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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)

**“SMART CITY” PROJECT
COOPERATION FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 20 August 2012 (after trading hours), Boss China (a subsidiary of the Company) and Knowhow Software entered into a cooperation framework agreement. Cooperate to acquire or construct not less than 100 “Smart City” regional companies in PRC within ten years that closely fits the requirements of the development of IT Internet industry issued by the national ministries. Cooperate to build a new model of urban development at main cities, “Smart City”, with numerous partners.

COOPERATION FRAMEWORK AGREEMENT

Date: 20 August 2012 (after trading hours)

Parties: (1) Boss China (a subsidiary of the Company)
(2) Knowhow Software

PRINCIPLE TERMS

1. Under the arrangement of Knowhow Software, Boss China is responsible for acquire or construct not less than 100 “Smart City” regional companies by investment which use to be

the marketing and service centre of each of the “Smart City”. The required total investment, 51% will be bear by Boss China, and the remaining 49% will be bear by the local investors invited by Knowhow Software.

2. Knowhow Software is responsible for business integration, providing business proposal, establishing individual, corporate and city new services platform to build new cities that allows the cities to achieve “intelligent”.
3. Authorized by Boss China, Knowhow Software is responsible for promoting and managing “Smart City” regional companies throughout the region in PRC, and provides technical support for the regional companies. Knowhow Software will charge 10% income from the regional companies as the management fee.
4. The “business plan” shall prevail the progress of the cooperation projects under the agreement.
5. Each of the signing parties would responsible for other costs and expenses (including legal costs) incurred by themselves due to the preparation, negotiation, signing and all related or incidental to the completion of cooperation.
6. This agreement shall take effect from the date of the parties signed, valid for a period of not less than 20 years.

REASONS FOR ENTERING INTO THE COOPERATION FRAMEWORK AGREEMENT

With strong support from the PRC government to promote the implementation of the energy performance contracting (EPC) to facilitate the energy-saving service sector in the economy, coupled with current information technology has been fully integrated into daily life, the application of internet technology plays an important role in the economic society, therefore the Group hopes that through the cooperation framework agreement will speed up the development of EPC business.

Boss China is a subsidiary of the Company listed on the GEM of the Stock Exchange of Hong Kong. The core of business is to promote application solutions of energy saving in digital products.

Knowhow Software is a high-tech enterprise which is currently engaging in the business of

network applications and value-added services. It will incorporate 知也管理(中國)有限公司 (transliterated Knowhow Management (China) Limited) in PRC. Adhering to the belief of “customer first”, Knowhow Software provides outstanding business value-added services. Through closely fits the requirements of the development of IT internet industry issued by the national ministries, design and build a new model of urban development at main cities, “Smart City”, with assistances by numerous partners.

The Group provides energy-saving terminal products and related solutions to customers by mean of energy performance contracting (EPC) to realize its investment returns. Both parties planned to cooperate to acquire or construct not less than 100 “Smart City” regional companies in PRC within ten years that closely fits the requirements of the development of IT Internet industry issued by the national ministries. Cooperate to build a new model of urban development at main cities, “Smart City”, with numerous partners, in order to accelerate the progress of the Group’s EPC business. The Directors consider that the cooperation event is in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION

All the terms and conditions of the formal agreement are subject to further negotiations between the parties, or may not lead to the entering into of the formal agreement. According to the GEM Listing Rules, in the event that the transactions contemplated under the formal agreement materialize, the Company will make further announcement in relation to the details of the transactions contemplated under the formal agreement as and when required by the GEM Listing Rules. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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
“Boss China”	博思夢想(中國)有限公司 (transliterated Boss (China) Systems Limited), a subsidiary of the Company. The registered capital is RMB 200 millions, total investment is RMB 400 millions. The core business is to promote application solutions of energy saving in digital products.

“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
“Directors”	the directors of the Company, including the independent non-executive directors
“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
“Knowhow Software”	Knowhow Software (HK) Limited, a high-tech enterprise which is currently engaging in the business of network applications and value-added services. It will incorporate 知也管理(中國)有限公司 (transliterated Knowhow Management (China) Limited) in PRC. Adhering to the belief of “customer first”, Knowhow Software provides outstanding business value-added services. Through closely fits the requirements of the development of IT internet industry issued by the national ministries, design and build a new model of urban development at main cities, “Smart City”, with assistances by numerous partners.
“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
“RMB”	Renminbi, the lawful currency of 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

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

Hong Kong, 20 August 2012

As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Liang Xiaojin and Mr. Chen Banyan; and the independent non-executive Directors are Mr. Zhang Zhan Liang, Ms. An Jing and Mr. Chen Yicheng.

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.