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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)

**CONNECTED TRANSACTION:
AMENDMENT TO THE TERMS OF THE CONVERTIBLE BONDS**

AND

**CLAWBACK OFFER BY
CHINA TECHNOLOGY EDUCATION TRUST ASSOCIATION,
HONOUR SKY INTERNATIONAL LIMITED,
METROPOWER HOLDINGS LIMITED**

AND

WONG CHAK KEUNG

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**

Beijing Securities

Beijing Securities Limited

北京證券有限公司

Underwriters to the Clawback Offer

 **KINGSTON SECURITIES**



HONOUR SKY INTERNATIONAL LIMITED

THE SECOND DEED OF AMENDMENT

On 5 October 2015 (after trading hours of the Stock Exchange), the Company and Bondholders entered into the conditional Second Deed of Amendment to (i) remove the lockup period of six months commencing on the date of the allotment and issue of such Conversion Shares; (ii) amend the number of days the Company is required to deliver the share certificates after conversion of the Convertible Bonds from ten business days to one business day after the date of conversion; (iii) remove the restrictions for the conversion and transfer of the Convertible Bonds in multiples of HK\$10,000,000; (iv) amend the terms of the Convertible Bonds such that the Convertible Bonds shall be automatically converted into Conversion Shares on the business day next prior to the Settlement Date; and (v) permit the use of such form of instrument of transfer as the Board may approve for the transfer of the Convertible Bonds. All other terms of the Convertible Bonds shall remain unchanged and valid.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities.

As at the date of this announcement, the Bondholders hold in aggregate approximately 26.61% of the existing issued share capital of the Company. The entering into of the Second Deed of Amendment constitutes a connected transaction of the Company and will be subject to the approval of the Independent Shareholders taken by way of a poll at the EGM. An ordinary resolution will be proposed at the EGM to be held and convened for the Independent Shareholders to consider and if thought fit, approve/ratify the entering into of the Second Deed of Amendment and the transactions contemplated thereunder. All the Bondholders are considered to have a material interest in the Second Deed of Amendment and accordingly all the Bondholders and their respective associates will be required to abstain from voting in respect of the resolution approving the Second Deed of Amendment and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising Mr. Zhang Zhan Liang, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit has been established to advise the Independent Shareholders on the terms of the Second Deed of Amendment and as to voting. The Board wishes to announce that Beijing Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing details of (i) the Outstanding Convertible Bonds; (ii) the Second Deed of Amendment; and (iii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser will be despatched to the Shareholders on or before 23 October 2015.

PROPOSED CLAWBACK OFFER

Conditional upon and subject to completion of the Second Deed of Amendment, in order to provide the Qualifying Shareholders the opportunity to further participate in and share the growth of the Company, the Offerors will offer initially not more than Offer Bonds in the principal amount of HK\$498,390,142.968 to the Qualifying Shareholders on a pro rata basis of Offer Bonds in the principal amount of HK\$0.074 (or two Offer Conversion Shares upon the conversion of such Offer Bonds) for every one Share held as at the close of business on the Record Date at its face value of HK\$0.074.

On the second business day immediately prior to the Settlement Date, the Bondholders shall transfer the Offer Bonds to the relevant purchasers in accordance with the terms of the Prospectus Documents. On the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Clawback Offer is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed “Conditions of the Clawback Offer” below. In particular, it is subject to the Underwriting Agreement not being rescinded or terminated in accordance with its terms. Accordingly, the Clawback Offer may or may not proceed and the Shareholders and the public are reminded to exercise with caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Clawback Offer are fulfilled will accordingly bear the risk that the Clawback Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.

GENERAL

The Prospectus Documents setting out details of the Clawback Offer will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Prohibited Shareholders for information only.

THE SECOND DEED OF AMENDMENT

Date: 5 October 2015 (after trading hours of the Stock Exchange)

Parties: the Company
the Bondholders

Amended terms:

To (i) remove the lockup period of six months commencing on the date of the allotment and issue of such Conversion Shares; and (ii) amend the number of days the Company is required to deliver the share certificates after conversion of the Convertible Bonds from ten business days to one business day after the date of conversion; (iii) remove the restrictions for the conversion and transfer of the Convertible Bonds in multiples of HK\$10,000,000; (iv) amend the terms of the Convertible Bonds such that the Convertible Bonds shall be automatically converted into Conversion Shares on the business day next prior to the Settlement Date; and (v) permit the use of such form of instrument of transfer as the Board may approve for the transfer of the Convertible Bonds. All other terms of the Convertible Bonds shall remain unchanged and valid.

The Second Deed of Amendment is conditional on (i) the passing by the Independent Shareholders at the EGM to be convened and held, of the necessary resolutions to approve the Second Deed of Amendment and the transactions contemplated thereunder; and (ii) all necessary consents and approvals required to be obtained on the part of the Company and the Bondholders in respect of the Second Deed of Amendment and the transactions contemplated hereunder (including but not limited to the approval of the Stock Exchange required under the GEM Listing Rules) having been obtained. If any of the conditions above are not fulfilled on or before 20 November 2015 or such later date as may be agreed by the parties in writing, the Second Deed of Amendment will lapse and terminate.

