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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)
(Warrant Code: 8015)

UPDATE ON JUDICIAL REVIEW

Reference is made to the announcements of **China Trends Holdings Limited** (the “**Company**”) dated 10 June 2019, 14 June 2019, 4 July 2019, 23 August 2019, 14 November 2019, 21 November 2019, 4 December 2019 and 10 March 2020 in relation to, inter alia, the decision of the Stock Exchange to suspend trading in the shares of the Company under Rule 9.04 of the GEM Listing Rules, the announcement of the Company dated 5 May 2020 in relation to the resumption guidance, the announcement of the Company dated 17 May 2020, 6 October 2020 and 8 December 2020 in relation to the application for leave to judicial review, and the announcements of the Company dated 10 June 2020, 12 June 2020, 10 September 2020 and 10 December 2020 in relation to the quarterly update of the Company (collectively, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

FILED A COURT OF APPEAL AGAINST THE JUDGEMENT OF JUDICIAL REVIEW HEARING

On 29 December 2020, the Company lodged an appeal (the “**Appeal**”, Appeal No. CACV 652/2020) against the Judgement of the Judicial Review in the High Court of Hong Kong according to Order 59 of the Rules of the High Court, Cap. 4A of the Laws of Hong Kong. The grounds for the Appeal include but not limited to:

Ground I: GEM Listing Review Committee’s Decision irrational and Wednesbury unreasonable; wrong test applied

The judge at the Court of First Instance (the “**Judge**”) and the Stock Exchange had essentially (and wrongly) applied the **amended** GEM Rule 17.26 (amendment effective from 1 October 2019 and not applicable to the present case).

The effective GEM Rule 17.26 when the Stock Exchange made its decision required: An issuer shall carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value. And the Characteristics of issuers which are unable to comply with rule 17.26 include: (i) financial difficulties to an extent which seriously impairs an issuer's ability to continue its business or which has led to the suspension of some or all of its operations; and/or (ii) issuers which have net liabilities as at their balance sheet date i.e. issuers whose liabilities exceed their assets” .

The Company has never experienced any one of the Characteristics of issuers which are unable to comply with rule 17.26 as said above.

Ground 2: Procedural unfairness, and inadequate reasons

The Judge erred in law in wrongly rejecting the Company’s complaint based on the GEM Listing Review Committee’s failure to give adequate and intelligible reasons, and on procedural unfairness.

The GEM Listing Review Committee failed to give adequate reasons while making Review Decisions, particularly when most part of paragraphs of the Review Decision dated 10 March 2020 by the GEM Listing Review Committee appear to be a verbatim copy of or copied from contents in a report dated 12 December 2019 done by the GEM Listing Department.

The Judge erred in procedure for not taking into account the following contents:

- (1) The GEM Listing Review Committee’s deviation from the relevant law, guidance and practice, namely their deviation from the effective GEM Rule 17.26 and their taking into account of something irrelevant to the GEM Rule 17.26.
- (2) The GEM Listing Review Committee’s failure to address the “comparable” argument raised by the Company before the GEM Listing Review Committee, although the Company specifically submitted that “the results of the Company for FY2019 outperformed 143 to 233 of the 385 GEM listed issuers.

In any event, the duty to give reasons is imposed to foster a desirable intellectual discipline and concentration on the relevant issues, to demonstrate that a tribunal has carried out its task properly, and to promote and enhance consistency in decision-making. This also enables a person adversely affected by a decision to know whether the decision-maker has addressed his grievance, and whether there may be any basis for challenging the decision.

The Judge ought to have held that the GEM Listing Review Committee failed to give adequate reasons, particularly as to:

- (1) Any material difference and/or changes in the financial positions of the Company since its business in 2009 justifying the Review Decision.
- (2) The relevant matters raised in Ground 1 hereinabove and submitted by the Company in the review hearing.
- (3) The Company's "comparable" argument stated hereinabove.
- (4) How the Company fell within the category of an extreme case under GEM Rule 17.26. The GEM Listing Review Committee needs to address the issue of whether the Company fell within the category of an extreme case under GEM Rule 17.26 in view of shareholders' interests (including a substantial shareholder which is a charitable organization, particularly in view of (a) the legitimate expectation engendered by the fact that the Exchange had not raised any issue in the past 10 years, especially when the track record period is only 3 years; and (b) the fact that the Company was not given a grace period of 12 months within which to comply with GEM Rule 17.26 before invoking GEM Rule 9.04 to suspend trading of the Company, as is given to other listed issuers in similar situation.

Ground 3: Any deference impermissible on matters of law

Ground 1 hereinabove concerns the correct approach to be adopted when applying GEM Rule 17.26, and ground 2 hereinabove concerns the duty to give reasons imposed by the law.

In the premises, any deference to the professional judgment of the GEM Listing Review Committee cannot be justified, as *"where no particular expertise is required to reach a conclusion of fact and that conclusion is challenged as being irrational, there is no reason to approach the matter in any different way from that generally applied in judicial review claims"*.

Further announcement will be made by the Company in this regard as and when appropriate.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares and warrants of the Company have been suspended since 9:00 a.m. on 11 March 2020 and will remain suspended until the Company fulfills the Resumption Guidance.

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

Hong Kong, 31 December 2020

*As at the date of this announcement, the executive Director of the Company is Mr. **Xiang Xin** (Chairman); the non-executive Director of the Company is Mr. **Chan Cheong Yee**; the independent non-executive Directors of the Company are Mr. **Wong Chung Kin**, **Quentin**, Ms. **Qin Han** and Mr. **Chen Yicheng**. Ms. **Kung Ching** is an alternate director to Mr. Xiang Xin.*

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumption that are fair and reasonable.

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.