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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)

DISCLOSEABLE TRANSACTION
PROJECT COOPERATIVE AGREEMENT
REGARDING ONLINE EDUCATION PLATFORM,
VIDEO PRODUCTION PLATFORM,
REWARD REDEMPTION PLATFORM AND
ADVERTISEMENT BROADCASTING PLATFORM
AND
TERMINATION OF COOPERATIVE FRAMEWORK AGREEMENTS

PROJECT COOPERATIVE AGREEMENT

The Board is pleased to announce that, on 9 November 2010 (after trading hours), the Board approved the Project Cooperative Agreement, pursuant to which Protex China and the Cooperative Partner agreed to commence exclusive cooperation on the joint construction and operation of online education platform, video production platform, reward redemption platform and advertisement broadcasting platform, which was entered into between Protex China and the Cooperative Partner.

Since the total financial commitments of the Group under the Project Cooperative Agreement exceeds 5% but is less than 25% under the applicable percentage ratio under the GEM Listing Rules, the Project Cooperative Agreement constitutes a discloseable transaction and accordingly is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

TERMINATION OF COOPERATIVE FRAMEWORK AGREEMENTS

References are made to the announcements of the Company dated 7 May 2010, 14 May 2010 and 28 May 2010 respectively regarding three cooperative framework agreements. Given that the business features of the four platforms under the Project Cooperative Agreement are sufficient to support the energy management contract business of the Group, the Board hereby announced that the three cooperative framework agreements would not be proceeded.

PROJECT COOPERATIVE AGREEMENT

Parties

- (1) Protex China; and
- (2) the Cooperative Partner

To the best of Directors' knowledge, information and belief and having made all reasonable enquiries, the Cooperative Partner and its ultimate beneficial owners are Independent Third Parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) and are not connected persons (as defined in the GEM Listing Rules) of the Company.

Before entering into of the Project Cooperative Agreement, on 3 June 2010, the Company and the Cooperative Partner also entered into a cooperative framework agreement in respect of the provision of energy-saving computers and project related solutions for establishing multi-media education institutes/theatres from the Group to the Cooperative Partner by means of energy management contract.

CONDITIONS PRECEDENT

The Project Cooperative Agreement shall take effect upon the conditions precedent of the following:

- (1) Within three months from the date of signing of the Project Cooperative Agreement, Protex China and the Cooperative Partner shall commence trial cooperation and be mutually satisfied with the initial cooperative operating model; and
- (2) The Project Cooperative Agreement shall be approved by the Board of the Company.

On 7 July 2010, Protex China and the Cooperative Partner entered into the conditional Project Cooperative Agreement. After the 3-month trial cooperation and planning, Protex China and the Cooperative Partner were satisfied with the initial cooperative operating model. On 9 November 2010 (after trading hours), the Board of the Company approved the Project Cooperative Agreement, pursuant to which Protex China and the Cooperative Partner agreed to commence exclusive cooperation on the joint construction and operation of online education platform, video production platform, reward redemption platform and advertisement broadcasting platform, which was entered into between Protex China and the Cooperative Partner.

Major terms of the Project Cooperative Agreement

- (1) Protex China shall provide the design proposal and funding for construction of the four platforms to the Cooperative Partner whereby the funding for construction shall include but not limited to software, server and working capital. The estimated funding required for each platform is RMB10 million with a maximum budget of RMB40 million in total, to be injected in phases according to the construction progress of the four platforms;

- (2) The Cooperative Partner shall, within a reasonable period, change the company name to 博思夢想文化傳播有限公司 or other names as authorized by Protex China;
- (3) The Cooperative Partner shall construct and operate the four platforms according to the design proposal provided by Protex China;
- (4) Any utilisation of the funding for construction by the Cooperative Partner shall be approved by the authorised person designated by Protex China and executed under the seal by the financial officer of the Cooperative Partner appointed by Protex China and shall be accounted for separately;
- (5) Any profit before tax derived from the operation of the four platforms by the Cooperative Partner shall be used for the settlement of the funding for construction provided by Protex China. Upon the full settlement of the funding for construction, 50% of the gross profit derived from the operation of the four platforms by the Cooperative Partner shall be paid to Protex China as technology service fee and management consultancy fee;
- (6) Within one month from the date on which the Project Cooperative Agreement takes effect, Protex China shall provide the Cooperative Partner with the initial funding for construction of RMB10 million, whereas the remaining balance shall be injected in phases according to the construction progress of the four platforms; and
- (7) The Project Cooperative Agreement shall be valid for a term of 10 years from its effective date.

Information about the Cooperative Partner and four platforms

The Cooperative Partner is a company incorporated in the PRC with limited liability. The Cooperative Partner has or possesses the qualifications required for the operation of the following four platforms, including the qualifications for the provision of training and relevant online education issued by the Ministry of Education of the PRC, the operating permit for TV programme broadcasting and production; and the operating permit for telecom and information services business which is under application.