MAJOR TERMS OF THE OUTSTANDING CONVERTIBLE BONDS

Apart from the change of terms of the Convertible Bonds in the Second Deed of Amendment, all terms of the Convertible Bonds remain unchanged, which are summarised below:

Outstanding principal HK\$505,596,736
Amount:

Interest: The Convertible Bonds carry no interest.

Maturity Date: 30 December 2015

Conversion: Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation on the part of the Bondholder(s) which exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholders) represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder(s) may convert in whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price for the period commencing from the date of issue of the Convertible Bonds up to the Maturity Date.

Conversion price: The Conversion Price at HK\$0.037 per Conversion Share subject to adjustments further set out below.

The Conversion Price:

- (i) represents a discount of approximately 54.88% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) represents a discount of approximately 53.16% to the average of the closing prices of Shares for five consecutive trading days up to and including the Last Trading Day of HK\$0.079; and
- (iii) represents a premium of approximately 94.74% over the audited consolidated net assets value per Share of approximately HK\$0.019 as at 30 June 2015.

Automatic conversion: Any principal amount of the Convertible Bonds which remains outstanding on the business day next prior to the Settlement Date shall be converted into Shares.

Adjustments:

The adjustments for Conversion Price include the following:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries the payment or making of any capital distribution to the Shareholders;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities; and
- (vi) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities; and

The Company will issue an announcement when there is any adjustment to the Conversion Price and the adjustment will be certified by the Company's auditor or by the merchant bank.

Ranking:

The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue at the date of the allotment and issue of the Conversion Shares.

Status:	The Convertible Bond constitute a direct, general, unconditional and unsecured obligation of the Company and rank <i>pari passu</i> and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Transferability:	The Bondholder(s) may only assign or transfer the Convertible Bonds to the transferee subject to the prior consent of the Company.
Voting:	The Convertible Bonds does not confer any voting rights at any meetings of the Company.
Listing:	No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Information on the Outstanding Convertible Bonds

Information on the Outstanding Convertible Bonds, including (i) the principal amount of the Convertible Bonds held by each Bondholder; (ii) principal amount of the Convertible Bonds converted on 9 July 2010 at the Conversion Price of HK\$0.037 per Conversion Share; (iii) remaining balance of the Outstanding Convertible Bonds; and (iv) number of Shares convertible upon full conversion of the Outstanding Convertible Bonds based on the Conversion Price:

Bondholders	Notes	Outstanding principal amount of Convertible Bonds	Number of Conversion Shares to be issued upon full conversion of the Outstanding Convertible Bonds	Number of Conversion Shares subject to the Clawback Offer
<i>Mr. Xiang and parties acting in concert with him</i>				
China Technology	1	307,522,000	8,311,405,405	8,311,405,405
Honour Sky	2 & 3	141,606,146	3,827,193,135	3,632,420,352
Ocean Space	4 & 5	36,077,132	975,057,621	975,057,621
Metropower	6	16,792,948	453,863,459	453,863,459
Mr. Wong	7	3,598,510	97,257,027	97,257,027
Total		<u>505,596,736</u>	<u>13,664,776,647</u>	<u>13,470,003,864</u>

Notes:

1. China Technology, 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 is a chairman of China Technology.
2. Honour Sky is wholly and beneficially owned by Ms. Kung Ching, the spouse of Mr. Xiang. Accordingly, Ms. Kung Ching is interested in the underlying Shares held by Honour Sky. Ms. Kung Ching is an alternate Director of Mr. Xiang.
3. The total number of Conversion Shares to be allotted and issued upon full conversion of the Outstanding Convertible Bonds is 13,664,776,647 Shares and the total number of Conversion Shares to be issued upon the conversion of the Offer Bonds is 13,470,003,864 Shares. As all of the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares on the business day next prior to the Settlement Date, upon the completion of the transfer under the Clawback Offer and the automatic conversion of the Outstanding Convertible Bonds, Honour Sky shall be allotted and issued with 194,772,783 Conversion Shares and 3,632,420,352 Conversion Shares shall allotted and issued to the relevant purchasers in accordance with the terms of the Prospectus Documents.
4. Ocean Space is wholly and beneficially owned by Mr. Zhang Shao Cai. Accordingly, Mr. Zhang Shao Cai is interested in the Shares and the underlying Shares held by Ocean Space.
5. On 5 October 2015, Ocean Space and Honour Sky entered into the Bond Transfer Agreement pursuant to which Ocean Space agreed to sell and Honour Sky agreed to purchase Convertible Bonds in the principal amount of HK\$36,077,132 at the consideration of HK\$36,077,132. Completion of the Bond Transfer Agreement shall take place on 8 October 2015. Upon such completion, Honour Sky shall be interested in the Convertible Bonds in the aggregate principal amount of HK\$177,683,278.
6. Metropower is beneficially owned by Mr. Wang Yan Li. Accordingly, Mr. Wang Yan Li is interested in the Shares and the underlying Shares held by Metropower.
7. Such information was based on a letter received from Mr. Wong who informed the Company on 19 April 2013 that he has sold his 14,120,000 Shares converted from the Convertible Bonds in August 2011 and he still holds the Outstanding Convertible Bonds in the principal amount of HK\$3,598,510.
8. Mr. Xiang and parties acting in concert with him could not convert the Outstanding Convertible Bonds if upon conversion Mr. Xiang and parties acting in concert with him will be interested in 30% or more of the issued share capital of the Company pursuant to the conversion restriction under the terms of the Outstanding Convertible Bonds.

