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ABC COMMUNICATIONS (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 30)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE ACQUISITION OF GOLD SMELTING AND REFINERY BUSINESSES IN THE PRC AND RESUMPTION OF TRADING

Financial adviser to the Company

AsiaVest Partners

AsiaVest Partners Limited

Reference is made to the Company's announcement dated 5 October 2009.

The Board is pleased to announce that on 12 October 2009, the Company, Global Force (a wholly owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement (as supplemented by a supplemental agreement dated 11 January 2010) pursuant to which Global Force will acquire the entire issued share capital and all shareholders' loans as at Completion of the Target Company (excluding the Excluded Assets) from the Vendor for a total consideration of HK\$380,000,000, of which a refundable cash deposit of HK\$130,000,000 is payable on or before 1 February 2010, HK\$50,000,000 is payable in cash on Completion and HK\$200,000,000 will be satisfied by the allotment and issue of 50,000,000 Consideration Shares at the issue price of HK\$4.00 per Consideration Share.

Under the Acquisition Agreement, the Vendor grants the Call Option to Global Force at the consideration of HK\$1.00 which if exercised, will require the Vendor to sell the Shandong Mining Rights to Global Force for a total consideration of HK\$500,000,000 (subject to scaling down), which will be satisfied by the issue of the Convertible Bond bearing conversion rights to convert its principal amount to Conversion Shares at the conversion price of HK\$4.00 per Conversion Share. The Call Option can be exercised any time by Global Force between signing of the Acquisition Agreement and 12 months after completion of the Proposed Acquisition. If and when the Board resolves to exercise the Call Option, the Company will re-comply with the requirements of the Listing Rules.

The total assets of the Target Group (excluding the Excluded Assets) exceed 100% of the total assets of the Group. Accordingly, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to shareholders' approval at a special general meeting of the Company. A circular containing, amongst other things, further details of the Acquisition Agreement, the accountants' report on the Target Group (excluding the Excluded Assets), pro forma financial information of the Group as enlarged by the Target Group (excluding the Excluded Assets), and a notice of the special general meeting will be dispatched to Shareholders within 21 days after publication of this announcement.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not proceed to Completion. Shareholders and investors should exercise caution in dealing with the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 12 October 2009 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 11 February 2010.

Reference is made to the Company's announcement dated 5 October 2009.

The Board is pleased to announce that on 12 October 2009, the Company, Global Force (a wholly owned subsidiary of the Company) and the Vendor entered into the Acquisition Agreement (as supplemented by a supplemental agreement dated 11 January 2010) pursuant to which Global Force will acquire the entire issued share capital and all shareholders' loans of the Target Company (excluding the Excluded Assets) from the Vendor for a total consideration of HK\$380,000,000, of which a refundable cash deposit of HK\$130,000,000 is payable on or before 1 February 2010, HK\$50,000,000 is payable in cash on Completion and HK\$200,000,000 will be satisfied by the allotment and issue of 50,000,000 Consideration Shares at the issue price of HK\$4.00 per Consideration Share.

ACQUISITION AGREEMENT

Date

12 October 2009 (as supplemented by a supplemental agreement dated 11 January 2010)

Parties

- (1) The Company
- (2) Global Force (a wholly owned subsidiary of the Company)
- (3) The Vendor

Based on the best knowledge of the Directors, the Vendor is a China citizen with businesses in building materials, trading, property investments, and investments in natural resources projects in China. To the best knowledge of the Directors after making all reasonable enquiries, (a) each of the Vendor, Best Ground Group Limited and its ultimate beneficial owners is a third party independent of the Company and its connected persons; (b) Best Ground Group Limited, Zijin Mining Group Co Limited's subsidiary, acquired 70% equity interest in China Gold from three BVI companies, namely Gold Rich International Mining Inc., Sonic International Investment Inc., and German Kingston Financial Investment Inc. in 2006. Each of these three companies and Zijin Mining Group Co Limited are third parties independent of the Company and its connected persons; (c) the Vendor has no agreement or understanding, whether formal or informal, to actively cooperate with any substantial shareholder of the Company (including Asian Gold Dragon Limited, Rising Step Holdings Limited and their respective ultimate beneficial owners) to obtain or consolidate control of the Company through the acquisition by any of them of voting rights of the Company.

