i>(note 2)</i>	Interest of controlled corporation	3,827,193,135 (L)	57.68%
Kung Ching <i>(note 2)</i>	Interest of controlled corporation	3,827,193,135 (L)	57.68%
Joy China Group Limited <i>(note 7)</i>	Trustee	2,843,500,000 (L)	42.86%
Ding Yi Ning <i>(note 7)</i>	Interest of controlled corporation	2,843,500,000 (L)	42.86%
Ocean Space Development Limited	Beneficial owner	975,057,621 (L)	14.70%
Zhang Shao Cai <i>(note 5)</i>	Interest of controlled corporation	975,057,621 (L)	14.70%

*Notes:*

1. The letter "L" denotes the long position in the Shares.

2. Honour Sky International Limited is a private company wholly and beneficially owned by New Times Global Capital Inc. Accordingly, New Times Global Capital Inc. is interested in the Shares and the underlying Shares of the Company held by Honour Sky International Limited. Ms. Kung Ching, the spouse of Mr. Xiang Xin, owns 50% share of New Times Global Capital Inc. and is also the director of New Times Global Capital Inc. and is taken to be interested in the Shares and underlying Shares of the Company held by Honour Sky International Limited.
3. Morgan Strategic Limited is a private company 40% owned by Top Ten International s.a r.l. ("Top Ten") and Top Ten is a private company wholly and beneficially owned by Mr. Chen Darren. Accordingly, Top Ten and Mr. Chen Darren are interested in the Shares of the Company held by Morgan Strategic Limited.
4. Morgan Strategic Limited is a private company owned 60% by Ms. Tao Xue Juan. Accordingly, Ms. Tao Xue Juan is interested in the Shares of the Company held by Morgan Strategic Limited.
5. Ocean Space Development Limited, a company incorporated in the British Virgin Islands, is a private company wholly and beneficially owned by Mr. Zhang Shao Cai. Accordingly, Mr. Zhang Shao Cai is interested in the Shares and the underlying Shares of the Company held by Ocean Space Development Limited.
6. The underlying Shares of the Company are held by China Technology Education Trust Association (the "Association"), a society registered under the provisions of section 5A(1) of the Societies Ordinance in 2005, which is a charitable society providing charity and financial aid to education and employment in Hong Kong and Mainland China. Mr. Xiang Xin is a council member of the Association.
7. As disclose in point 1 in section "OPERATIONAL REVIEW" on page 6, part of the consideration shall be settled by the Company in convertible bonds which may convert into 2,843,500,000 new shares if exercise in full. Mr. Ding Yi Ning is the ultimate beneficiary of Joy China Group Limited. The completion of acquisition remains subject to the fulfillment of the conditions, and subject to the approval of the independent shareholders of the Company.
8. The approximately percentage of interests in the Company is calculated on the basis of 6,635,001,932 Shares in issue as at 31 March 2012.

Save as disclosed above, as at 31 March 2012, no person, other than the directors and chief executive of the Company, whose interests are set out in the section "Directors' and chief executive's interests and short positions in Shares and underlying Shares" above, had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## **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**

As at 31 March 2012, there were the share options granted by the Company to subscribe for in aggregate of 37,433,155 shares, representing 0.56% of the Shares of the Company in issue, at the exercise price of HK\$0.0935 per share, remained outstanding.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## CODE ON CORPORATE GOVERNANCE PRACTICES

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

1. Mr. Xiang Xin is the Chairman of the Board and the Chief Executive Officer of the Company. Such practice deviates from code provision A.2.1 of the CG Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Xiang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Xiang to hold both positions as the chairman and the chief executive officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.
2. The Company has no fixed terms of appointment for non-executive Directors. Independent non-executive Directors are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the relevant provision under the Articles of Association of the Company. Such practice deviates from the provision A.4.1 of the CG Code which requires that non-executive Directors be appointed for a specific term. The Board has discussed and concluded the current practice of appointing independent non-executive Directors without specific terms but otherwise subject to rotation and re-election by shareholders was fair and reasonable, and does not intend to change the current practice at the moment.

## DIRECTORS’ SECURITIES TRANSACTIONS

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

## **AUDIT COMMITTEE**

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

The Company currently has only two independent non-executive directors and two Committee members, the number of which falls below the minimum number required under Rules 5.05(1) and 5.28 of the GEM Listing Rules. The Company is identifying suitable candidate(s) to fill the vacancies of an independent non-executive director and a member of the Committee of the Company with a view to fulfill the requirements of the GEM Listing Rules as soon as practicable.

The Group’s unaudited consolidated results for the three months ended 31 March 2012 have been reviewed by the Committee, which was of the opinion that such results have complied with the applicable accounting standards and that adequate disclosures have been made.

## **DIRECTORS OF THE COMPANY**

As at the date of this report, the executive Directors are Mr. Xiang Xin, Mr. Liang Xiaojin and Mr. Chen Banyan and the independent non-executive Directors are Mr. Zhang Zhan Liang and Ms. An Jing.

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

Hong Kong, 9 May 2012