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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)

VERY SUBSTANTIAL ACQUISITION;

CONNECTED TRANSACTION;

AND

RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

On 18 February 2009, the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Company has agreed to acquire and the Vendor has agreed to sell the Sale Share and the Sale Loan for a total consideration of HK\$600,000,000.

Pursuant to the MOU, the initial deposit of HK\$30,000,000 was paid within 14 Business Days from the date of signing of the MOU and the further deposit of HK\$10,000,000 was to be paid on the date to be mutually agreed by the Vendor and the Company. Pursuant to the third supplemental memorandum of understanding dated 20 September 2008, the total amount of the deposit was decreased from HK\$40,000,000 to HK\$5,000,000, the Vendor refunded HK\$25,000,000 to a nominee of the Company on 15 October 2008.

The aggregate consideration for the Sale Share and the Sale Loan shall be the sum of HK\$600,000,000 and shall be settled by the Company in the following manner: (a) HK\$5,000,000 has been paid in cash by the Company to the Vendor on the date of the MOU as the Deposit; and (b) HK\$595,000,000 shall be satisfied by the Company issuing the Convertible Bond to the Vendor, or its nominees, on Completion.

The Acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules. As Mr. Xiang's family member(s) (excluding Mr. Xiang) is/are the ultimate beneficiaries of Honour Sky, the Acquisition also constitutes a connected transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by way of poll. The Circular containing, among other matters, further details of the Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Acquisition and a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. Each of the Vendor, Honour Sky, Mr. Xiang and their respective associates is required to abstain from voting at the EGM to approve the Acquisition and the transactions contemplated thereunder due to their interests in the Acquisition.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 February 2009 pending the release of this announcement at the request of the Company. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 March 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 18 February 2009

Parties:

- (1) Purchaser : the Company
- (2) Vendor : Ocean Space Development Limited
- (3) Guarantor : Zhang Shao Cai, who guarantees in favour of the Company the due and punctual performance of the Vendor under the Sale and Purchase Agreement

The Vendor is principally engaged in investment holding. Pursuant to the Reorganisation, the entire share capital of China Net-PC Ltd. was acquired by the Vendor from Honour Sky and injected into the Target by the Vendor. The Prior Acquisition was completed on 30 November 2007. The consideration for the Prior Acquisition by the Vendor from Honour Sky of the entire share capital of China Net-PC Ltd. was HK\$490,670,000. As at the date of this announcement, the balance of the consideration in the amount of HK\$441,603,000 had not been settled. The material difference between the consideration for the Prior Acquisition and the Consideration was because the Target Group entered into the co-operation with CY Foundation in July 2008 which would have a positive effect on LED/LCD solution business and media business of the Target Group. For Further details in relation to such co-operation agreement, please refer to the section headed “Information of the Target Group” below.

Mr. Xiang is a director of China Net-PC Ltd., Boss Systems Limited, Protex (China), Boss Power Limited and Boss Education Limited, which are direct or indirect subsidiaries of the Target. There was no change in the role of Mr. Xiang in the Target Group before and after the Prior Acquisition. Except for the change of legal representative of Protex (China) Systems Limited from Mr. Lee Haeng Woo to Mr. Ling Jun in early July 2008, there was no change in the composition of the board of the members of the Target Group before and after the Prior Acquisition. The Vendor was not involved in the management of China Net-PC Ltd and its subsidiaries. Boss Power Limited and Protex (China) entered into the co-operation with CY Foundation in July 2008.

The principle subsidiary of the Target Group was Boss Systems Limited when the Company entered into the MOU. Boss Systems Limited entered into a cooperation agreement with independent third parties to form a joint venture to engage in door media business in November 2007. Due to the change in market circumstances, the parties to the joint venture agreed not to continue with such joint venture and such cooperation agreement was terminated in February 2008. The Target Group would change its principal business to LED/LCD solution business and media business upon completion of the Reorganisation.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has agreed to acquire and the Vendor has agreed to sell: (i) the Sale Share, representing the entire issued share capital of the Target as at the date of this announcement; and (ii) the Sale Loan, which amounts to approximately HK\$11,137,000 as at 30 September 2008.