The Vendor and the representative of Marigold Time (Mr. Xia) were introduced to Mr. Chen Jiasong, an executive director of the Company, by a PRC lawyer Mr. Guo back in late September 2009. Mr. Guo is a personal acquaintance of Mr. Chen, and has never acted for Mr. Chen or the Company as legal adviser before. To the best knowledge of the Directors after making all reasonable enquiries, Mr. Guo and Mr. Xia are third parties independent of the Company and its connected persons.

Subject matter

Pursuant to the Acquisition Agreement, Global Force will acquire the entire issued share capital and all shareholders' loans as at Completion of the Target Company (excluding the Excluded Assets) from the Vendor. Based on the management account information provided by the Vendor, the shareholder's loan of the Target Company as at 31 October 2009 amounted to approximately HK\$39,933,800.

Information on the Target Company

The Target Company is a company incorporated in the British Virgin Islands with limited liability. According to the information provided by the Vendor, the Target Company owns 100% equity interest in Marigold Time.

Under the China Gold Acquisition, Marigold Time is in the process of acquiring 70% equity interest in China Gold from Best Ground Group Limited, a wholly owned subsidiary of Zijin Mining Group Co., Ltd.. China Gold's only asset is 50.05% equity interest in a jointly-controlled entity, Guoda Gold. Guoda Gold is principally engaged in gold smelting and refinery businesses in Shandong Province, the PRC.

Shandong Mining Rights

Guoda Gold, directly and through two of its 80%-owned subsidiaries, holds the Shandong Mining Rights, which are exploration permits covering total mining areas of not less than 120 sq.km., all of which are situated in Zhaoyuan City, Shandong Province, the PRC. Under the Framework Agreement entered into between Global Force and the Vendor on 2 October 2009, it was originally contemplated that the acquisition of the Target Company would include the Shandong Mining Rights.

Following further negotiations between Global Force and the Vendor after 2 October 2009, it was mutually agreed that the Shandong Mining Rights are excluded from the Proposed Acquisition. Instead, Global Force was granted the Call Option under the Acquisition Agreement to acquire the Shandong Mining Rights during the period between signing of the Acquisition Agreement and 12 months after completion of the Proposed Acquisition. Please refer to the paragraph headed “CALL OPTION” in this announcement for details. The decision of the Company to exclude the Shandong Mining Rights and to cover them by way of the Call Option was arrived at so that extra time can be allowed to conduct and complete the due diligence exercise on the Shandong Mining Rights.

Based on the preliminary survey reports provided by the Vendor, the mines associated with the Shandong Mining Rights has indicated gold reserve of about 80 tonnes. The Target Company will conduct further geological surveys on the mining area associated with the Shandong Mining Rights and will allow Global Force to appoint an independent qualified mineral technical adviser to prepare a technical report on the Shandong Mining Rights in accordance with Chapter 18 of the Listing Rules. The Company will continue with the due diligence work on the Shandong Mining Rights as soon as practicable before deciding whether to exercise the Call Option. If and when the Board resolves to exercise the Call Option, the Company will make further announcement to disclose the details of the Shandong Mining Rights and the Mining Acquisition, and re-comply with the requirements of the Listing Rules.

Guizhou Mining Rights

As disclosed in the Company’s announcement dated 5 October 2009, the Target Company (through its 61% owned subsidiary) also holds the Guizhou Mining Rights, which are mining permits covering total mining areas of approximately 5.09 sq.km. and exploration permits covering total mining areas of approximately 69.69 sq.km., all of which are situated in Guizhou Province, the PRC. Under the Framework Agreement entered into between Global Force and the Vendor on 2 October 2009, it was originally contemplated that the acquisition of the Target Company would include the Guizhou Mining Rights.

