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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)

**FURTHER EXPLANATION TO THE PROVISIONAL  
LIQUIDATORS OF ATV: THE COMPANY MAY BECOME  
A MAJOR CREDITOR OF ATV**

The announcement is made by China Trends Holdings Limited (the “**Company**”) pursuant to the Rule 17.10(2) of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market of The Stock Exchange of the Hong Kong Limited (the “**Stock Exchange**”) and Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements dated 8 March 2016 and 13 March 2016 (the “**Announcements**”) in relation to the issue of Debt Restructuring Proposals to the provisional liquidators of ATV (the “**Provisional Liquidators**”) and its subsequent information. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

On 28 March 2016, the Company issued a letter (the “**Further Explanation**”) to the Provisional Liquidators and further explained the Debt Restructuring Proposals, the main contents of which are as follows:

**1. THE COMPANY MAY BECOME A MAJOR CREDITOR OF ATV**

As stated in the Company’s announcements dated 9 November 2015, 11 November 2015

and 14 February 2016, the Company and ATV entered into the “100% Equity Transfer Agreement of ATV CEPA Promotion Limited” (the “**Equity Transfer Agreement**”) on 8 November 2015. Despite repeated requests and demands from the Company, ATV failed to perform the obligations under the Equity Transfer Agreement and its conduct constituted a repudiatory breach of the Equity Transfer Agreement. The Company through its solicitors accepted the repudiatory breach of ATV on 12 February 2016 and without prejudice to the other rights of the Company, demanded ATV to repay the initial payment of HK\$3 million (the “**Initial Payment**”) of the consideration for equity transfer. As at the date of this announcement, ATV has still not repaid the Initial Payment to the Company.

As a creditor of ATV, the Company will seek to recover the Initial Payment from ATV and require ATV to pay the Company substantial damages arising out of ATV's breach of contract through legal means. The Company is currently taking legal advice on the issue of loss and damage caused by ATV's breach of contract and has engaged an independent valuation company to conduct a valuation of such loss and damage.

As a result of ATV's breach of contract, the Company is unable to obtain the rights and benefits under the Equity Transfer Agreement, including but not limited to the following:

- (1) the ATV brand;
- (2) the copyrights of more than 11,000 hours of ATV programmes;
- (3) the rights of use of the ATV premises; and
- (4) the broadcasting rights of existing ATV programmes.

Of the above four aspects, items (1) and (2) have already been valued at approximately HK\$315 million by an independent valuation company and the valuation of items (3) and (4) are still in progress. Once the independent valuation company has completed the valuation, the Company believes that it may become a major creditor of ATV and inevitably play a major and important role which cannot be ignored in the process of ATV's debt restructuring.

Irrespective of whether ATV would be wound up or not by the court, the Company will make its claims against ATV or to the Provisional Liquidators. Even if the petitioner withdraws the petition for winding up, the Company, in its capacity as a creditor, will continue the petition for winding up of ATV.

## **2. THE DEBT RESTRUCTURING PROPOSALS CARE FOR THE INTERESTS OF**

## **ALL PARTIES**

The Company considers that the two proposals (the “**Proposals**”) set out in the Debt Restructuring Proposals have fully taken into account of the interests of various parties, including the employees, the creditors and the shareholders. Pursuant to the Proposals, the employees may expect to obtain preferential payment, the amount of which can exceed that obtainable in the liquidation of ATV. The employees will further have the opportunity to retain their jobs and continue to work for ATV. On the other hand, the creditors of ATV can obtain repayment of a reasonable amount under the Proposals and the shareholders of ATV can also retain or even make a gain in the value of their shares through the restructuring of ATV by the Company. As mentioned in the Debt Restructuring Proposals, the Company believes that the Company's interactive TV business can bring new impetus to the television business of ATV.

In summary, the Debt Restructuring Proposals takes into account the interests of various interested parties of ATV and also preserves the brand and the business of ATV. The Company hopes that the Provisional Liquidators can reconsider the Debt Restructuring Proposals so as to create ATV's "immortality myth" and to protect ATV's sixty years of historical and cultural heritage!

The company will continue to pursue ATV for the debt owed and the loss occasioned by its breach of contract and at the same time monitor the development of events, timely consider the possibility of putting forward new restructuring proposals and make further announcement as and when appropriate.

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

Hong Kong, 28 March 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Xiang Xin (Co-Chairman), Ms. Zhong Keying and Mr. Chan Cheong Yee; the non-executive directors are Mr. Sun Kuan Chi, Mr. Xin Luo Lin, Ms. Chen Jiajing (Co-Chairman), Ms. Jiang Linlin and Mr. Wang Wei; 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](http://www.8171.com.hk).*