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**CHINA TRENDS
HOLDINGS LIMITED**
中國趨勢控股有限公司
(於開曼群島註冊成立之有限公司)
(股份代號: 8171)



**CHINA INNOVATION
INVESTMENT LIMITED**
中國創新投資有限公司
(於開曼群島註冊成立之有限公司)
(股份代號: 1217)

UPDATE ABOUT FALSE NEWS REPORTS (20)

CHINA INNOVATION AND CHINA TRENDS ISSUED A JOINT SUPPLEMENTAL STATEMENT

Reference is made to the announcements (the “**Announcements**”) of **China Trends Holdings Limited** (the “**Company**”) about the false news reports dated 24 November 2019, 25 November 2019, 5 December 2019, 12 December 2019, 17 December 2019, 27 December 2019, 17 February 2020, 27 February 2020, 2 June 2020, 17 June 2020, 22 June 2020, 1 July 2020, 11 October 2020, 9 November 2020, 1 February 2021, 2 February 2021, 5 February 2021, 4 March 2021 and 8 April 2021. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to Rules 17.50B(2), 17.50(2)(r) and 17.50(2)(v) of the Listing Rules, at the request of the Stock Exchange, the Company supplement as follows:

On 8 April 2021, the Taiwan Taipei District Prosecutors Office (“**Taiwan Prosecutors**”) published a press release stating that Prosecutor **Bai Shengwen** commanded National Security Office of Bureau of Investigation under the Ministry of Justice to investigate the case in which Mr. **Xiang Xin** (“**Mr. Xiang**”) and Ms. **Kung Ching** (“**Ms. Kung**”) were suspected of violating the Money Laundering Control Act, and the investigation has been completed: Firstly, Mr. Xiang and Ms. Kung were prosecuted for violating the Money Laundering Control Act. Mr. Xiang was suspected of violating the Money Laundering Control Act Article 14 paragraph 1 and Article 2

paragraph 1, paragraph 2, and paragraph 3. Ms. Kung was suspected of violating the Money Laundering Control Act Article 14 paragraph 1 and Article 2 paragraph 3; Secondly, Mr. Xiang and Ms. Kung are still under the continuous investigation for being suspected violations of the National Security Law.

The criminal facts charged by Taiwan Prosecutors are: Firstly, it is alleged that Guotai Company paid HK\$60 million to a charity fund controlled by Mr. Xiang from its subsidiary, and obtained transaction of Mr. Xiang's private company to sell 1.2 billion shares of China Trends to a QDII fund set up with criminal proceeds by Guotai Company at a premium of 2.5 times of the market price; Secondly, it is alleged that Guotai Company transferred HK\$203 million into the HSBC bank accounts opened by China Innovation and China Trends, and then signed a contract with Mr. Xiang to invest in the subsidiaries of Guotai Company by China Innovation and China Trends to retrieve the money; Thirdly, it is alleged that Mr. Xiang and Ms. Kung jointly transferred the aforementioned HK\$203 million to their accounts at Fubon Bank in Taiwan for the purchase of three properties in Xinyi District, Taipei City and taxes. In view of the above, the Taiwan Prosecutors requested the court to confiscate the aforementioned three properties in accordance with the law.

On 9 April 2021, Mr. Xiang and Ms. Kung received a formal indictment from the Taipei prosecutors, the content of which was basically the same as the above Taiwan Prosecutor's press release.

Mr. Xiang and Ms. Kung strongly deny the above absurd and illogical allegations that contempt of all the regulations in Mainland China and Hong Kong and will appoint representative lawyers to make a strong defense in court.

Following the joint statement announced on 8 April 2021, China Innovation and China Trends further supplemented the statement as follows:

I. The content of the indictment by Taiwan Prosecutors was fabricated and filled with lies. It alleged that China Innovation, China Trends, Mr. Xiang and Ms. Kung participated in "money laundering" without any grounds and disregarded the financial and securities regulatory agencies of governments in Mainland China and Hong Kong. It was shocking and incredible;

II. Since restricting Mr. Xiang and Ms. Kung from departure on November 24, 2019, Taiwan Prosecutors always insisted on the grounds that Mr. Xiang and Ms. Kung were suspected of violating the National Security Law, whether it be the reasons for the extension of the restriction in the petition applied to the court, or when suspected that Mr. Xiang and Ms. Kung were convicted the so-called crimes during the investigation. However, from 19 February 2021 onwards, Mr. Xiang and Ms. Kung were accused of their involvement in the so-called money laundering crime, but the content of the indictment was fabricated. Such fabricating charges for retaining them in Taiwan have seriously violated human rights and violated procedural justice;

III. Taiwan Prosecutors have long been requesting the court to extend the restriction period against Mr. Xiang and Ms. Kung on the grounds that it needed to obtain mutual legal assistance from Australian Government. However, it has taken nearly one and a half year, where were the results of mutual legal assistance be? With the recent unfounded allegations of Mr. Xiang and Ms. Kung's money laundering crimes, the

so-called mutual legal assistance is even more ridiculous, because the actions of Mr. Xiang and Ms. Kung in Mainland China and Hong Kong have been completely legal. How can Taiwan Prosecutors obtain mutual legal assistance from the law enforcement department of Mainland China and Hong Kong?