After reviewing the documents and reports relating to the Guizhou Mining Rights as revealed in the due diligence exercise, the Company has determined to exclude the Guizhou Mining Rights from the Proposed Acquisition. The main reason is that as a result of the unique geological situations surrounding the mines associated with the Guizhou Mining Rights, the mining techniques required for the successful mining and extraction of gold mineral ores from the mines associated with the Guizhou Mining Rights may be demanding. The Company will have to conduct a detailed analysis on the mining method and the cost involved, and the grade of the ores and the economic benefit that can be derived before it can make any further decision as to whether it should proceed with an acquisition or any other form of cooperation with the Vendor in respect of the Guizhou Mining Rights. At the moment, the Company shall focus the resources and efforts on the smelting acquisition and survey on the Shandong Mining Rights.

In the meantime, the Company has no current intention to acquire the Guizhou Mining Rights, nor does the Company hold any call option to purchase the Guizhou Mining Rights at a pre-determined price. If the Company and the Vendor ever comes to a conclusive deal as regards the Guizhou Mining Rights, the Company will make further announcement to disclose the details of the Guizhou Mining Rights and its acquisition, and re-comply with the relevant requirements under the Listing Rules.

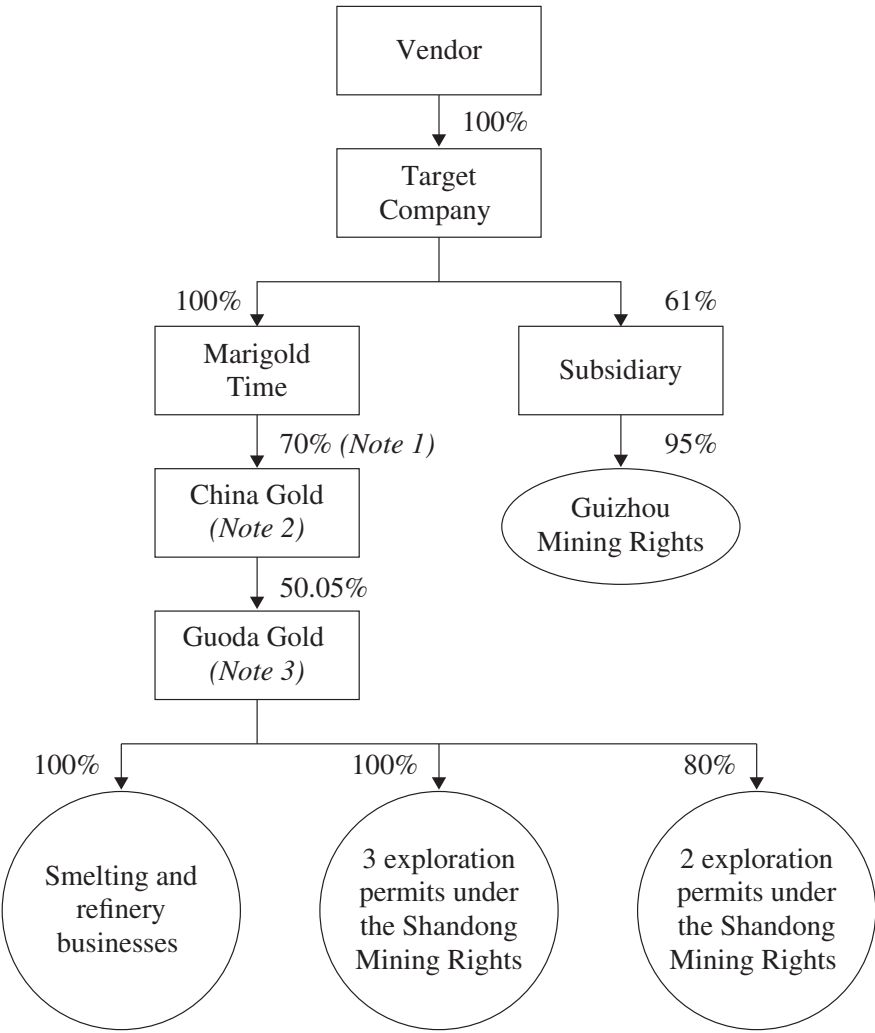
Excluded Assets

The Shandong and Guizhou Mining Rights will be excluded from the Proposed Acquisition. The Target Group will undergo a restructuring to segregate the Excluded Assets from the remaining assets and businesses of the Target Group (unless the Call Option in respect of the Shandong Mining Rights is exercised by Global Force).