REASONS FOR AND BENEFIT OF THE SECOND DEED OF AMENDMENT

The Group is principally engaged in (i) trading of electronic technology and related products; and (ii) the low-carbon products applications. It mainly develops business of low-carbon digital solutions and provide online media platforms and media advertising business.

Conditional upon and subject to completion of the Second Deed of Amendment, the Offerors will offer initially not more than Offer Bonds in the principal amount of HK\$498,390,142.968 to the Qualifying Shareholders on a pro rata basis of Offer Bonds in the principal amount of HK\$0.074 for every one Share held as at the close of business on the Record Date at its face value of HK\$0.074.

On the second business day immediately prior to the Settlement Date, the Bondholders shall transfer the Offer Bonds to the relevant purchasers in accordance with the terms of the Prospectus Documents. On the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

The Clawback Offer will provide an opportunity for the Shareholders to further participate in and share the growth of the Company. Given the Conversion Price of the Outstanding Convertible Bonds is HK\$0.037 and the number of Conversion Shares is 13,664,776,647 Shares, in the event the Outstanding Convertible Bonds are exercised in full, the shareholding interests of the existing Shareholders in the Shares will be significantly diluted. The Clawback Offer will provide an opportunity for the Qualifying Shareholder to purchase for the Convertible Bonds, which shall be automatically converted into Conversion Shares, at a substantial discount to the market price and not resulting in their shareholding interests on being diluted significantly.

The Second Deed of Amendment and the transactions contemplated thereunder will facilitate the Clawback Offer, which will be in the interests of the Company and Shareholders as a whole.

Based on the above factors, the Board (excluding Mr. Xiang, also a Bondholder, who abstained from expressing an opinion and the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) considers that the terms and conditions of the Second Deed of Amendment are fair and reasonable and the Second Deed of Amendment is in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities.

As at the date of this announcement, the Bondholders hold in aggregate approximately 26.61% of the existing issued share capital of the Company. The entering into of the Second Deed of Amendment constitutes a connected transaction of the Company and will be subject to the approval of the Independent Shareholders taken by way of a poll at the EGM. An ordinary resolution will be proposed at the EGM to be held and convened for the Independent Shareholders to consider and if thought fit, approve/ratify the entering into of the Second Deed of Amendment and the transactions contemplated thereunder. All the Bondholders are considered to have a material interest in the Second Deed of Amendment and accordingly all the Bondholders and their respective associates will be required to abstain from voting in respect of the resolution approving the Second Deed of Amendment and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising Mr. Zhang Zhan Liang, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit has been established to advise the Independent Shareholders on the terms of the Second Deed of Amendment and as to voting. The Board

wishes to announce that Beijing Securities Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing details of (i) the Outstanding Convertible Bonds; (ii) the Second Deed of Amendment; and (iii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser will be despatched to the Shareholders on or before 23 October 2015.

PROPOSED CLAWBACK OFFER

Conditional upon and subject to completion of the Second Deed of Amendment, in order to provide the Qualifying Shareholders the opportunity to further participate in and share the growth of the Company, the Offerors will offer initially not more than Offer Bonds in the principal amount of HK\$498,390,142.968 to the Qualifying Shareholders on a pro rata basis of Offer Bonds in the principal amount of HK\$0.074 for every one Share held as at the close of business on the Record Date at its face value of HK\$0.074.

On the second business day immediately prior to the Settlement Date, the Bondholders shall transfer the Offer Bonds to the relevant purchasers in accordance with the terms of the Prospectus Documents. On the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

Offer statistics

Basis of the Clawback Offer	:	Offer Bonds in the principal amount of HK\$0.074 (or two Offer Conversion Shares upon the conversion of such Offer Bonds) for every one Share held on the Record Date
Number of Shares in issue	:	6,735,001,932 Shares
Number of outstanding Share Options	:	563,500,000 Share Options entitling the holders thereof to subscribe for 563,500,000 Shares under the Share Option Scheme. Each of the holders of the Share Options has undertaken to the Company and the Underwriters not to exercise the Share Options prior to the Record Date.
Number of Outstanding Convertible Bonds	:	Convertible Bonds in the aggregate principal amount of HK\$505,596,736. Upon the exercise of the conversion rights attached to the Convertible Bonds 13,664,776,647 Shares shall be allotted and issued. Each of the holders of the Convertible Bonds has undertaken to the Company and the Underwriters not to exercise the conversion rights attached to the Convertible Bonds prior to the Record Date.