Consideration

Pursuant to the MOU, the initial deposit of HK\$30,000,000 was paid within 14 Business Days from the date of signing of the MOU and the further deposit of HK\$10,000,000 was to be paid on the date to be mutually agreed by the Vendor and the Company. Pursuant to the third supplemental memorandum of understanding dated 20 September 2008, the total amount of the deposit was decreased from HK\$40,000,000 to HK\$5,000,000, the Vendor refunded HK\$25,000,000 to a nominee of the Company on 15 October 2008.

The Consideration for the sale and purchase of the Sale Share and Sale Loan shall be satisfied by the Company in the following manner:

- (a) HK\$5,000,000 has been paid in cash by the Company to the Vendor on the date of the MOU as the Deposit;
- (b) HK\$595,000,000 shall be satisfied by the Company issuing the Convertible Bond to the Vendor, or its nominees, on Completion.

The Consideration was determined with reference to discount of approximately 67.8% to the preliminary valuation on Protex (China) System Limited, indirect subsidiary of the Target by Vigers Appraisal & Consulting Limited, an independent valuer, as negotiated and determined between the Company and the Vendor. Based on such preliminary valuation, Protex (China) was valued at RMB1,646,625,000 (equivalent to approximately HK\$1,860,686,000). As the preliminary valuation was based on income approach and discounted cash flow method was adopted for valuation, there is a difference in the valuation amount of Protex (China) and the net asset value of the Target Group.

The Consideration for the Sale Share and the Sale Loan was agreed between the Vendor and the Company after arm's length negotiations after considering the preliminary valuation on Protex (China) by Vigers Appraisal & Consulting Limited. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In the event that Completion does not take place as a result of the sole default of the Company, the Vendor shall be entitled to retain the Deposit. In the event that Completion does not take place otherwise than as a result of the sole default of the Company, the Vendor shall forthwith refund to the Company the Deposit, without interest.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (b) all approvals, consents, authorisations and licenses (so far as necessary) required to be obtained on the part of the Vendor, the Company or the Guarantor in relation to the transactions contemplated under the Sale and Purchaser Agreement having been obtained;
- (c) the warranties provided by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all respects;
- (d) the completion of the Reorganisation;

- (e) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares; and
- (f) the passing by the Independent Shareholders at the EGM to be convened and held of an ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder, including (i) the issue of the Convertible Bond; and (ii) the issue of the Conversion Shares.

Conditions (a) and (c) are waivable by the Company under the Sale and Purchase Agreement. The Company has no current intention to waive such conditions. If the conditions have not been satisfied (or as the case may be, waived by the Company) on or before 30 June 2009, or such later date as the Vendor and the Company may agree, the Vendor shall forthwith refund the Deposit, without interest, to the Company and the Sale and Purchase Agreement shall cease and terminate, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

The Vendor intends to nominate Honour Sky or its nominees as the holder of a portion of the Convertible Bonds. The Vendor and Honour Sky intend to set off the consideration, in whole or in part, payable by the Vendor to Honour Sky for the acquisition of China Net-PC Ltd. against a portion of the Convertible Bond.

Completion

Completion shall take place at 4:00 p.m. on the third Business Day after the fulfilment (or waiver) of the conditions or such later date as may be agreed between the Vendor and the Company.

Upon Completion, the Target will become a direct wholly-owned subsidiary of the Company.

There is no current intention for the Vendor to nominate any Director to the Board.

TERMS OF CONVERTIBLE BOND

The terms of the Convertible Bond have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK\$595,000,000

Interest

The Convertible Bond carries no interest.

Maturity

A fixed term of three years commencing from the date of issue of the Convertible Bond. Unless previously converted or cancelled as provided in terms and conditions of the Convertible Bond on the Maturity Date.

