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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)

**POSSIBLE VERY SUBSTANTIAL ACQUISITION
POSSIBLE VOLUNTARY GENERAL OFFER FOR
ALL THE ISSUED SHARES AND
OUTSTANDING SHARE OPTIONS OF
C Y FOUNDATION GROUP LIMITED
ANNOUNCEMENT PURSUANT TO
RULE 17.10 OF THE GEM LISTING RULES
ANNOUNCEMENT PURSUANT TO THE TAKEOVERS CODE**

Financial adviser to China Trends Holdings Limited



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED

卓亞(企業融資)有限公司

This announcement is made pursuant to Rule 17.10 of the GEM Listing Rules and the Takeovers Code.

The Company has, through Asian Capital (Corporate Finance) Limited, informed the board of directors of the Offeree that the Company is contemplating making the Possible Offer.

The Company is in the process of determining the terms and conditions of the Possible Offer. It has been contemplated that the making of the Possible Offer may constitute a very substantial acquisition of the Company under the GEM Listing Rules.

Further announcement in relation to the Possible Offer will be made by the Company to inform its shareholders and the investing public in compliance with the requirements of the GEM Listing Rules and the Takeovers Code.

This expression of interest may be terminated by the Company. Therefore, there is no assurance that the Possible Offer will materialize or eventually be consummated. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Offeree and the securities of the Company.

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”).

THE POSSIBLE OFFER

China Trends Holdings Limited, (the “**Company**”) has, through Asian Capital (Corporate Finance) Limited, informed the board of directors of C Y Foundation Group Limited (the “**Offeree**”), a company listed on the Main Board of the Stock Exchange, that the Company is contemplating making a voluntary securities exchange general offer for all the issued shares of the Offeree involving the issue of new shares of the Company (the “**Possible Offer**”). In the event that the Possible Offer is made, a separate offer will be made for all the outstanding share options of the Offeree.

The Company is in the process of determining the terms and conditions of the Possible Offer. It has been contemplated that the making of the Possible Offer may constitute a very substantial acquisition of the Company under the GEM Listing Rules and accordingly, the making of the Possible Offer will be subject to, among other things, the approval of shareholders of the Company in accordance with the requirements of the GEM Listing Rules.

The Company will commence discussion with the board of directors of the Offeree for the purpose of a due diligence exercise, if necessary. The Company may also approach the substantial shareholders of the Offeree in seeking commitment of acceptance of the Possible Offer.

Further announcement in relation to the Possible Offer will be made by the Company to inform its shareholders and the investing public in compliance with the requirements of the GEM Listing Rules and the Takeovers Code.

SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has a total of 6,635,001,932 ordinary shares of HK\$0.01 each (the “**Shares**”) in issue, convertible bonds due 2010 in the principal amount of HK\$505,596,736 after the conversion of convertible bonds in the principal amount of HK\$ HK\$89,403,264 into 2,416,304,432 Shares on 9 July 2010 and outstanding share options to subscribe for an aggregate of 82,352,941 Shares. Save for the convertible bonds and the share option, there were no other convertible securities or exchangeable of the Company outstanding.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive (as defined in the Takeovers Code) in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive (as defined in the Takeovers Code) with relevant information as to those dealings, including identities of clients, as part of that co-operation.

GENERAL

This expression of interest may be terminated by the Company. Therefore, there is no assurance that the Possible Offer will materialize or eventually be consummated. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Offeree and the securities of the Company.

By Order of the Board
China Trends Holdings Limited
Xiang Xin
Chairman

Hong Kong, 12 July 2010

As at the date of this announcement, the executive directors are Mr. Xiang Xin, Mr. Yang Gaocai, Mr. Wong Chak Keung and Mr. Law Gerald Edwin and the independent non-executive directors are Mr. Zhang Zhan Liang, Ms. Lu Yuhe and Mr. Kwok Chi Hung.

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 the 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.