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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 DISTRIBUTION AND REDEMPTION PLATFORM
FOR ELETRONIC PRODUCTS**

The Board announces that on 14 May 2010 (after the trading hour), the Company entered into the non-legally binding Cooperative Framework Agreement with the Target in relation to the Possible Acquisition.

The Target is incorporated in Hong Kong and, through Guangdong Yu Tone upon completion of Restructuring, will own a commercial shop with more than 10,000 square meters in Guangzhou commercial district engaging in the distribution and redemption platform for electronic products.

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 Company entered into the non-legally binding Cooperative Framework Agreement with the Target in relation to the Possible Acquisition.

COOPERATIVE FRAMEWORK AGREEMENT

Date : 14 May 2010 (after the trading hour)

Date : (i) the Company; and
(ii) the Target

To the best of Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Target 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 all the issued share capital of the Target and become the sole shareholder of the Target with the conditions precedent that, among other things, (a) the Target will acquire and restructure the entire equity interest of 廣東譽通置業有限公司 (Guangdong Yu Tone Development Limited* "Guangdong Yu Tone")(the "Restructuring"), (ii) the Target will change the company name of Guangdong Yu Tone and be responsible for the decoration work of the commercial shop being held by Guangdong Yu Tone to meet the functional requirements of the Group associated with the business on contract for energy-saving management ("CEM"), and (c) the key management of the Target and Guangdong Yu Tone will not resign within a reasonable period of time after the Restructuring
2. The consideration for the Possible Acquisition will be subject to the appraisal on the assets of the Target performed by the qualified valuer and further negotiations between the Company and the shareholder(s) of the Target. 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 shareholder(s) of the Target.
3. Both the Company and the shareholder(s) of the Target will proceed to the negotiation for a legally-binding Formal Agreement within six months from the date of the Cooperative Framework Agreement (or on or before such later date to be agreed by the parties thereto).

4. It is also agreed that the Target 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 and major assets

The Target is incorporated in Hong Kong and, through Guangdong upon completion of Restructuring, will own a commercial shop with more than 10,000 square meters in Guangzhou commercial district engaging in the distribution and redemption platform and central treasury for electronic products. The key management of the Target and Guangdong Yu Tone has the excellent experience in the management and distribution of electronic products.

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, and the cooperative framework agreement for a possible acquisition of reward redemption platform with capacity of 10 million subscribers on 7 May 2010, the Group plans to develop the business of energy management contract (CEM) 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. The energy management contract to be made between the Group and the clients will be normally for five years and 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 by providing energy-saving electronic products like desktop computers. 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 not only extends its business to online e-commerce market, the Group is also expected, through this Possible Acquisition , to further extend the distribution and redemption platform for electronic products.

Guangdong Yu Tone owns a commercial shop with more than 10,000 square meters in Guangzhou commercial district. The excellent experience in the management and distribution of electronic products and this business operation model of Guangdong Yu Tone could be applied to different major cities of the PRC to extend the further development on the business for the contract on energy management by the Group. It will enhance the competitiveness of the Group. 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 14 May 2010 entered into between the Company and the Target 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 of the Target by the Company from the shareholder(s) of the Target 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”	Yu Tone Industrial Investment Limited, a company incorporated in Hong Kong
“Target”	Yu Tone Industrial Limited
“3C”	Computer, 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, 14 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.