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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)

UPDATES ON USE OF PROCEEDS FROM RIGHTS ISSUE

References are made to (i) the announcement of the China Trends Holdings Limited (the “Company”) dated 28 April 2010 (the “Rights Issue Announcement”) in relation to, among other things, the rights issue on the basis of four rights shares for every one share held on the record date (the “Rights Issue”); (ii) the circular (the “Circular”) of the Company dated 26 May 2010 in relation to, among other things, the Rights Issue; (iii) the prospectus of the Company dated 15 June 2010 in relation to, among other things, the Rights Issue, and (iv) the announcement of the Company dated 6 July 2010 in relation to, among other things, the results of the Rights Issue. Capitalised terms used in this announcement shall have the same meanings as those defined in the Rights Issue Announcement unless otherwise specified herein.

The Rights Issue became unconditional at 4:00 p.m. on 6 July 2010. The Company has raised the net proceeds of approximately HK\$132 million from the Rights Issue (the “Rights Issue Proceeds”). It was stated in the Rights Issue Announcement that the Company intended to use part of the net proceeds as to approximately HK\$100 million for the development of the Group’s energy management contract business and the balance of approximately HK\$32 million as general working capital of the Group.

The Directors wish to inform the Shareholders that the Company has spent approximately HK\$24,600,000 out of the Rights Issue Proceeds as general working capital of the Group including repayment of an amount due to a director in the amount of approximately HK\$19,700,000 and net operating expenses in the amount of approximately HK\$4,900,000. In addition, as stated in the Circular of the Company, the Group plans to develop the business of energy management contract as a move to enhance its competitiveness and strengthen in the distribution and marketing of information technology products and solutions. The Group is planning to provide energy-saving 3C 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 in the PRC.

As stated in the announcement of the Company dated 7 January 2011 in relation to the acquisition (the "Acquisition") of the entire issued share capital of Full Smart Asia Limited (the "Target"), the Target and its subsidiaries will apply its low carbon energy technology solutions through the cooperation with construction developer(s) in their construction project(s) for low carbon commercial building(s), low carbon tourism centre(s), low carbon exhibition centre(s) and low carbon healthcare centre(s). It involves the application of energy-saving building technologies and system integration to reduce the energy consumption in the building. According to the sale and purchase agreement dated 7 January 2010 (the "Sale and Purchase Agreement") signed between the Company and the vendor (the "Vendor"), HK\$11,400,000 shall be payable in cash by the Company to the Vendor within 14 business days from the date of signing of the Sale and Purchase Agreement as interest-free refundable deposit (the "Deposit"). The Directors have considered alternative means of financing the Deposit, including arrangement of new bank loans. In view of the recent operating performance of the Company, the Directors believe that taking on new bank borrowings would be impracticable. The Board of Directors believes that the Acquisition represents a good opportunity for the Group to extend the energy management contract business to low carbon construction sector. Accordingly, the Company would allocate HK\$11,400,000 out of the Rights Issue Proceeds as the Deposit for the Acquisition which is considered to be in line with the purpose of the Rights Issue.

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

Hong Kong, 26 January 2011

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Yang Gaocai, Mr. Wong Chak Keung, Mr. Law Gerald Edwin and Ms. Lu Yuhe and the independent non-executive Directors are Mr. Zhang Zhan Liang 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.