The main purpose of the Project Cooperative Agreement is to commence exclusive cooperation in the joint construction and operation of the online education platform, video production platform, reward redemption platform and advertisement broadcasting platform between Protex China and the Cooperative Partner.

The description of the basic functions of the above four platforms are as follows:

- 1) Online education platform: provide LAN-based video on demand for education where the entire platform system can accommodate 10 million users at a time;
- 2) Video production platform: provide content and resources support functions for video production where the entire platform system can accommodate 10 million users at a time;

- 3) Reward redemption platform: provide redemption functions for 3C electronic products using rewards or rewards plus cash system where the entire platform system can accommodate 10 million users at a time;
- 4) Advertisement broadcasting platform: provide electronic terminal-based precise advertisement broadcasting functions where the entire platform system can accommodate 10 million users.

Reasons for entering into the Project Cooperative Agreement

With strong support from the PRC government to promote the implementation of the energy management contract project to facilitate the energy-saving service sector in the economy and the improved living quality, the Group intends to extend the energy management contract business to different levels through the cooperation. Protex China is one of the subsidiaries of the Company in the PRC engaging in low carbon services product by means of contract energy management which is subject to the support of online education platform, video production platform, reward redemption platform and advertisement broadcasting platform. As the construction and operation of the online education platform, video production platform, reward redemption platform and advertisement broadcasting platform require the relevant recognised qualifications granted by the relevant government authorities in the PRC, the Group has decided to commence the exclusive cooperation with the Cooperative Partner on the above four platforms in order to accelerate the application for construction and better align with the progress of the contract energy management business.

The Group is planning to provide energy-saving 3C electronics products and solutions to customers by means 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. The Group will realize its investment return and profit by tariff savings realised by the clients during the contract period. Meanwhile, the clients may also gain redemption rewards including the tariff savings during the contract period at the redemption ratio of 1:1 where trendy and energy-saving 3C electronic products can be redeemed through the reward redemption platform with such redemption rewards, thus further strengthening the competitiveness of the Group's CEM business.

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 expects that CEM will be gradually well developed and competitive in the PRC market. In order to enhance its business development and competitiveness, the Group intends to jointly develop with Grand Business in the areas of online education platform, video production platform, reward redemption platform and advertisement broadcasting platform through the Cooperation so as to further supplement the development of CEM business. The Directors consider that the Cooperation is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER GEM LISTING RULES

Since the total financial commitments of the Group under the Project Cooperative Agreement exceeds 5% but is less than 25% under the applicable percentage ratio under the GEM Listing Rules, the Project Cooperative Agreement constitutes a discloseable transaction and accordingly is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

TERMINATION OF COOPERATIVE FRAMEWORK AGREEMENTS

References are made to the announcement of the Company dated 7 May 2010 regarding the cooperative framework agreement relating to the acquisition of CEM reward redemption platform and related assets; the announcement of the Company dated 14 May 2010 regarding the cooperative framework agreement relating to the acquisition of distribution and redemption platform for electronic products; and the announcement of the Company dated 28 May 2010 regarding the cooperative framework agreement relating to the acquisition of advertisement broadcasting platform respectively. Given that the Group and the Cooperative Partner agreed to commence exclusive cooperation in the joint construction and operation of the online education platform, video production platform, reward redemption platform and advertisement broadcasting platform, and the business features of the four platforms under the Project Cooperative Agreement are sufficient to support the energy management contract business of the Group, the Board hereby announced that the three cooperative framework agreements would not be proceeded.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“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 of the Stock Exchange
“Cooperative Partner”	博大偉業(北京)教育文化發展有限公司 (transliterated Grand Business (Beijing) Educational and Cultural Development Company Limited) and currently renamed as 博思夢想文化傳播有限公司 (transliterated Boss Dream Cultural Communication Company Limited), a company incorporated in the PRC with limited liability
“Directors”	the directors of the Company, including the independent non-executive directors

“four platforms”	the online education platform, video production platform, reward redemption platform and advertisement broadcasting platform
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, any third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project Cooperative Agreement”	the conditional project cooperative agreement entered into between Protex China and the Cooperative Partner on 7 July 2010, pursuant to which both parties agreed to commence exclusive cooperation on the joint construction and operation of online education platform, video production platform, reward redemption platform and advertisement broadcasting platform
“Protex China”	博思 (中國) 信息系統有限公司 (transliterated Protex (China) Systems Limited) and currently renamed as 博思夢想 (中國) 有限公司 (transliterated Boss (China) Systems Limited), one of the subsidiaries of the Company in the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“3C”

Computer, communication and consumer electronics

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

Hong Kong, 9 November 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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.