Conversion

Provided that (i) any conversion of the Convertible Bond does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond (if applicable, including any Shares acquired by the parties acting in concert with the Bondholder(s)) represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares of the Company at any one time in compliance with the GEM Listing Rules, the Bondholder may convert in whole or part (in multiples of HK\$10,000,000 or if the aggregate outstanding principal amount is less than HK\$10,000,000, the entire outstanding amount of the Convertible Bond) of the principal amount of the Convertible Bond into the Conversion Shares at the Conversion Price for the period commencing the date of issue of the Convertible Bond up to the Maturity Date.

Conversion Price

Pursuant to the non-legally binding MOU, the conversion price for each Share under the Convertible Bond was HK\$0.35. Due to the substantial decrease in the market price of the Shares from the date of the MOU to the date of the Sale and Purchase Agreement, after arms length negotiation, the parties agreed that the Conversion Price is to be HK\$0.125 subject to adjustments.

The adjustments for Conversion Price include the following:

- (a) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (b) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (c) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (d) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (e) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities; and
- (f) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue.

The Company will issue an announcement when there is any adjustment to the Conversion Price and the adjustment will be certified by the Company's auditor or by the merchant bank.

The Conversion Price represents (i) equal to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on 18 February 2009, being the date of the Sale and Purchase Agreement; (ii) a premium of approximately 15.31% over the average of the closing prices of approximately HK\$0.1084 per Share for the last five consecutive trading days up to and including 18 February 2009, being the date of the Sale and Purchase Agreement; and (iii) a discount of approximately 11.35% to the adjusted net asset value per Share of HK\$0.141 based on the unaudited consolidated financial statements of the Group as of 30 June 2008 and the placing of new shares completed on 21 January 2009.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to various factors including the closing prices of the Shares as set out above and the duration of the Convertible Bond. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bond at the Conversion Price by the Bondholder, the Company will issue an aggregate of 4,760,000,000 new Shares, representing (i) approximately 676.39% of the existing issued share capital of the Company; and (ii) approximately 87.12% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the EGM.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all existing Shares in issue at the date of the allotment and issue of the Conversion Shares.

Status of the Convertible Bond

The Convertible Bond constitute a direct, general, unconditional and unsecured obligation of the Company and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

Transferability

The Bondholder may only assign or transfer the Convertible Bond to the transferee subject to the prior consent of the Company.

Lockup period of the Conversion Shares

The Conversion Shares may not, within the period commencing on the date of the allotment and issue of such Conversion Shares and ending on the date falling six months after such date, be transfer or otherwise dispose of or create any encumbrance or other rights in respect of such Conversion Shares or any interests therein in respect of such Conversion Shares.

Voting rights

The Convertible Bond does not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Bond. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares assuming full conversion of the Convertible Bond.

CHANGES IN SHAREHOLDING STRUCTURE ARISING FROM THE ACQUISITION

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and before Completion; and (ii) immediately after Completion and the allotment and issue of the Conversion Shares:

