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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)

VOLUNTARY ANNOUNCEMENT AND RESULT OF THE INVESTIGATION UNDER SECTION 329 OF THE SECURITIES AND FUTURES ORDINANCE

This is a voluntary announcement made by China Trends Holdings Limited (the "**Company**"). Reference is made to the announcement of the Company dated 29 September 2016 (the "**Previous Announcement**"). Unless otherwise specified, capitalised terms used herein shall have the same meaning as defined in the Previous Announcement.

VERIFICATION OF THE UNIDENTIFIED MATTERS

In an attempt to verify the contents of the E-mail (the "**Unidentified Matters**") from Mr./Ms. Guan Xiaojia* ("**Mr./Ms. Guan**"), the Company inspected the following documents:-

1. three individual substantial shareholder notices received by the Company on 23 September 2016 (the "**First DI Notices**") alleging that such shareholders had acquired a total of 11.78% of the Company's issued share capital;
2. six individual substantial shareholder notices received by the Company on 30 September 2016 (the "**Second DI Notices**") alleging that such shareholders had acquired a total of 17.64% of the Company's issued share capital; and
3. shareholders account list dated 23 September and 30 September 2016 received from the Company's share registrar.

The Company noted that:-

1. neither the First DI Notices nor the Second DI Notices had included a copy of any written agreement, contract, document or other instrument or a written memorandum which records the terms or details of an agreement to which section 317 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") applies;

2. neither the First DI Notices nor the Second DI Notices had included the address or any contactable details for communication (the "**Contact Information**") of each filing shareholder as required;
3. as at 29 September 2016, that is at the time when Mr. /Mrs. Guan issued the email containing the Unidentified Matters, the members of the then purported consortium only consisted of three individual substantial shareholders who had filed the First DI Notices and according to the First DI Notices, these individual substantial shareholders together held less than 10% of the Company's issued share capital; and
4. none of the six individual substantial shareholders who had submitted the First DI Notices and Second DI Notices were, at all material times (including but not limited to 23 September 2016, 29 September 2016 and 30 September 2016), registered shareholders listed on the shareholders list of the Company.

INVESTIGATION UNDER SECTION 329 OF THE SECURITIES AND FUTURES ORDINANCE (THE "INVESTIGATION")

In order to verify the authenticity or accuracy of the Unidentified Matters and the identities of the six individual substantial shareholders who separately filed the First DI Notices and the Second DI Notices ("**Members of the Current Purported Consortium**", or singularly "**Member of the Current Purported Consortium**") and to clarify a possible disclosure of false or misleading information so as to avoid the creation of a false market in the Company's securities, the Company, on 11 October 2016, invoked the investigation power under section 329 of the SFO by appointing and authorising Wilkinson & Grist, an independent legal adviser (the "**Legal Adviser**"), to send notices (the "**Notices**", or singularly "**Notice**") to the persons listed below, i.e. (a) Mr./Ms. Guan; (b) the Members of the Current Purported Consortium; or (c) custodian banks or brokers (the "**Intermediaries**") that (i) appear on the Company's shareholders account list as at 30 September 2016; or (ii) the Company has reasonable cause to believe to be interested in its shares:-

(a) GUAN XIAOJIA*

(b) Members of the Current Purported Consortium

1. CHEN YINGJIU
2. KUAN HSIN HUEI
3. RUAN XIAOPING
4. WANG JIANJUN
5. YU BIN
6. ZHENG YAN

Notices to Mr./Ms. Guan and the Members of the Current Purported Consortium were issued on 11 October 2016. Mr./Ms. Guan and the Members of the Current Purported Consortium were requested to respond in writing on or before 5.00 p.m. on 18 October 2016. After obtaining from the Intermediaries the Contact Information of the Members of the Current Purported Consortium (other than Yu Bin and Zheng Yan), further Notices (the "**Second Notices**") to Mr./Ms. Guan and the Members of the Current Purported Consortium (other than Yu Bin and Zheng Yan) were issued on 19 October 2016 and 20 October 2016 respectively and they were requested to respond to the Second Notices in writing on or before 5.00 p.m. on

24 October 2016.

After obtaining from the Intermediaries further Contact Information of the Members of the Current Purported Consortium (other than Zheng Yan), further notices (the “**Third Notices**”) to Yu Bin, Ruan Xiaoping and Chen Yingjiu were issued on 25 October and 26 October 2016 respectively and they were requested to respond to the Third Notices in writing on or before 5:00p.m. on 28 October 2016.

(c) **Intermediaries**

8. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED
9. CHINA EVERBRIGHT SECURITIES (HK) LIMITED
10. KINGSTON SECURITIES LIMITED
11. BANK OF CHINA (HONG KONG) LIMITED
12. STANDARD CHARTERED BANK (HONG KONG) LIMITED
13. BUSINESS SECURITIES LIMITED
14. GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
15. UBS SECURITIES HONG KONG LIMITED
16. BOCI SECURITIES LTD.
17. HSBC BROKING SERVICES (ASIA) LIMITED
18. CHINA MERCHANTS SECURITIES (HK) CO. LTD.
19. HANG SENG SECURITIES LIMITED
20. HAITONG INTERNATIONAL SECURITIES COMPANY LTD.
21. ESSENCE INTERNATIONAL SECURITIES (HONG KONG) LIMITED
22. HANG SENG BANK LIMITED

Notices to Intermediaries, save and except for Hang Seng Bank Limited, were issued on 12 October 2016. Intermediaries, save and except for Hang Seng Bank Limited, were requested to respond in writing on or before 5.00 p.m. on 19 October 2016.

