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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)

**ENTERED INTO AN OFFICIAL COOPERATIVE AGREEMENT OF
"INTERACTIVE TV SHOPPING PLATFORM" AND PROPOSED
ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE**

Reference is made to the announcement made by the Company on 10 December 2013 and 9 April 2014, 11 April 2014, 11 August 2014 and 28 April 2015 in relation to the plan of the Company to create the "One World" free mobile internet.

The Board is pleased to announce that the Company, Boss China, Boss Culture and Youshi Interactive entered into the official Cooperative Agreement in relation to the "Interactive TV shopping platform" business on 14 May 2015 (after trading hours).

After Youshi Interactive has transferred the Object Business to Boss Culture, Boss China and Boss Culture expect the Object Business will generate revenue in form of PFP and CPM. Meanwhile the Company proposes to issue the Convertible Bond to Youshi Interactive under general mandate as an incentive in proportion to (i) the number of machine installed with interactive generated TV shopping platform software and (ii) the expected average net profit generated from non-membership mode of Object Business for future three years.

The Convertible Bond proposed to be issued at the conversion price of HK\$0.06 per Conversion Share will be allotted and issued at a maximum number of 466,666,667 Conversion Shares, which is an amount of HK\$28,000,000 Convertible Bond. The Conversion Shares will be allotted and issued under the general mandate.

The Conversion Shares represent approximately 7.03% of the issued share capital of the Company as at the date of this announcement and approximately 6.57% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares upon full exercise of the conversion rights attaching to the Convertible Bond.

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Cooperative Agreement and the proposed issue of Convertible Bond exceed 5% but less than 25%, the corresponding transaction constitute a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

To avoid Shareholders and potential investors any misunderstanding, the publication of this announcement does not mean that the Convertible Bond has been or will be issued in a short period of time. The issuance of the Convertible Bond requires the effective of the Cooperative Agreement and conditions for issuance of the Convertible Bond satisfied. Accordingly, the issuance of the Convertible Bond may or may not proceed. The issuance of the Convertible Bond will be no earlier than 1 July 2016 if it may proceed.

Completion of the cooperation is subject to the fulfilment of the conditions precedent under the Cooperative Agreement. Accordingly, the cooperation may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

This announcement is made by the Company pursuant to Rule 17.10(2) of the GEM Listing Rules and Inside Information Provisions under Part XIVA of the Securities and Future Ordinance.

Reference is made to the announcement (the “**Announcements**”) made by the Company on 10 December 2013 and 9 April 2014, 11 April 2014, 11 August 2014 and 28 April 2015 in relation to the plan of the Company to create the “One World” free mobile internet. The Board is pleased to announce that the Company, Boss China, Boss Culture and Youshi Interactive entered into an official cooperative agreement (“**Cooperative Agreement**”) in relation to the "Interactive TV shopping platform" business (“**Object Business**”) on 14 May 2015 (after trading hours). Definitions and terms used in this announcement, unless the context requires otherwise, shall bear the same meanings as defined in the Announcements.

MAIN CONTENT OF THE COOPERATIVE AGREEMENT

COOPERATIVE PARTIES PROFILE

China Trends Holdings Limited (“the Company”), a company incorporated under the laws of the Cayman Islands and its shares are listed on the GEM board of the Stock Exchange. (stock code: 8171).

Boss Dream (China) Limited (“Boss China”), a subsidiary owned as to 99% by the Company, a PRC incorporated company registered as sino-foreign joint venture company.

Boss Dream Culture Communication Limited (“Boss Culture”), a PRC incorporated company registered as limited liability company. (To the best knowledge of the Directors, Boss Culture is independent from the Company or its subsidiaries,)

Shenzhen Youshi Interactive Information Technology Co. (“Youshi Interactive”) is a high-tech company engaged in product development and integration of telecommunications networks, cable TV networks and the Internet (tri-networks integration) and owns an "Interactive TV shopping platform".

BUSINESS TRANSFER

1. Youshi Interactive will transfer all the Object Business and all corresponding interest to Boss Culture, among others, including:
 - a) all the interest of the current domain name (www.sofagou.com) of the Object Business to Boss Culture;
 - b) the rights and obligations of all existing installed machine contracts. Boss Culture will renew the installed machine contracts under the consent of corresponding signed parties;
 - c) the patent of existing software of the Object Business to Boss Culture; and
 - d) the corresponding hardware equipment and assets as shown in an assets list (“**Assets List**”).
2. Youshi Interactive should actively cooperate with Boss Culture regarding the work of transfer. Youshi Interactive promises and guarantees the corresponding business transfer, records and registration with the relevant Chinese regulatory authorities such as related administrative permission, business license etc. of the Object Business are

completed and remains effective after the transfer.

3. Boss Culture will pay Youshi Interactive a sum of RMB400,000 upon the completion of provision 1 and 2 under the paragraph headed **BUSINESS TRANSFER** of this announcement.