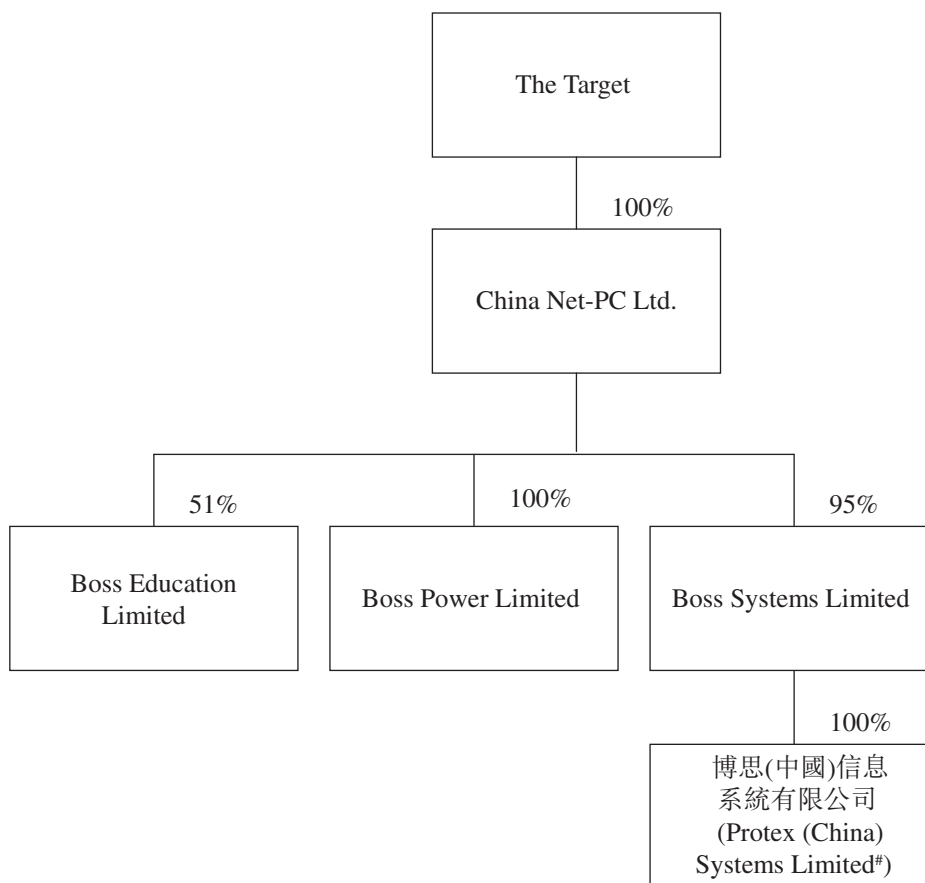
	As at the date of this announcement		Immediate after the allotment and issue of the Conversion Shares	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Shareholders				
Lo Wai Chi	100,240,000	14.24	100,240,000	1.83
Jo Wo Seob	81,200,000	11.54	81,200,000	1.49
The Vendor and/or its nominees (<i>Note</i>)	–	–	4,760,000,000	87.12
Public Shareholders				
Pretty Profit Enterprises Ltd.	60,000,000	8.53	60,000,000	1.10
Korea Technology Investment Corporation	37,000,000	5.26	37,000,000	0.68
Other public Shareholders	<u>425,299,500</u>	<u>60.43</u>	<u>425,299,500</u>	<u>7.78</u>
Total public Shareholders	<u>522,299,500</u>	<u>74.22</u>	<u>522,299,500</u>	<u>9.56</u>
Total:	<u><u>703,739,500</u></u>	<u><u>100.00</u></u>	<u><u>5,463,739,500</u></u>	<u><u>100.00</u></u>

Note: For illustration purpose only. As the Vendor or successors of the Bondholders individually will not directly or indirectly control or be interested in Shares of 30% or more in the Company pursuant to the terms of the Sale and Purchase Agreement.

INFORMATION ON THE TARGET GROUP

The Target was incorporated in the British Virgin Islands on 6 July 2007. The Target is principally engaged in investment holding and does not have any other operation apart from investment holding. The Target Group is principally engaged in the LED/LCD solution business and media business, including relating promotion entity, operation entity, technical support entity and retail entity.

Upon completion of the Reorganisation, the group structure of the Target Group will be as follows:



The core products of the Target Group are LED LCD-NC and LED LCD TV+NC, which are based on the Target Group's innovation of embedding CNP-NC and LED into LCD and integrating it with computer operating system and other software. Its target clients are planned to be internet cafés, education centres, hotels and enterprises. LED LCD TV+NC is designed for hotels and will function as both a TV set and a computer. LED LCD-NC is designed for internet cafés, education centres and enterprises; it functions as a computer.

The terminal subscriber needs to enter into a 10-year contract with the Target Group and the fee is on a monthly basis. The Target Group is also planning to offer advertisement service at the terminal. The advertisement will show on the 1/4 of the screen of each terminal and will refresh every 6 seconds. The advertisement will be sent by CMMB or GPRS. The advertiser can choose the number of terminal and the area in which the terminals located for the advertisement to be sent to. The Target Group will charge the advertiser RMB0.05 per 6 second per terminal.

The above mentioned terminal has not been launch yet.

