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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 ADVERTISEMENT BROADCASTING PLATFORM  
WITH CAPACITY OF NOT LESS THAN 10 MILLION SUBSCRIBERS**

The Board announces that on 28 May 2010 (after the trading hour), 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 advertisement broadcasting platform making use of internet and 3C as the media and terminal with capacity of not less than 10 million subscribers) 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 Company entered into the non-legally binding Cooperative Framework Agreement with the Vendor in relation to the Possible Acquisition.

## **COOPERATIVE FRAMEWORK AGREEMENT**

Date : 28 May 2010 (after the trading hour)

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 with the conditions precedent that, among other things, (a) the appraisal of the Target Assets with the capacity of not less than 10 million subscribers be carried out by a qualified valuer with valuation not less than HK\$160,000,000; (b) the Target Assets will meet the functional and advertisement broadcasting requirements of the Group in associated with the business on contract for energy-saving management; and (c) the Company proposes to incorporate a wholly-owned or non-wholly owned subsidiary to be named as "Boss Media (China) Company Limited" or other recognized company name with authorized capital not less than HK\$230,000,000 as approved by the PRC government. The Target Assets being injected as to 70% capital contribution of the PRC subsidiary will also be approved by the PRC government.
2. The consideration for the Possible Acquisition will be subject to the appraisal on the assets of the Vendor 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 twelve 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 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 advertisement broadcasting platform making use of internet and 3C as the media and terminal with capacity of 10 million subscribers) are operated and managed by the Vendor.. The advertisement broadcasting platform held by the Vendor supports the capacity of not less than 10 million subscribers to effectively transmit promotion messages to targeted audience.

### **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 Group entered into the Cooperative Framework Agreement with the Vendor for the Possible Acquisition on 28 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 CEM 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 gaining 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 CEM will be gradually well developed and competitive in the PRC market. In order to enhance its business development, the Group further extends its CEM business to advertisement broadcasting platform. 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 28 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 and circular of the Company dated 28 April 2010 and 26 May 2010 respectively
“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”	Advertisement broadcasting platform making use of internet and 3C as the media and terminal with capacity of not less than 10 million subscribers
“Vendor”	Joy China Group Limited, a BVI company
“3C”	Computer, communication and consumer electronics
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

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

Hong Kong, 28 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).*