- Principal amount of Offer Bonds undertaken to be taken by Honour Sky, Ocean Space and Morgan Strategic : Pursuant to the Underwriting Agreement, (i) Honour Sky has given an irrevocable undertaking in favour of Kingston that Honour Sky will, among other matters, accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$122,167,708.002; and (ii) each of Ocean Space and Morgan Strategic has given an irrevocable undertaking in favour of the Underwriters that each of Ocean Space and Morgan Strategic will, among other matters, accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$10,475,736 and HK\$26,358,800 respectively.
- Principal amount of Offer Bonds underwritten by the Underwriters : Offer Bonds in the principal amount of HK\$339,387,898.966, being the total number of the Offer Bonds less the number of the Offer Bonds to be taken up by Honour Sky, Ocean Space and Morgan Strategic pursuant to the undertakings.
- Offer Price : HK\$0.074 for every Offer Bonds in the principal amount of HK\$0.074
- Conversion Price : HK\$0.037 per Conversion Share

The Clawback Offer is fully underwritten. The Underwriters have agreed to underwrite Offer Bonds in the principal amount of HK\$339,387,898.966 and have made sub-underwriting arrangement with certain sub-underwriters such that none of the Underwriters and the sub-underwriters will be interested in 30% or more of the issued share capital of the Company as enlarged by the Conversion Shares. Other than Honour Sky, being one of the Underwriters, the Underwriters and all other sub-underwriter(s) are Independent Third Parties.

As at the date of this announcement, save for the Share Options and the Convertible Bonds, there were no other convertible or exchangeable securities of the Company outstanding.

Offer Price

The Offer Price of HK\$0.074 for every Offer Bonds in the principal amount of HK\$0.074 is payable in full upon application for the Offer Bonds under the Clawback Offer.

The Offer Price has been determined based on arm's length negotiations between the Offerors and the Underwriters with reference to the face value of the Offer Bonds. The Clawback Offer allows all Shareholders the opportunity to participate in the growth of the Company and will broaden shareholders' base of the Company without diluting the respective shareholdings of the Shareholders.

Qualifying Shareholders

The Clawback Offer is only available to the Qualifying Shareholders. The Offerors will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Clawback Offer, a Shareholder must be registered on the Record Date as a member of the Company and not be a Prohibited Shareholder.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge the relevant transfers documents (with the relevant share certificates) with the Registrar, Union Registrars Limited at A18/F., Asia Orient Tower Town Place, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by 4:00 p.m. on Thursday, 12 November 2015.

Book close period

The register of members of the Company will be closed from Friday, 13 November 2015 to Thursday, 19 November 2015, both dates inclusive, for the purpose of establishing entitlements to the Clawback Offer. No transfer of the Shares will be registered during this period.

Rights of Prohibited Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. To determine the identities of the Prohibited Shareholders, the Offerors will make necessary enquiries regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Clawback Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquiries. The Offerors will send the Prospectus to Prohibited Shareholders for their information only but the Offerors will not send any Application Forms to the Prohibited Shareholders.

No entitlements of the Prohibited Shareholders to the Offer Bonds will be issued to the Prohibited Shareholders. The Offer Bonds representing such entitlements of the Prohibited Shareholders will be aggregated and underwritten by the Underwriters.

No application for excess Offer Bonds

There is no arrangement for application of Offer Bonds by the Qualifying Shareholders in excess of their entitlements. Any Offer Bonds not taken up by the Qualifying Shareholders and the Clawback Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Clawback Offer will be taken up by the Underwriters or purchasers procured by the Underwriters.

The Offerors are of the view that the Clawback Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group.

Status of the Offer Conversion Shares

The Offer Conversion Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Conversion Shares. Holders of the Offer Conversion Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Conversion Shares.

Stamp duty

The transfer of the Offer Bonds pursuant to the Clawback Offer shall be subject to seller's ad valorem stamp duty and buyer's ad valorem stamp duty at a rate of 0.1%, respectively.

Dealings in Offer Conversion Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Offering arrangements

Given the Clawback Offer involves the offer of the Offer Bonds to the Qualifying Shareholders on a pro rata basis to enable the Qualifying Shareholders to further participate in and share the growth of the Company, the Prospectus will be issued by the Company and the Offerors jointly. The Company will provide administrative assistance that would be necessary and expedient for implementing the Clawback Offer, e.g. the closure of the register of members in order to determine the entitlements of the Qualifying Shareholders, and the despatch of the Prospectus and the application forms through the Company's branch share registrars and transfer office. The costs and expenses arising from the implementation of the Clawback Offer will be borne by the Offerors. The Offerors will be primarily responsible for the preparation of the Prospectus and other documentations in relation to the Clawback Offer and the Company will provide reasonable assistance to the Offerors to ensure the accuracy and sufficiency of information contained in the Prospectus and other documentations in relation to the Clawback Offer.

Share certificates

No certificates for the Offer Bonds shall be posted to those entitled thereto.

