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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)

REVISED DEBT RESTRUCTURING PROPOSALS TO PROVISIONAL LIQUIDATOR OF ATV

The announcement is made by China Trends Holdings Limited (the “**Company**”) pursuant to 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 28 March 2016 (the “**Announcements**”) in relation to the issue by the Company of Debt Restructuring Proposals to the provisional liquidator of ATV (“**ATV**”) and Further Explanation. Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

Since the Company issued two Debt Restructuring Proposals to the provisional liquidators of ATV on 8 March 2016 and issued Further Explanation to the Debt Restructuring Proposals to the provisional liquidator of ATV on 28 March 2016, the Company received enquiries, support and encouragement from various parties including ATV’s employees, ATV’s shareholders, creditors, media and investors. At the request of the parties, on 11 April 2016, the Company issued a revised Debt Restructuring Proposal to the provisional liquidator of ATV (the “**Revised Proposal**”).

REVISED PROPOSAL

1. The Company or parties acting in concert with it is willing to provide by way of loan ATV with immediate available cash for ATV to pay all outstanding wages of ATV’s employees and the charges of its provisional liquidator as at 1 April 2016, subject to approval being obtained from the High Court of Hong Kong for such loan to be injected into ATV as a preferential debt; and

2. the shares of ATV shall undergo restructuring and adopt dual-class shareholding structure, being divided into preferential shares (B shares without voting rights) and ordinary shares (A shares with voting rights). All existing issued shares of ATV shall be converted into preferential shares (B shares), while all creditors of ATV (including Mr. Wong Ching and all claims of the Company before the Debt Restructuring, but excluding the new loan provided after the Debt Restructuring as mentioned in item 1 above) shall agree to convert all claims into preferential shares (B shares) of ATV at a price of HK\$1.00 each (or at a price approved by the High Court of Hong Kong); and
3. the Company agrees to inject into ATV the right to use all programs of “Wealth Storm” interactive TV (財富風暴互動電視), an e-commerce media, in the Greater China region; and Boss Dream Culture Communication Limited (“**Boss Culture**”) agrees to inject into ATV “Wealth Storm” interactive TV platform, an e-commerce media, by way of VIE (by sharing of advertising and e-commerce revenue from broadcasting such programs). By injecting both assets mentioned above into ATV at a discount to the valuation obtained from an independent valuer in exchange for ordinary shares (A shares) of ATV at a price of HK\$ 1.00 each (or at a price approved by the High Court of Hong Kong), the Company shall become a shareholder of ATV. Meanwhile, the Company guarantees that the pricing for equity financing (including listing) whether in respect of A shares or B shares of ATV shall not be less than HK\$1.00 each in the future; and
4. the Company or parties acting in concert with it agrees to provide a loan in an amount up to HK\$500 million bearing interest at the rate of 9% per annum as a preferential debt to ATV after restructuring for its new startup, which shall be secured by way of a debenture creating a fixed and floating charge over all assets of the ATV.

REASONS FOR THE RESTRUCTURING

The Company is willing to restructure ATV on the ground that ATV still has the following two core resources before going bankrupt (but will lose such resources immediately thereafter):

1. Legitimate landing rights

The legitimate landing rights of ATV programs in Pearl River Delta region in Mainland China will steer clear of the policy risks arising from broadcasting internet television programs in Mainland China, which is a must for internet television business to succeed.

2. Data center

The development of internet television business requires to establish a data center, i.e. a content delivery system (CDN). Setting up the new data center at ATV’s existing site with an area of 550,000 square feet will save the Company substantial amount of rental expenses every year.

BUSINESS RESTRUCTURING

The Company believes that the media industry is heading for an all-media era in the future with interactive television (also known as internet television or streaming television) will play a dominant role and traditional one-way television (also known as over-the-airwaves television or satellite television) will be phased out. The Company, together with Boss Culture, will restructure ATV by injecting into ATV the right to use all programs of network-based “Wealth Storm” interactive TV in the Greater China region and sharing of advertising and e-commerce revenue from such interactive television platform at a discount to the valuation obtained from an independent valuer, and adopt ATV as its new name with a total of 16 channels including lifestyle, digital, appliance, home, children, sports, entertainment, food, games, education, automotive, real estate, finance and travel. Following the restructuring, the traditional broadcasting business of ATV will be fully integrated with interactive television application platform to provide quality services for its users. The injection of fresh blood into ATV and the acceleration of overthrowing traditional television industry will become the driving forces for ATV to turn things around.

ADVANTAGES OF RESTRUCTURING

1. Resources advantages

The Company has integrated a large amount of its resources since April 2015 by implementing the following investment plans:

- On 28 April 2015, a subsidiary of the Company entered into a cooperative framework agreement with Youshi Interactive in relation to the “Interactive television shopping platform” business. On 14 May 2015, the parties involved entered into a formal cooperative agreement in relation to the completion of business transfer and becoming an e-commerce media.
- On 10 June, 19 June and 16 July 2015, the subsidiaries of the Company entered into agreements with various renowned television manufacturers such as Skyworth, TCL, ChangHong and Tsinghua Tongfang respectively to pre-install applications on the smart televisions for in-depth user bundle and establish a platform to extend its user reach.
- On 26 June 2015, a subsidiary of the Company entered into a cooperative framework agreement with Huangshan Happy New World to extend to real estate channel for the first time.
- On 18 August 2015, the Company entered into a framework agreement with Tianhe Fund in relation to investment in new media project to continue to expand its video and games channels.
- On 11 December 2015, the Company entered into a cooperative framework agreement with Canton Vivien in relation to the cooperation on content delivery network (CDN) of internet television by setting up information center in 500 cities nationwide so as to provide the best viewing experience for its users.