A Notice to Hang Seng Bank Limited was issued on 14 October 2016 and Hang Seng Bank Limited was requested to respond in writing on or before 5.00 p.m. on 21 October 2016.

Further Notices to Intermediaries who have not complied with the Investigation were issued on 19 October 2016 and 25 October 2016 and such Intermediaries were requested to respond to the further Notices in writing on or before 5.00 p.m. on 24 October 2016 or on or before 5:00 p.m. on 28 October 2016, respectively.

As at 28 October 2016 at 5p.m, apart from two Intermediaries, all the other thirteen Intermediaries have responded to the Notices.

RESULTS OF THE INVESTIGATION

On 12 October 2016, Mr./Ms. Guan acknowledged receipt of the Notice by e-mail but provided no response to the information requested in the Notice and indicated that he/she was not under an obligation to respond. Mr./Ms. Guan further purported to represent the Members of the Current Purported Consortium. Despite the Company or its Legal Adviser's repeated requests, Mr./Ms. Guan failed and has still failed to provide any proof of his/her authority to represent the Members of the Current Purported Consortium or any response to the Notice. Even after the provision of a letter of authorisation authorising the Legal Adviser to conduct the Investigation

to Mr./Ms. Guan in response to his/her request, Mr./Ms. Guan still refused to provide any proof of his/her authority to represent the Members of the Current Purported Consortium or any written response to the Notice.

During the period between 13 October 2016 and 26 October 2016, the Company received responses from thirteen Intermediaries in relation to the number of shares of the Company being held by them on behalf of their clients and the Contact Information of such clients, including six Members of the Current Purported Consortium.

As at the time of this announcement, all other Members of the Current Purported Consortium has not responded to the Investigation despite further notices were sent to their correspondence address and/or e-mail addresses. The Company has also not received any substantive reply from Mr./Ms. Guan responding to the Investigation.

Based on the information obtained to date, the Company noted that

1. neither Mr./Ms. Guan nor the Members of the Current Purported Consortium had presented to the Company a copy of any written agreement, contract, document or other instrument or a written memorandum which records the terms or details of an agreement to which section 317 of the SFO applies;
2. the information obtained by the Company from the Investigation against the Intermediaries to date does not correspond with the information disclosed in the E-mail and the Second DI Notices;
3. despite the Company's repeated requests, Mr./Ms. Guan and the Members of the Current Purported Consortium failed to cooperate with the Company in producing evidence as to whether the Members of the Current Purported Consortium had acted in concert or any agreement to which section 317 of the SFO applies;
4. the trading volume of the Company's shares had significantly increased since the Previous Announcement ;
5. At the second trading day subsequent to the Previous Announcement, Kuan Hsin Huei, a Member of the Current Purported Consortium, disposed of 265,280,000 shares of the Company on the market.

THE CONCLUSION OF THE INVESTIGATION AS AT 28 OCTOBER 2016

By reason of the matters referred in the preceding section entitled "Results of the Investigation" in this announcement, the Company has reasonable suspicion as to (i) the validity of the First DI Notices and the Second DI Notices; and (ii) the motives of Mr./Ms. Guan's bringing about the Unidentified Matters to the attention of the Company in the first place. The Company wishes to note that under section 384 of the SFO, any person who knowingly or recklessly provides any false or misleading information in a material particular filed with the Securities and Futures Commission or The Stock Exchange of Hong Kong Limited commits an offence and is liable to a fine and imprisonment.

As a result of the failure of Mr./Ms. Guan to respond to the Company's Notices as required under the SFO, the Company is unable to further assist Mr./Ms. Guan and/or the Members of

the Current Purported Consortium in the matters referred to in the E-mail. The Company believes that it has discharged all its obligation in responding to the requests of the Members of the Current Purported Consortium and no further action can be undertaken by reason of the failure of the Members of the Current Purported Consortium to cooperate with the Company and properly respond to the Investigation.

Please be reminded that shareholders are, under section 334 of the SFO, obliged to respond to and give information as required by the Notices within the time specified in such Notice, failure to comply with the Notice or providing false or misleading statements is an offence and is liable to a fine and imprisonment.

Pursuant to section 366 of the SFO, the Company reserves its rights to apply to the Court of First Instance for an order directing that the purported shares in question be subject to the restrictions under Division 12 of Part XV of the SFO.

The Company has fulfilled and will continue to fulfil its duty under section 330 of the SFO to inform the Securities and Futures Commission of Hong Kong and the Stock Exchange of Hong Kong Limited of any information the Company has received or receives during the Investigation process.

By Order of the Board

China Trends Holdings Limited

Xiang Xin

Chairman and Chief Executive Officer

Hong Kong, 28 October 2016

As at the date of this announcement, the executive Directors are Mr. Xiang Xin (Chairman) and Mr. Chan Cheong Yee; the independent non-executive Directors are Mr. Zhang Zhan Liang and Ms. An Jing and Mr. Chen Yicheng; Ms. Kung Ching is alternate director to Mr. Xiang Xin.

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.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

* *translation for identification purpose only*