Subject to the fulfillment of the conditions of the Clawback Offer, share certificates for all Offer Conversion Shares are expected to be posted to those entitled thereto by ordinary mail at their own risk on Friday, 18 December 2015.

UNDERWRITING ARRANGEMENT

Undertakings

As at the date of the Underwriting Agreement,

- (i) there were 563,500,000 outstanding Share Options and each of the holders of the Share Options has given an irrevocable undertaking in favour of the Offerors and the Underwriters not to exercise any of the Share Options on or before the Record Date;
- (ii) there were Outstanding Convertible Bonds in the principal amount of HK\$505,596,736 and each of the holders of the Convertible Bonds has given an irrevocable undertaking in favour of the Underwriters, among other matters, not to exercise the conversion rights attached to the Convertible Bonds on or before the Record Date;
- (iii) Honour Sky has given an irrevocable undertaking in favour of Kingston to, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$122,167,708.002 to which Honour Sky is entitled under the Clawback Offer, and
- (iv) Each of Morgan Strategic and Ocean Space has given an irrevocable undertaking in favour of the Underwriters to, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively to which it is entitled under the Clawback Offer.

Underwriting Agreement

Date	:	5 October 2015 (after trading hours of the Stock Exchange)
Offerors	:	China Technology; Honour Sky; Metropower; and Mr. Wong
Underwriters	:	Honour Sky; and Kingston
Principal amount of Underwritten Bonds	:	Offer Bonds in the principal amount of HK\$339,387,898.966 as to Offer Bonds in the principal amount of HK\$20,190,304.078 to be underwritten by Honour Sky in the first place and Offer Bonds in the principal amount of HK\$319,197,594.888 to be underwritten by Kingston in the second place
Commission	:	3% of the aggregate Offer Price in respect of the Underwritten Bonds in the principal amount of HK\$339,387,898.966 underwritten by the Underwriters, which was determined after arm's length negotiations between the Offerors and the Underwriters.

Conditions of the Clawback Offer

The Clawback Offer is conditional on:

- (i) completion of the transactions contemplated under the Second Deed of Amendment;
- (ii) the delivery to the Stock Exchange, filing and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to Qualifying Shareholders and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Clawback Offer on or before the Prospectus Posting Date;
- (iv) the Underwriting Agreement is not being terminated by Kingston (on behalf of the Underwriters) pursuant to the terms hereof at or before the Latest Time for Termination;
- (v) compliance with and performance of all the undertakings and obligations of the Offerors under the Underwriting Agreement and the representations and warranties given by the Offerors under the Underwriting Agreement remaining true, correct and not misleading in all material respects;
- (vi) compliance with and performance of all undertakings and obligations of holders of the Share Options under the Optionholders Undertakings;
- (vii) compliance with and performance of the undertaking of the Offerors under the Offerors Undertaking;
- (viii) compliance with and performance of the undertaking of Honour Sky under the Honour Sky Undertaking; and
- (ix) compliance with and performance of all undertakings and obligations of each of Morgan Strategic and Ocean Space under the Shareholders Undertakings.

If the conditions above are not satisfied and/or waived (in respect of condition (v) only) by Kingston (on behalf of the Underwriters) by the Latest Time for Termination, or such other time or date as Kingston (on behalf of the Underwriters) may agree with the Offerors in writing, the Underwriting Agreement shall terminate and (save in respect of certain provisions in the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Underwriters shall, not later than the Latest Time for Termination, enter into binding agreement(s) with certain sub-underwriting agent(s), which shall be independent third party(ies) not connected or acting in concert (having the meaning under the Takeovers Code)

with any directors, chief executive, management shareholders or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates, for sub-underwriting of the Offer Bonds, such that the Underwriters together with parties acting in concert with it shall not have a mandatory offer obligation under Rule 26 of the Takeovers Code.

Irrevocable undertakings

Optionholders Undertakings

As at the date of the Underwriting Agreement, there were 18 holders holding an aggregate of 563,500,000 Share Options. Under the terms of the Underwriting Agreement, each of the holders of the Share Options has given an irrevocable undertaking in favour of the Underwriters not to exercise the Share Options held by him/it from the date of the Underwriting Agreement to the close of business on the Record Date.

Offerors Undertaking

As at the date of the Underwriting Agreement, each of China Technology, Honour Sky, Metropower and Mr. Wong is interested in Convertible Bonds in the principal amount of HK\$307,522,000, HK\$141,606,146, HK\$16,792,948 and HK\$3,598,510 respectively. Upon completion of the Bond Transfer Agreement, Honour Sky will be interested in Convertible Bonds in the principal amount of HK\$177,683,278. Each of the Offerors has irrevocably undertaken to the Underwriters:

- (i) not to dispose of, or agree to dispose of, any Convertible Bonds held by each of them; and
- (ii) not to exercise the conversion rights attached to the Convertible Bonds held by each of them,

from the date of the Underwriting Agreement to the close of business on the Record Date.