- On 3 February 2016, the Company issued an announcement in relation to obtaining interest-free credit facilities in an amount of HK\$500 million from its substantial shareholder for investment in media project.

2. Unique model

This platform is owned by Boss Culture and established with investment from the Company. It deeply integrated both e-commerce and media functions, with an aim to build the first brand new e-commerce media with a philosophy of “watching and purchasing, refund all you pay” in the PRC.

The Company is of view that after the end of the media 1.0 (such as newspapers and magazines) era with paid information as its main form, traditional media entered the media 2.0 (such as television) era with free information as its main form. However, it was caught in a dilemma of decline in both ratings and profits due to the emergence of internet. In view of that, the Company launched a brand new media form (media 3.0) integrating media and e-commerce functions based on the innovative concept of “e-commercialization of media”, aiming to create “watching for rewards” experience for its users:

- Gifts for watching: for any channel, the user gains 1 gift voucher for watching every 1 minute, namely 1 minute = 1 gift voucher
- Additional gifts for spending: irrespective of commodity type, the user gains 1 gift voucher for spending every 1 dollar, namely 1 dollar = 1 gift voucher

Those 16 channels of the platform are built on big data analysis. The platform uses information technology to intelligently provide media and e-commerce information to its users, to promote program contents and recommend products at intervals in channel zone and to promote bidding and redemption products at intervals in refund zone of the platform. The gift vouchers gained by its users in channel zone can be used to bid for or exchange for products in the refund zone, thereby creating a brand new “refund all you pay” internet + user experience integrating media, entertainment and consumption:

- Gift voucher bidding: during the promotion period, we mainly offer an iPhone every day to set off an upsurge of “brightening up with an iPhone everyday”. Users can use gift vouchers for bidding, and the highest bidder is entitled to an iPhone (a service charge of only 15% will be charged, and the service charge can also be refunded by gift vouchers). Later on, we will gradually offer brand products of clothing, food, housing and transportation for bidding.
- Redemption of gift vouchers: users can use equivalent gift vouchers to directly exchange for various products of clothing, food, housing and transportation or consumer packages (a service charge of only 15% will be charged and the service charge can also be refunded by gift vouchers).

This brand new e-commerce media model will impel the transformation of “shopping and earning” into sales value through the “wandering consumption” (shopping mode) being driven by “communication on purpose” (media in nature), thereby creating a media 3.0 era of “watch to earn” and giving rise to a unique wealth storm.

3. User advantages

At present, the Company and Boss Culture have established cooperative relationships with the television giants such as Skyworth, TCL, Changhong and Tsinghua Tongfang. By pre-installing applications on smart televisions, the platform has owned implanted APP in over 20 million smart television terminals, which covers thousands of families. It is expected that it will cover another 60 million smart television terminals in three years. With these 80 million smart television terminals as supporting point, it will reach 240 million mobile users to achieve “mobile + fixed” full network coverage.

4. Profit model

Through the integration of the existing resources of ATV, the user advantages of the interactive television platform as well as the innovative model, the Company can create a brand new ATV, an e-commerce media, with a philosophy of “watching and purchasing, refund all you pay”, and generate the following income:

Advertisement Sharing: Following the Restructuring, ATV will launch an innovative mechanism of rewarding users for watching. Users can gain a refund of 1 gift voucher for watching programs on the platform every 1 minute. Driven by this flow-in mechanism, ATV will gain income sharing from advertising agencies if the users show a high level of participation in those 16 channels.

E-commerce Sharing: Following the Restructuring, ATV will launch an innovative mechanism of full refund of users’ spending. All of the user’s spending through the platform shall be entitled to a refund of 1 gift voucher for every 1 dollar, which can be used to exchange for quality commodities. Driven by this promotion mechanism, ATV will gain corresponding sharing from the e-commerce platform based on the sales amount if the users show a high level of participation.

This Revised Proposal will replace the two proposals stated in the Debt Restructuring Proposals to provisional liquidator of ATV issued by the Company on 8 March 2016. This Revised Proposal shall be subject to the signing of formal contracts by relevant parties and the fulfillment of certain regular conditions (such as obtaining approvals from courts in Hong Kong, the extraordinary general meeting and the Stock Exchange), which will be specified in the formal contracts.

Shareholders and potential investors are advised to exercise caution when dealing in the shares. This Revised Proposal may or may not be accepted, and the Company will make further announcements in accordance with the GEM Listing Rules as and when appropriate.

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

Hong Kong, 11 April 2016

As at the date of this announcement, the executive directors of the Company are Mr. Xiang Xin (Chairman), Ms. Zhong Keying and Mr. Chan Cheong Yee; the non-executive directors of the Company are Mr. Sun Kuan Chi, Mr. Xin Luo Lin, Ms. Chen Jiajing (suspended) and Ms. Jian Linlin (suspended); the independent non-executive directors of the Company 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.