The Target Group has also entered into a co-operation agreement with CY Foundation in July 2008 prior to the entering into of the Sale and Purchase Agreement. The parties have agreed to develop a computer games competition in the 30,000 internet cafés operated by CY Foundation. The Target Group will provide LED LCD-NC to the internet cafés and the CY Foundation will provide the computer software. Profits from the use of the LED LCD-NC in the internet cafés will be shared between the parties.

According to the unaudited consolidated management accounts of the Target Group prepared under the Hong Kong accounting standard, for the year ended 31 March 2007, the net loss for the continuing operations before and after taxation was approximately HK\$10,105,000 and HK\$10,121,000 respectively. The net liability of the Target Group were approximately HK\$8,392,000 as at 31 March 2007.

According to the unaudited consolidated management accounts of the Target Group prepared under the Hong Kong accounting standard, for the year ended 31 March 2008, the net loss before and after taxation was approximately HK\$16,451,000. The net liability of the Target Group were approximately HK\$15,329,000 as at 31 March 2008.

REASONS FOR THE PROPOSED ACQUISITION

The Group is principally engaged in sales and marketing of mobile phone appliance and the relevant parts solution in Mainland China market. In view of the intense competition and falling profit margin, the Company is actively seeking opportunities to broaden the revenue base of the Group.

The Group is of the view that the potential business development in optoelectronic industry is one of the key commercial applications in PRC, the Group therefore considers that optoelectronic industry, in particular the LED product markets may provide great potential to generate significant returns and strengthen the income stream for the Group.

Also, according to the statistics compiled by the National Bureau of Statistics of the PRC, the household consumption in the PRC increased significantly, representing a compound annual growth rate, indicating significant potential of the PRC's media and advertising market. Based on a research on the PRC's media and advertising sector, the PRC is one of the fastest growing media markets in the world with total advertising spending growing at a compound annual growth rate. It is expected that due to the hosting of the World Expo in Shanghai in 2010, media and advertising spending will grow even more rapidly. In view of the Target Group's business model by providing advertisement services through advertisement agency services in the platform of internet cafés, education centres, hotels and enterprises in the PRC, the Directors consider that the Acquisition will be a strategic move of the Group and provide a good opportunity for the Group to expand into the booming media and advertisement publication business in the PRC.

The Directors consider that the Acquisition represents a good opportunity for the Group to expand into the optoelectronic, media and advertisement publication business in the PRC. Accordingly, the Directors consider that the terms and conditions of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company under the GEM Listing Rules. As Mr. Xiang's family member(s) (excluding Mr. Xiang) is/are the ultimate beneficiaries of Honour Sky, the Acquisition also constitutes a connected transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Independent Shareholders at the EGM by way of poll. The Circular containing, among other matters, further details of the Acquisition, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Acquisition and a notice to convene the EGM will be despatched to the Shareholders in compliance with the GEM Listing Rules.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM to be taken by way of a poll. Each of the Vendor, Honour Sky, Mr. Xiang and their respective associates is required to abstain from voting at the EGM to approve the Acquisition and the transactions contemplated thereunder due to their interests in the Acquisition.

The Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 17.16 of the GEM Listing Rules, the Stock Exchange reserves its rights to require the Company to either change its trading method or to proceed with a consolidation of the Shares when the market price of the Shares approaches the extremity of HK\$0.01. As set out in the letter from the Stock Exchange to the Company in relation to the listing approval dated 16 January 2009, the Stock Exchange will not consider granting an approval for listing of any future fund raising by the Company if the Shares are trading towards the extremity of HK\$0.01, which the Stock Exchange considers to be any trading price of less than HK\$0.10.