Honour Sky Undertaking

Honour Sky has irrevocably undertaken to Kingston that:

- (i) the 1,650,914,973 Shares registered in the name of and beneficially owned by Honour Sky will remain registered in the name of and beneficially owned by Honour Sky before the date when the announcement of the results of the Clawback Offer is published;
- (ii) Honour Sky will accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$122,167,708.002; and
- (iii) Honour Sky will lodge the Application Form in respect of the Offer Bonds accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Shareholders Undertakings

Each of Strategic and Ocean Space has irrevocably undertaken to the Underwriters that:

- (i) the 356,200,000 Shares and 141,564,000 Shares registered in the name of and beneficially owned by Morgan Strategic and Ocean Space respectively will remain registered in the name of and beneficially owned by it before the date when the announcement of the results of the Clawback Offer is published;
- (ii) each of Morgan Strategic and Ocean Space will accept its entitlements under the Clawback Offer for Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively; and
- (iii) each of Morgan Strategic and Ocean Space will lodge the Application Form in respect of the Offer Bonds accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Automatic conversion of the Convertible Bonds

Subject to the fulfilment of the conditions of the Clawback Offer, on the business day next prior to the Settlement Date, the Outstanding Convertible Bonds shall be automatically converted into Conversion Shares. The Company shall allot and issue the Conversion Shares to such purchasers on the Settlement Date.

Rescission or termination of the Underwriting Agreement

If prior to the Latest Time for Termination:

- (i) in the absolute opinion of Kingston (on behalf of the Underwriters) the success of the Clawback Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Clawback Offer; or
 - (b) the occurrence of any local, national or international event or change whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, military, financial, economic, industrial, fiscal, currency or market condition or equity securities or stock or other financial market conditions or any monetary or trading settlement system or conditions of other nature (whether or not ejusdem generis with any of the foregoing); or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, which may, in the opinion of Kingston (on behalf of the Underwriters) materially and adversely affect the

financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or

- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Clawback Offer or otherwise makes it inexpedient or inadvisable to proceed with the Clawback Offer; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of Kingston (on behalf of the Underwriters), a material omission in the context of the Clawback Offer; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Clawback Offer; or
- (viii) any moratorium, suspension or material restriction on trading of the shares on the Stock Exchange due to exceptional financial circumstances or otherwise,

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to the Offerors, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston (on behalf of the Underwriters) shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (i) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of any of the Underwriters; or
- (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of any of the Underwriters.

Any such notice shall be served by Kingston (on behalf of the Underwriters) prior to the Latest Time for Termination.

If Kingston (on behalf of the Underwriters) rescinds or terminates the Underwriting Agreement in accordance with the terms thereof, the Clawback Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Clawback Offer is subject to, among other things, the fulfillment or waiver of the conditions set out in the paragraph headed “Conditions of the Clawback Offer” above. In particular, it is subject to the Underwriting Agreement not being rescinded or terminated in accordance with its terms. Accordingly, the Clawback Offer may or may not proceed and the Shareholders and the public are reminded to exercise with caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Clawback Offer are fulfilled will accordingly bear the risk that the Clawback Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.

EXPECTED TIMETABLE

2015

Despatch of the Company's circular with notice of EGM	Friday, 23 October
Latest time for return of the form of proxy for use at the EGM.....	11:00 a.m. on Saturday, 7 November
EGM.....	11:00 a.m. on Monday, 9 November
Announcement of results of EGM on the respective websites of the Company and the Stock Exchange.....	By 11:00 p.m. on Monday, 9 November
Last day of dealings in the Shares on a cum-rights basis	Tuesday, 10 November
Commencement of dealings in the Shares on an ex-rights basis	Wednesday, 11 November
Latest Time for Lodging.....	4:30 p.m. on Thursday, 12 November
Book close period to determine the entitlements to the Clawback Offer (both dates inclusive).....	Friday, 13 November to Thursday, 19 November
Record Date	Thursday, 19 November
Register of members re-opens	Friday, 20 November
Prospectus Documents to be posted	Monday, 23 November
Latest time for acceptance of and payment for the Offer Bonds	4:00 p.m. on Monday, 7 December
Underwriting Agreement becomes unconditional.....	4:00 p.m. on Friday, 11 December
Announcement of the results of the Clawback Offer to be published.....	Monday, 14 December
Share certificates for Offer Conversion Shares to be posted.....	Friday, 18 December
Dealings in Offer Conversion Shares commences	Friday, 18 December

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company immediately before and upon completion of the Clawback Offer:

