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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)

**COOPERATIVE FRAMEWORK AGREEMENT  
RELATING TO ACQUISITION OF CEM REWARD REDEMPTION PLATFORM  
WITH CAPACITY OF 10 MILLION SUBSCRIBERS AND RELATED ASSETS**

The Board announces that on 7 May 2010, the Company entered into the non-legally binding Cooperative Framework Agreement with the Vendor in relation to the Possible Acquisition.

The Target Assets (being the reward redemption platform with capacity of 10 million subscribers and related assets) are operated and managed by the Vendor.

**The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it will constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event any Formal Agreement has been signed.**

The Board announces that the Purchaser entered into the non-legally binding Cooperative Framework Agreement with the Vendor in relation to the Possible Acquisition.

## **COOPERATIVE FRAMEWORK AGREEMENT**

Date : 7 May 2010

Date : (i) the Company; and

(ii) the Vendor

To the best of Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

### **Major terms of the Cooperative Framework Agreement**

Pursuant to the Cooperative Framework Agreement, the major terms are below:-

1. It is proposed that the Company will acquire from the Vendor the Target Assets (being the reward redemption platform with capacity of 10 million subscribers and related assets), subject to the functional requirements of the Group associated with the business on contract for energy-saving management ("CEM"). Immediately following the signing of the Cooperative Framework Agreement, the Company shall arrange the appraisal of the Target Assets by a qualified valuer with the Vendor.
2. The consideration for the Possible Acquisition shall not be more than HK\$50 million and will be subject to the appraisal performed by the qualified valuer and further negotiations between the Company and the Vendor. The consideration may be settled by cash payment or by the Company to issue promissory or loan notes, consideration shares, convertible bonds and/or other financial instruments and the issue or conversion price of which shall be HK\$0.28 per share (subject to adjustment if Rights Issue is completed). The exact payment method will be subject to further negotiations between the Company and the Vendor.
3. Both the Company and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement within the period from the date of the Cooperative Framework Agreement up to 31 December 2010 (or on or before such later date to be agreed by the parties thereto).
4. It is also agreed that the Vendor will not, unless both parties agree to terminate the agreement in writing within the effective period of the Cooperative Framework Agreement, negotiate with any party other than the Company for the Possible Acquisition.

The Cooperative Framework Agreement does not constitute legally-binding commitment on the part of the Company in respect of the Possible Acquisition. The Possible Acquisition will be subject to the execution and completion of the Formal Agreement.

### **Target Assets**

The Target Assets (being the reward redemption platform with capacity of 10 million subscribers and related assets) are operated and managed by the Vendor, a PRC company established in 2008. The Vendor is an innovative e-commerce services company engaged in Internet e-business, information platform and trade services. The website held and managed by the Vendor is [www.lligo.com](http://www.lligo.com) ( 琅琅愛購網\*). By utilizing the Target Asset and Internet as advanced productivity tools, the Vendor provides Chinese enterprises to explore marketing services and community services at low cost effectively.

### **Reasons for the Possible Acquisition**

The Group is principally engaged in sales and marketing of information technology products and solutions. Further to the announcement of the Company dated 28 April 2010 in relation to the Rights Issue, the Company entered into the Cooperative Framework Agreement with the Vendor for the Possible Acquisition on 7 May 2010. The Group plans to develop the business of energy management contract as a move to enhance its competitiveness and strengthen in the distribution and marketing of information technology products and solutions especially in energy-saving digital products and solutions.

The Group is planning to provide energy-saving 3C electronics products and solutions to customers by mean of energy management contract under build-operate-transfer or BOT model and to promote them in different aspects of the society. According to the energy management contract to be made between the Group and the clients, it is a commercial operating model that the Group provides its clients with a set of energy saving services, project financing, engineering construction, and related services. The Group will realize its investment return and profit by sharing relevant percentage of the energy saving efficiency realised by the clients' energy saving measures.

With strong support from the PRC government to promote the implementation of energy management contract to facilitate the energy-saving service sector in the economy, the Group is expected that the energy management contract will be gradually well developed and competitive in the PRC market. In order to enhance its business development, the Group is also expected, through the Possible Acquisition, to further extend the business of CEM to e-commerce market. The energy saving efficiency realised by the clients under the energy management contract in total will be converted into reward redemption coupon as a gift to the clients. The clients could redeem their coupons in exchange for 3C or other household electronic

products in the e-commerce platform. It will enhance the competitiveness of the Group.

In the event that the Formal Agreement is entered into and expected to be concluded after the completion of the Rights Issue, the Directors consider that the Possible Acquisition represents the opportunity for the Group to extend the energy management contract to e-commerce business, and thus enhance the Group's revenue, continued development and competitiveness. Therefore, the Directors consider that the Possible Acquisition is in the interests of the Company and the Shareholders as a whole.

## **General**

This announcement is intended to set out the salient features of the Cooperative Framework Agreement. If the Formal Agreement is entered into, it is expected that the Possible Acquisition will constitute a notifiable transaction on the part of the Company pursuant to the GEM Listing Rules. In this regard, the Company will comply with the reporting, disclosure and/or shareholders' approval requirements under the GEM Listing Rules. Further announcement(s) will be made by the Company in respect of any material development on the possible transaction and actions which will be taken to comply with the disclosure and/or approval requirements under the GEM Listing Rules.

**The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

|                                   |                                                                                                                                                                                                            |
|-----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Board”                           | the board of Directors                                                                                                                                                                                     |
| “Company”                         | China Trends Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM                                                        |
| “Cooperative Framework Agreement” | the non-legally binding cooperative framework agreement dated 7 May 2010 entered into between the Company and the Vendor setting out the preliminary understanding in relation to the Possible Acquisition |
| “connected persons”               | has the meaning ascribed thereto in the GEM Listing Rules                                                                                                                                                  |

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Director(s)”                  | the director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Formal Agreement”             | the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition                                                                                                                                                                                                                                                                                                                                                                            |
| “GEM”                          | the Growth Enterprise Market of the Stock Exchange                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “GEM Listing Rules”            | the Rules Governing the Listing of Securities on GEM                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Group”                        | the Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive, management shareholders or substantial shareholders of the Company and its subsidiaries or any of their respective associates (as defined on the GEM Listing Rules) and are not connected persons of the Company |
| “PRC”                          | the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                                                                                                                                                                                                                |
| “Rights Issue”                 | Proposed rights issue of 3,374,958,000 rights Shares at the subscription of HK\$0.04 per rights Share on the basis of four rights Shares for every one Share held. For details, please refer to the announcement of the Company dated 28 April 2010.                                                                                                                                                                                                                                           |
| “Possible Acquisition”         | the possible acquisition by the Company from the Vendor of the Target Assets as contemplated in the Cooperative Framework Agreement                                                                                                                                                                                                                                                                                                                                                            |
| “Shareholder(s)”               | holder(s) of the Share(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Share(s)”                     | the ordinary shares of the Company of HK\$0.01 each in the share capital of the Company                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|                 |                                                                                       |
|-----------------|---------------------------------------------------------------------------------------|
| “Target Assets” | Reward redemption platform with capacity of 10 million subscribers and related assets |
| “Vendor”        | 深圳市諾普電子商務有限公司 (Shenzhen Nopo Electronic Commerce Co., Ltd.*)                          |
| “3C”            | Communication, communication and consumer electronics                                 |
| “HK\$”          | Hong Kong dollar, the lawful currency of Hong Kong                                    |

*\* For identification purpose only*

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

Hong Kong, 7 May 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 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 regard 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](http://www.8171.com.hk).*