Should the Company proceed with the Proposed Acquisition but determine not to proceed with either or both the acquisition of the Shandong Mining Rights or the Guizhou Mining Rights, there will be no impact in terms of the operation and financial position of the Target Group after Completion. The existing gold smelting and refinery businesses of Guoda Gold do not depend on the supply of mineral ores from the mines associated with the Shandong Mining Rights or the Guizhou Mining Rights.

Group Charts

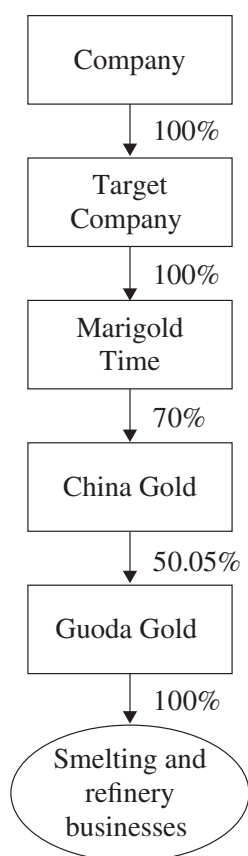
The shareholding structure of the Target Group before completion of the Proposed Acquisition is as follows:



Notes:

1. Under the China Gold Acquisition, Marigold Time is in the process of acquiring 70% equity interest in China Gold.
2. Based on the information provided by the Vendor, the remaining 30% interest in China Gold is held by (a) as to 29.988% by China Mining Investment Limited, which is wholly owned by Mr. Zhang Xuehuo; (b) as to 0.008% by Long Lan; and (c) as to 0.004% by Zhang Xuehuo. To the best knowledge of the Directors after making all reasonable enquiries, China Mining Investment Limited, Long Lan and Zhang Xuehuo are (a) third parties independent of the Company and its connected persons; and (b) independent of and unrelated to Asian Gold Dragon Limited, Rising Step Holdings Limited and their respective ultimate beneficial owners.
3. Based on the information provided by the Vendor, the remaining 49.95% interest in Guoda Gold is held by (a) as to 45.22% by Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd. (山東招金集團招遠黃金冶煉有限公司); (b) as to 3.75% by China National Gold Group Corporation; and (c) as to 0.98% by four other enterprises based in Zhaoyuan City, Shandong Province. To the best knowledge of the Directors after making all reasonable enquiries, all these parties and their respective ultimate beneficial owners are a third parties independent of the Company and its connected persons.

The shareholding structure of the Group and the Target Group after completion of the Proposed Acquisition and the Restructuring (but before the exercise of the Call Option) will be as follows:



Note: The Proposed Acquisition will not cover the Shandong Mining Rights and the Guizhou Mining Rights.

Consideration

The consideration payable by Global Force to the Vendor for the Proposed Acquisition amounts to HK\$380,000,000, of which:

- (a) The Deposit in the amount of HK\$130,000,000 is payable in cash as a refundable deposit on or before 1 February 2010;
- (b) HK\$50,000,000 is payable in cash on Completion; and
- (c) HK\$200,000,000 shall be satisfied by the allotment and issue by the Company on Completion of 50,000,000 Consideration Shares at the issue price of HK\$4.00 per Consideration Share.