Shareholders	Notes	As at the date of this announcement		Immediately after the completion of the Clawback Offer assuming that all Qualifying Shareholders have taken up their entitlement in full and automatic conversion of the Outstanding Convertible Bonds in full		Immediately after completion of the Clawback Offer assuming that none of the Qualifying Shareholder has taken up their entitlements and automatic conversion of the Outstanding Convertible Bonds in full	
		Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Mr. Xiang and parties acting in concert with him</i>							
Honour Sky	1 & 2	1,650,914,973	24.51	5,147,517,702	25.23	5,693,201,596	27.91
Ocean Space	3	<u>141,564,000</u>	<u>2.10</u>	<u>424,692,000</u>	<u>2.08</u>	<u>424,692,000</u>	<u>2.08</u>
Subtotal		1,792,478,973	26.61	5,572,209,702	27.31	6,117,893,596	29.99
Kingston	4	—	—	—	—	8,626,962,024	42.29
<i>Public Shareholders</i>							
Morgan Strategic		356,200,000	5.29	1,068,600,000	5.24	1,068,600,000	5.24
Other public shareholders		<u>4,586,322,959</u>	<u>68.10</u>	<u>13,758,968,877</u>	<u>67.45</u>	<u>4,586,322,959</u>	<u>22.48</u>
Total		<u><u>6,735,001,932</u></u>	<u><u>100.00</u></u>	<u><u>20,399,778,579</u></u>	<u><u>100.00</u></u>	<u><u>20,399,778,579</u></u>	<u><u>100.00</u></u>

Notes:

- Honour Sky is wholly and beneficially owned by Ms. Kung Ching, the spouse of Mr. Xiang. Accordingly, Ms. Kung Ching is interested in the Shares held by Honour Sky. Ms. Kung Ching is an alternate Director of Mr. Xiang.
- Upon completion of the transfer under the Clawback Offer and the automatic conversion of the Outstanding Convertible Bonds, Honour Sky shall be allotted and issued with 194,772,783 Conversion Shares and 3,632,420,352 Conversion Shares shall allotted and issued to the relevant purchasers in accordance with the terms of the Prospectus Documents.
- Ocean Space is wholly and beneficially owned by Mr. Zhang Shao Cai. Accordingly, Mr. Zhang Shao Cai is interested in the Shares and the underlying Shares held by Ocean Space.
- Kingston will make sub-underwriting arrangement with certain sub-underwriters such that (i) Kingston shall not purchase, for its own account, for such number of untaken Offer Bonds which upon conversion will result in the shareholding of it and parties acting in concert with it in the Company to exceed 19.99% of the voting rights of the Company upon the completion of the Clawback Offer; and (ii) Kingston shall use its best endeavours to ensure that each of the purchasers of the untaken Offer Bonds

procured by it (1) shall be Independent Third Party; and (2) save for Kingston itself and its associates, shall not, together with any party acting in concert with it, hold 10.0% or more of voting rights of the Company upon completion of the Clawback Offer.

5. Based on the present shareholding of the Company as set out above, the sub-underwriting arrangements as mentioned in the paragraph headed “Conditions of the Clawback Offer” in this announcement and to the best information of the Company, the Company is not aware of any Shareholder who would, as a result of taking up the Offer Bonds to which he/she/it is entitled under the Clawback Offer, incur an obligation to make a general offer under the Takeovers Code.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Application Form(s)”	the form of application for use by the Qualifying Shareholders to apply for the Offer Bonds
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Bond Transfer Agreement”	the agreement dated 5 October 2015 and entered into between Ocean Space and Honour Sky pursuant to which Ocean Space agreed to sell and Honour Sky agreed to purchase Convertible Bonds in the principal amount of HK\$36,077,132
“Bondholder(s)”	holder(s) of the Convertible Bonds
“business day”	any day (other than a Saturday, Sunday or public holiday and any day on which tropical cyclone signal no. 8 or above or a “black” rainstorm warning signals is hoisted in Hong Kong at any time between 9:00 a.m. to 4:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“China Technology”	China Technology Education Trust Association, a society registered under the provisions of section 5A(1) of the Societies Ordinance, Chapter 151 of the Laws of Hong Kong
“Clawback Offer”	the clawback offer of Offer Bonds in the principal amount of HK\$0.074 for every one Share held on the Record Date
“Company”	China Trends Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM

“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Conversion Price”	HK\$0.037 per Conversion Share, being the adjusted conversion price, subject to adjustments, pursuant to the terms of the Convertible Bonds
“Conversion Share(s)”	new Share(s) to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	convertible bonds in the initial principal amount of HK\$595,000,000 issued by the Company on 30 December 2009
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company for the purpose, inter alia, considering and approving the Second Deed of Amendment and the transaction contemplated thereunder
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Honour Sky”	Honour Sky International Limited, a company incorporated in the British Virgin Islands with limited liability and Mr. Xiang is the sole director and Mr. Xiang’s family member(s) (excluding Mr. Xiang) is/are the ultimate beneficiaries
“Honour Sky Undertaking”	an irrevocable undertaking given by Honour Sky in favour of Kingston that Honour Sky will, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$122,167,708.002 to which Honour Sky is entitled under the Clawback Offer
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Zhang Zhan Liang, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit, formed for the purpose to advise the Independent Shareholders on the terms of the Second Deed of Amendment and as to voting