BUSINESS COOPERATION

1. Boss China promises to provide Boss Culture all the technology, service and facilities as required by the Object Business;
2. Youshi Interactive will render the required distribute management and operating staff to Boss China in order to provide all-rounded supporting and operating maintenance service for the Object Business. Those staff as set out in the staff list (“**Staff List**”) has promised to maintain their employment contract in Youshi Interactive for coming three years and Mr. Ma will issue a letter of guarantee (“**Letter of Guarantee**”) to Boss China accordingly;
3. Boss China should provide Youshi Interactive a total sum of HK\$2,000,000 or equivalent RMB as earnest money within 7 working days after signing of the Cooperative Agreement. Boss China will also pay Youshi Interactive RMB100,000 per month before the last working day of each month as service fee starting from 1 July 2015 (or after the completion of the provisions under the paragraph headed **BUSINESS TRANSFER** of this announcement or whichever is later) ;
4. Youshi Interactive will assign Mr. Ma as chief project officer of Boss China and Boss China will pay Mr. Ma a sum of RMB1 per month as consultancy fee. Youshi Interactive agrees to appoint Mr. Ma to act as an authorized representative to receive the Convertible Bond issued by the Company to Youshi Interactive by reference to the provision stated under the paragraph headed **EXPECTED REVENUE** of this announcement.

EXPECTED REVENUE

1. Two types of expected revenue can be generated from the Object Business to Boss Culture and Boss China are as follows:
 - a) Object Business CPM (Cost per mille) revenue, Boss Culture will generate revenue through advertisement (based on the number of advertisement shown and calculated on cost per thousand) shown on the Object Business platform
 - b) Object Business PFP (Pay-For-Performance) revenue, Boss China will generate revenue through profit sharing on realization of sales of products through the Object Business platform. Such revenue includes revenue from membership mode and non-membership mode, that:
 - Membership mode is a new business mode as requested by Boss China;

- Non-membership mode is the existing business mode of the Object Business.
2. The Company, Boss China and Boss Culture agree that, Boss China will provide Youshi Interactive an incentive in proportion to (i) the number of machine installed with interactive TV shopping platform software (APP) of the Object Business and (ii) the expected average net profit arising from non-membership mode for the coming three years (based on the 6x PE ratio as consideration), as consideration for Boss China to obtain the expected revenue from non-membership mode of the Object Business:

a) Quantity of installed machine

During the three years period from 1 July 2015 to 30 June 2018, the Company will issue, on behalf of Boss China, the Convertible Bond with a value of HK\$1,000,000 to Mr. Ma. as an incentive for meeting a target of every 10,000,000 new installed machines for every year ended 30 June. The incentive was capped at a maximum value of 60,000,000 new installed machines for the coming three years, which corresponding capped at maximum of HK\$6,000,000 Convertible Bond to be issued by the Company for three years (capped at maximum of HK\$2,000,000 Convertible Bond for every year).

Number of installed machines of the Object Business is based on number of smart TV with the installation of the interactive TV shopping platform software (APP) sold in PRC.

b) Average net profit

During the period from 1 July 2015 to 30 June 2018 (for three years period), the Company will issue corresponding amount of Convertible Bond for separate three years by reference to the realized net profit arising from non-membership mode of the Object Business for each of the three years period.

- The Company will issue to Mr. Ma certain amount of HK\$2A ten thousand Convertible Bond for every HK\$A ten thousand audited realised net profit after tax from non-membership mode for the preceding year end;
- In case of making loss from the non-membership mode of the Object business after audited, the Company does not require to pay Mr. Ma any Convertible Bond and the amount of loss will be deducted from the audited net profit after tax for the next year end when calculating the issuance of the Convertible Bond and accumulated afterwards.

The consideration for acquiring the expected revenue in this provision will not exceed a total amount of HK\$22,000,000 of Convertible Bond.

3. The total amount of the Convertible Bond issued under the two ways of issuance set out in provision 2 under this paragraph will not exceed HK\$28,000,000.
4. With the consent from all parties, the audited report issued by the authorized accounting firm would be the final basis for determining the operating financial

position of the Object Business for each of the future three years period.

5. If the Convertible Bond issued by the Company, on behalf of Boss China, was unable to convert under conversion conditions set out in provision 4 under the paragraph headed **MAIN TERMS OF CONVERTIBLE BOND** of this announcement within the prescribed time period as set out in provision 2 under paragraph headed **MAIN TERMS OF CONVERTIBLE BOND** of this announcement, the Company will utilise those actual amount of profit arising from both non-membership mode and membership mode of the Object Business to redeem those not yet converted Convertible Bond.

PRECEDENT CONDITIONS

1. The effectiveness and fulfillment of the Cooperative Agreement is based on the followings precedent conditions satisfied:
 - a) Youshi Interactive to transfer Boss Culture the signed Assets List and to issue Boss China the signed Staff List and Letter of Guarantee;
 - b) Any underlying issue on the Cooperative Agreement to be satisfied by the Listing Committee of the Stock;
 - c) As regards to the Cooperative Agreement and corresponding transactions, the Company to obtain all agreement, permission and approval from the regulatory authority which and remaining in force and effect.