The consideration for the Proposed Acquisition is arrived at after arm's length negotiations between the Company and the Vendor. The Company has taken into account the following factors in agreeing with the consideration for the Proposed Acquisition:

- (a) Profit guarantees undertaken by the Vendor in relation to the Target Group (excluding the Excluded Assets) for the forthcoming three financial years have been given. Please refer to the paragraph headed "Profit guarantees in relation to the Target Group" in this announcement for details. In this regard, the profit guarantees made by the Vendor do not represent the anticipated level of future profits of the Target Group and are not profit forecast projections. The profit guarantees only provide a basis on which the consideration for the Proposed Acquisition can be adjusted. Shareholders and investors should note that there is no assurance that the profit guarantees can be achieved.
- (b) No matter whether the profit guarantees provided by the Vendor can be achieved, the consideration for the Proposed Acquisition (as adjusted by the consideration adjustment mechanisms set out in the paragraph headed "Profit guarantees in respect of the Target Group" in this announcement) only represents at most 5 times PER to the average net profits after taxation of the Target Group (excluding the Excluded Assets) for the forthcoming three financial years, which is far below the PER ranging from 19 to 33 of 4 comparable listed companies in Hong Kong engaging in gold mining, smelting and refinery and with a profitable track record. The Company is of the view that the 4 comparable listed companies are representative and relevant to the Target Group since they are all engaged in gold smelting and refinery businesses. For the purpose of this paragraph, the actual PER of a comparable listed company in Hong Kong is calculated by the latest market capitalization of that company extracted from Bloomberg as at the date of the Acquisition Agreement divided by the net profits attributable to shareholders of the same company as disclosed in its latest published audited full-year accounts.
- (c) The high premium of the issue price of the Consideration Shares compared with the net asset value per share of the Company. The issue price of HK\$4.00 per Consideration Shares represents a premium of approximately 249 times the net asset value of the Company as at 31 March 2009 in the approximate amount of HK\$0.016 per share, as disclosed in the Company's annual report 2009.

- (d) The Directors note that Marigold Time is in the process of acquiring 70% equity interest in China Gold from Best Ground Group Limited. In particular, the Directors note that the total consideration for the China Gold Acquisition committed by Marigold Time amounted to, inter alia, (a) RMB192,500,000 (HK\$218,181,818) paid or payable by way of cash RMB20 million, cash RMB50 million and banker's draft RMB30 million and a balance RMB92.5 million with a bond collateral respectively; (b) potentially, interest on the bond with face value of RMB92,500,000 (HK\$105,113,636) calculated based on the prime borrowing rate of People's Bank of China from the date of the pledge and the date of the redemption of the bond; and (c) an undertaking to procure the release or discharge of the guarantee made by Zijin Mining Group Co., Ltd. to Guoda Gold unconditionally, which does not exceed RMB100,000,000 (HK\$113,636,363).

The Shandong Mining Rights are included in the China Gold Acquisition. The Directors are aware of the premium of the aggregate consideration for the Proposed Acquisition and (if the Call Option is exercised) the Mining Acquisition (i.e. HK\$880,000,000) over the cash consideration of the China Gold Acquisition (i.e. RMB192,500,000 or HK\$218,181,818). However, the Directors also note that the two figures above may not be directly comparable for the following reasons:

- (i) Marigold Time is responsible for the procurement of release or discharge of the corporate guarantee in the amount of not exceeding RMB100,000,000 (HK\$113,636,363), for which Global Force and the Company are not responsible. Zijin Mining Group Limited, the holding company of Best Ground Group Limited, has provided a corporate guarantee of not exceeding RMB100,000,000 as security for the general banking facilities of Guoda Gold. According to the agreement between Best Ground Group Limited and Marigold Time, the corporate guarantee should be released. However, the Company or Global Force will not be required to take up the responsibility to provide the same or similar corporate guarantee to secure the banking facilities of Guoda Gold. The Vendor should be responsible for discharging the corporate guarantee prior to Completion. The corporate guarantee represents a contingent and off-balance liabilities of the guarantor, while the actual bank indebtednesses is recorded in the books and records of Guoda Gold.
- (ii) No profit guarantee is given to Marigold Time in respect of the China Gold Acquisition, whereas profit guarantees in respect of the Target Group will be provided by the Vendor to Global Force under the Acquisition Agreement and the Mining Acquisition.
- (iii) The consideration for the China Gold Acquisition is a fixed sum, whereas the consideration for the Proposed Acquisition and the Mining Acquisition are subject to downward adjustment if the profit guarantees cannot be met.
- (iv) The entire consideration for the China Gold Acquisition (RMB192,500,000 or HK\$218,181,818) must be settled in cash, banker's draft or bond by 25 February 2010, whereas the consideration for the Proposed Acquisition and the Mining Acquisition only involves a total cash payment of HK\$180,000,000 with the remaining part of the consideration satisfied by the issue of Consideration Shares and the Convertible Bonds.
- (v) The Convertible Bonds to be issued upon completion of the Mining Acquisition will be put in escrow and will only be released if and when the profit guarantees in relation to the Shandong Mining Rights are achieved.