The closing price of the Shares remained below HK\$0.10 after 16 January 2009, except the last three trading days prior to the date of this announcement. In the event that the closing price of the Shares remains below HK\$0.10 for any five consecutive trading days after the date of this announcement, the Company will carry out a consolidation of the Shares as soon as practicably, such that the price of the Shares will exceed HK\$0.10 after the consolidation of the Shares.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 19 February 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 16 March 2009.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Share and the Sale Loan by the Company as contemplated under the Sale and Purchase Agreement
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Bondholder”	holder of the Convertible Bond
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Circular”	the circular of the Company containing, among other things, information as regards to the Acquisition together with a notice convening the EGM to be despatched to Shareholders
“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
“Completion”	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration of HK\$600,000,000 payable by the Company to the Vendor for the Acquisition and to be satisfied in the manner as described in this announcement
“Conversion Price”	the initial conversion price of HK\$0.125 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bond
“Conversion Shares”	new Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bond
“Convertible Bond”	the convertible bond in the agreed form in the principal amount of HK\$595,000,000 with no interest, to be issued by the Company in favour of the Vendor, or its nominees, at Completion

“CY Foundation”	C Y Foundation Group Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Deposit”	the deposit in the amount of HK\$5,000,000 paid in cash by the Company to the Vendor
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder, including (i) the issue of the Convertible Bond; and (ii) the issue of the Conversion Shares
“GEM”	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
“Guarantor”	Zhang Shao Cai, the sole director and shareholder of the Vendor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honour Sky”	Honour Sky International Limited, a company incorporated in the British Virgin Islands with limited liability and Mr. Xiang is the sole director of the company and Mr. Xiang’s family member(s) (excluding Mr. Xiang) is/are the ultimate beneficiaries of such company
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition
“Independent Shareholders”	Shareholders other than the Vendor, Honour Sky, Mr. Xiang and their respective associates
“Maturity Date”	the date falling three years after the date of issue of the Convertible Bond, being the date on which the Convertible Bond matures
“MOU”	the non-legally binding memorandum of understanding entered into between the Company and the Vendor on 18 December 2007 in relation to the Acquisition

“Mr. Xiang”	Xiang Xin, an executive Director
“PRC”	the People’s Republic of China
“Prior Acquisition”	the acquisition of the entire share capital of China Net-PC Ltd. by the Vendor from Honour Sky
“Protex China”	博思(中國)信息系統有限公司 (Protex (China) Systems Limited#), a company established in the PRC
“Registrar”	Tricor Abacus Limited, the branch share registrar of the Company in Hong Kong
“Reorganisation”	the reorganisation of the Target Group to be conducted prior to Completion, upon completion of which the Target will directly hold the entire issued share capital of China Net-PC Ltd. and will indirectly hold (i) 95% of the entire issued share capital of Boss Systems Limited, (ii) 100% of the entire issued share capital of Boss Power Limited, (iii) 100% of the registered and paid up capital of capital of Protex China; and (iv) 51% of the entire issued share capital of Boss Education Limited. Mr. Xiang Xin, the executive director of the Company, is also the director of all the subsidiaries of the Target
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 18 February 2009 entered into between the Company, the Vendor and the Guarantor in relation to the sale and purchase of the Sale Share and the Sale Loan
“Sale Share”	one ordinary share of US\$1.00 in the issued share capital of the Target, representing the entire issued share capital of the Target
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion which as at 30 September 2008, amounted to approximately HK\$11,137,000
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	collectively Ms. Lo Wai Chi and Mr. Jo Wo Seob

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target”	Legend Century Investments Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Vendor
“Target Group”	the Target, China Net-PC Ltd., Boss Systems Limited, Boss Power Limited, Protex (China) and Boss Education Limited or where the context so requires in respect of the period before the Target became the holding company of its present subsidiaries, the present subsidiaries of the Target
“Vendor”	Ocean Space Development Limited, a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

For the purpose of this announcement, conversion of HK\$ into RMB is calculated at the approximate exchange rate of HK\$1.13 to RMB1.00. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

By order of the Board
China Trends Holdings Limited
Siu Pang
Chairman

Hong Kong, 13 March 2009

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

As at the date of this announcement, the executive Directors are Mr. Siu Pang, Mr. Xiang Xin, Mr. Im Kai Chuen Stephen, Mr. Wong Chak Keung and Mr. Cho Hui Jae and the independent non-executive Directors are Mr. Leung Wing Kin, Mr. Zhang Zhan Liang and Mr. Zhang Jun.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM Listing Rules 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.