MAIN TERMS OF CONVERTIBLE BOND

1. The amount of Convertible Bond is set out in provision 2 under the paragraph headed **EXPECTED REVENUE** of this announcement, carries no interest and Youshi Interactive and it authorize representative, Mr. Ma, is unable to request the issuer to redeem the Convertible Bond by cash;
2. The maturity date of the Convertible Bond is by reference to a business day after three years from the issuance of the Convertible Bond by the Company to Mr. Ma;
3. The conversion price of the Convertible Bond is determined in the framework agreement as HK\$0.06 per Share;
4. Beside with the approval from the Listing Committee of the Stock Exchange, the closing price of the Share of the Company at the date of conversion must exceed HK\$0.10 per Share and the average closing price of the Shares of the Company for the last ten consecutive trading days up to the date of conversion must also exceed HK\$0.10 per Share;

5. Youshi Interactive must exercise the conversion rights attached to the Convertible Bond once the conditions set out in provision 4 under this section are satisfied.

CONVERSION PRICE OF CONVERTIBLE BOND

1. The conversion price of HK\$0.06 per Conversion Share represents:
 - a) A premium of 1.67% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange on the date of this announcement;
 - b) A premium of approximately 1.67% to the average closing price of approximately HK\$0.059 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of this announcement; and
 - c) A discount of approximately 1.67% to the average closing price of approximately HK\$0.061 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of this announcement;
2. The conversion price was determined after arm's length negotiations between the Company and all cooperative parties with reference to the prevailing market price of the Shares and the financial position of the Company.
3. Assuming full exercise of the conversion rights attaching to the Convertible Bond at the conversion price of HK\$0.06 per Conversion Share, the Company will allot and issue 466,666,667 Conversion Shares, representing approximately 7.03% of the existing issued share capital of the Company and approximately 6.57% of the issued share capital of the Company as enlarged by the allotment of the Conversion Shares.
4. The above are the major terms of the Convertible Bond and detailed terms and corresponding disclosure will be separately announced when the Convertible Bond is issued.

As certain applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Cooperative Agreement and proposed issue of Convertible Bond exceed 5% but less than 25%, the corresponding transactions constitute a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

To avoid Shareholders and potential investors any misunderstanding, the publication of

this announcement does not mean that the Convertible Bond has been or will be issued in a short period of time. The issuance of the Convertible Bond requires the effective of the Cooperative Agreement and conditions for issuance of the Convertible Bond satisfied. Accordingly, the issuance of the Convertible Bond may or may not proceed. The issuance of the Convertible Bond will be no earlier than 1 July 2016 if it may proceed.

Completion of the cooperation is subject to fulfilment of the conditions precedent under the Cooperative Agreement. Accordingly, the cooperation may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	The Board of Directors of the Company
“Boss China”	Boss Dream (China) Limited, a subsidiary owned as to 99% by the Company, a PRC incorporated company registered as sino-foreign joint venture company.
“Boss Culture”	Boss Dream Culture Communication Limited, a PRC incorporated company registered as limited liability company.
“Business day”	Business day of the Bank in Hong Kong that operate except Saturday, Sunday and public holiday
“China Trends”	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
“Conversion Share”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible

Bond

“Convertible Bond”	the Convertible Bond which carries no interest, proposed to be issued by the Company to Mr. Ma, a authorized representative of Youshi Interactive, by reference to the Cooperative Agreement, the amount of the Convertible Bond was set out in provision 2 under paragraph headed EXPECTED REVENUE of this announcement, for three years from the date of issue
“Directors”	the directors of the Company, including independent non-executive directors
“Framework Agreement”	a framework agreement entered between the Company and Youshi Interactive on 28 April 2015 and publish on the Stock Exchange on the same day
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mr. Ma”	Mr. Ma Qinghu, the major shareholder or at the authorized representative of Youshi Interactive. The person authorized by Youshi Interactive to receive the Convertible Bond issued by the Company
““One World” free mobile internet”	connect to the internet not solely in the form of fixed line but including using satellite network. Detail definition was by reference to the Announcement.
“Youshi Interactive”	Shenzhen Youshi Interactive Information Technology Co.

“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
“Shareholders”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
China Trends Holdings Limited
Xiang Xin
Chairman and Chief Executive Officer

Hong Kong, 14 May 2015

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Liang Xiaojin, and Ms. Zhong Keying; the non-executive Director is Mr. Sun Kuan Chi; the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. An Jing and Mr. Chen Yicheng and Mr. Kwai Sze Kit. Ms. Kung Ching is an alternate director to Mr. Xiang Xin and Mr. Chen Banyan is an alternate director to Mr. Liang Xiaojin.

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.