“Independent Financial Adviser”	Beijing Securities Limited, a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), being appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Second Deed of Amendment
“Independent Shareholders”	Shareholders other than the Bondholders and their respective associates
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Kingston”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO
“Last Trading Day”	5 October 2015, being the last full trading day before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 7 December 2015 or such other date and/or time as may be agreed between the Offerors and Kingston (on behalf of the Underwriters), being the latest time for acceptance of the offer of the Offer Bonds
“Latest Time for Lodging”	4:30 p.m. on Thursday, 12 November 2015 or such other date and/or time as may be agreed between the Offerors and Kingston (on behalf of the Underwriters), being the latest date for the lodging of any transfer form in respect of the Shares in order for a transferee to qualify for the Clawback Offer
“Latest Time for Termination”	4:00 p.m. on Friday, 11 December 2015 or such other time and/or date as may be agreed between the Offerors and Kingston (on behalf of the Underwriters)
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Maturity Date”	30 December 2015, being the revised maturity date of which the Convertible Bonds became due
“Metropower”	Metropower Holdings Limited, a company incorporated in Hong Kong with limited liability

“Morgan Strategic”	Morgan Strategic Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“Mr. Wong”	Wong Chak Keung
“Mr. Xiang”	Xiang Xin, the chairman of the Board and an executive Director
“Ocean Space”	Ocean Space Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Offer Bond(s)”	Convertible Bonds in the aggregate principal amount of HK\$498,390,142.968 proposed to be offered to Qualifying Shareholders on the terms set out in the Underwriting Agreement and in the Prospectus
“Offer Conversion Shares”	13,470,003,864 new Shares to be allotted and issued upon the automatic conversion of the Offer Bonds
“Offer Price”	offer price of HK\$0.074 for every Offer Bonds in the principal amount of HK0.074
“Offerors”	China Technology, Honour Sky, Metropower and Mr. Wong
“Offerors Undertaking”	an irrevocable undertaking given by the Offerors in favour of the Underwriters (i) not to dispose of, or agree to dispose of, any Convertible Bonds held by each of them; and (ii) not to exercise the conversion rights attached to the Convertible Bonds held by each of them, from the date of the Underwriting Agreement to the close of business on the Record Date
“Optionholder Undertaking”	an irrevocable undertaking given by each of the 18 holders holding an aggregate of 563,500,000 Share Options in favour of the Underwriters not to exercise the Share Options held by him/it from the date of the Underwriting Agreement to the close of business on the Record Date
“Outstanding Convertible Bonds”	the Convertible Bonds with an outstanding principal amount of HK\$505,596,736 held by the Bondholders
“Overseas Shareholder(s)”	Shareholder(s) whose registered address(es) as shown in the register of members of the Company on the Record Date is(are) outside of Hong Kong

“Prohibited Shareholders”	those Overseas Shareholders to whom the Offerors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Clawback Offer
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Clawback Offer
“Prospectus Documents”	the Prospectus and the Application Form(s)
“Prospectus Posting Date”	Monday, 23 November 2015 or such other date as Kingston (on behalf of the Underwriters) may agree in writing with the Offerors
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company (other than HKSCC Nominees Limited) and the Shareholders whose names appear in the record of nominee companies or CCASS Participants on the Record Date, other than the Prohibited Shareholders
“Record Date”	Thursday, 19 November 2015, the date by reference to which entitlements to the Clawback Offer are to be determined, or such other date as may be agreed between the Offerors and Kingston (on behalf of the Underwriters)
“Registrar”	Union Registrars Limited of A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, the Hong Kong branch share registrar of the Company
“Second Deed of Amendment”	the conditional second deed of amendment dated 5 October 2015 and entered into between the Company and the Bondholders to amend certain terms of the Convertible Bonds
“Settlement Date”	the date being the fifth business day following (but excluding) the Latest Time for Termination or such later date as the Offerors and Kingston (on behalf of the Underwriters) may agree
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)

“Shareholders Undertakings”	irrevocable undertakings given by each of Morgan Strategic and Ocean Space in favour of the Underwriters that it will, among other matters, purchase Offer Bonds in the aggregate principal amount of HK\$26,358,800 and HK\$10,475,736 respectively to which it is entitled under the Clawback Offer
“Share Options”	the outstanding options granted by the Company to subscribe for an aggregate of 563,500,000 Shares pursuant to the Share Option Scheme, of which each holder has given an irrevocable undertaking in favour of the Offerors and the Underwriters not to exercise on or before the Record Date
“Share Option Scheme”	the share option scheme adopted by the Company on 1 November 2010
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	Honour Sky and Kingston
“Underwriting Agreement”	the underwriting agreement dated 5 October 2015 and entered into between the Offerors and the Underwriters in respect of the Clawback Offer
“Underwritten Bonds”	Offer Bonds in the principal amount of HK\$339,387,898.966
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	percentage or per centum

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

Hong Kong, 5 October 2015

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Ms. Zhong Keying and Mr. Wang Jianjun; the non-executive Director is Mr. Sun Kuan Chi, Mr. Kuk Peter Z, Mr. Ge Ming, Mr. Wang Wei and Mr. Xin Luo Lin; the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. An Jing, Mr. Chen Yicheng and Mr. Kwai Sze Kit. Ms. Kung Ching is an alternate director to Mr. Xiang Xin.

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

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