IV. The most basic principle of criminal law is the principle of non-retroactivity. Since Mr. Xiang and Ms. Kung are alleged to have violated Article 2-1 and Article 5-1 of the National Security Law, but these two articles are new provisions of the amendment law effective on 5 July 2019, which has only been around for four months before Mr. Xiang and Ms. Kung's restriction from departure on 24 November 2019. During the period of the above two time points, Mr. Xiang and Ms. Kung only stayed in Taiwan for 16 days. It is puzzling and unacceptable that Taiwan Prosecutor hadn't provided any results after spent more than 500 days and even till now, and yet continued to claim "investigate" publicly;

V. The Taiwan Prosecutors alleged that Mr. Xiang and Ms. Kung are suspected of violating the Money Laundering Control Act that was implemented on 7 November 2018. However, Article 16 Item 4 of this Law clearly states that "if persons who are not punished by the law of the place where the specific crime was committed, it is not applicable." Mr. Xiang and Ms. Kung have never been "punished" at the location of the specific crimes alleged by Taiwan Prosecutors, and the indictment hasn't presented absolute evidence of the so-called specific crime proceeds. Therefore, this case is obviously a political case, and does not meet the requirements for prosecution;

VI. The purpose of the prosecution under the unproven and unfounded circumstances, as admitted by Taiwan Prosecutions in the media reported (<https://www.storm.mg/article/3597277>), is that they are still waiting further specific evidence from abroad that the so-called defendants were suspected of violating the National Security Law. Therefore, they could only apply to the court to continue restricting Mr. Xiang from departure with a money laundering case. Such practice seriously tramples on the legal system and trespasses human rights, and is obviously an illegal lawsuit;

VII. After the Guotai Company's case was exposed by the media on 6 April 2016, Mr. Xiang immediately reported the transactions to the Hong Kong Securities and Futures Commission and the Hong Kong Police Force. After investigation, the Hong Kong Securities and Futures Commission and the Hong Kong Police Force respectively issued written rulings of not acting in concert among Mr. Xiang, Ms. Kung and Guotai on 6 June 2016 and no criminal certificates to Mr. Xiang, Ms. Kung on 24 March 2017. The matters that Mr. Xiang and Ms. Kung invested and property purchases in Taiwan in January and May 2017, were also approved by the Ministry of Internal Affairs of Taiwan and the Central Bank of Taiwan, and were handled via appointed professional intermediaries, proxy agents, lawyers, and banks under normal procedures. How can the above be concealed or hidden?

VIII. China Innovation, China Trends, Mr. Xiang and Ms. Kung believe that these series of incidents are related to an anonymous threatening email received by Mr. Xiang on January 24, 2021. The forces behind the anonymous email sender, the reported persons of the Apple Daily etc., Wang Liqiang and the three Australian media companies may all be controlled by the same organization with profound political backgrounds. Their actions have obviously obstructed justice, discredited

military and political authorities of Mainland China, and constitute threats to Mr. Xiang and Ms. Kung's personal safety.

VIII. The above events shall be regarded as "Wang Liqiang Incident Version 2.0", and it should raise the following questions: could it be that the "China Communist Party Spy" uses "money laundering" to obtain funds? Could it be that it is scared that the funds of the "China Communist Party Spy" will be "robbed" by the China Communist Party government? Could it be that the "Chinese Communist Party Spy" washed the "communist zone" secure funds to the "enemy zone" in the form of real estate, waiting to be confiscated?

X. The board of directors of the Company fully believes that Mr. Xiang and Ms. Kung are innocent and that they were wrongfully accused of "spying" and "money laundering" due to political factors. What Mr. Xiang and Ms. Kung encountered was a political issue, not a legal issue, so it cannot be treated like common cases. Moreover, according to the law, a person being suspected cannot be considered guilty until a court verdict. At present, Mr. Xiang and Ms. Kung can go around freely and communicate freely in Taiwan but cannot return to Hong Kong to handle business on-sit.

In fact, because the Company has always operated as a team, Mr. Xiang can still direct the company's operations remotely. In the past one and half years, this mode of operation has been proved to be effective. Under the circumstance of pandemic, such mode has also become the general trend. After careful assessment, the board of directors of the Company believes that there is nothing wrong for Mr. Xiang's continuation to serve as the Company's executive director and chairman of the board of directors, and for Ms. Kung's continuation to serve as Mr. Xiang's alternate director. The relevant legal proceedings with a political background will not damage the character or integrity of Mr. Xiang and Ms. Kung.

Save as disclosed above, as of the date of this announcement, there are no other relevant matters to Mr. Xiang's continuation as directors and Ms. Kung continuation as alternate directors needs to be disclosed in accordance with Rules 17.50B(2), 17.50(2)(r) and 17.50(2)(v) of the Listing Rules. There is no problem Mr. Xiang and Ms. Kung's continuation to serve as director and alternate director of the Company, that needs to be brought to the attention of the Stock Exchange and the shareholders of the Company.

The Company will make further announcements with any material developments in this matter or in accordance with other requirements of the GEM Listing Rules.

At the request of the Company, trading of the shares of the Company have been suspended effective 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
Li Wancheng

Hong Kong, 11 April 2021

*As at the date of this announcement, the executive Director of the Company is Mr. **Xiang Xin** (Chairman), the non-executive Director is Mr. **Chan Cheong Yee**; the independent non-executive Directors 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 the “Latest Listed Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.8171.com.hk.