After considering the above factors, the Directors (including the independent non-executive Directors) consider the consideration of the Proposed Acquisition and the relevant payment terms to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Other than the consideration for the Proposed Acquisition and professional fees to be incurred in relation to the Acquisition Agreement and the due diligence works involved, the Company has not committed to any other cost or capital contribution to the Target Company.

Conditions precedent

Completion of the Acquisition Agreement is conditional upon, amongst other things:

- (a) due diligence review on the Target Group (excluding the Excluded Assets) having been completed to the satisfaction of the Company;
- (b) obtaining of satisfactory legal opinion confirming the ownership and legality of the assets and operations underlying the Target Group;
- (c) the Vendor or Marigold Time confirming and undertaking the due and timely performance of the China Gold Acquisition, and that the China Gold Acquisition not subject to any third party consent;
- (d) completion of restructuring to segregate the Excluded Assets from the Target Group;
- (e) all filings necessitated by the Company's PRC lawyer by the signing and performance of the Acquisition Agreement having been carried out and all applicable laws and regulations having been fully complied with;
- (f) no events having occurred between signing of the Acquisition Agreement and Completion which may result in any material adverse effect on the Target Group (excluding the Excluded Assets);
- (g) the warranties given by the Vendor in respect of the Target Group being true, accurate and not misleading as if repeated at Completion and at all times between the date of the Acquisition Agreement and Completion;
- (h) the Company having obtained the approval of the shareholders of the Company in a special general meeting in connection with the Acquisition Agreement and the issue and allotment of the Consideration Shares; and
- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares.

Conditions precedent (a) to (g) above can be waived at the absolute discretion of Global Force. The other conditions precedent including (h) to (i) cannot be waived in all circumstances. As at the date of this announcement, none of the conditions precedent set out above have been fulfilled yet.

The long stop date for the fulfillment or waiver of the conditions precedent is 27 April 2010 (or such later date as may be mutually agreed by the parties). Completion shall take place on the third business days after the last condition precedent is fulfilled or waived. If Completion does not take place on or before 30 April 2010 (unless the long stop date is extended by the parties as mentioned above), the Vendor shall refund the Deposit without interest and no party shall have any claim in relation to the Acquisition Agreement (without prejudice to the rights of any party in respect of antecedent breaches).

After the Company entered into the Framework Agreement with the Vendor, the Company has requested the Vendor and the representative of Marigold Time, Mr. Xia, to assist the Company in obtaining due diligence information regarding China Gold and Guoda Gold from Best Ground Group Limited and Zijin Mining Group Co Limited. Mr. Xia was introduced to Mr. Chen Jiasong as the representative of Marigold Time in China Gold Acquisition, and the Company has not asked Mr. Xia to represent the Company at any stage in this transaction. Since the Company and its directors have no direct contact with Best Ground Group Limited and Zijin Mining Group Co Limited, all communications between the Company and Best Ground Group Limited are effectively conveyed through Mr. Xia. With the assistance of the Vendor and Mr. Xia, the Company has commenced its due diligence review on the Target Group, including engaging independent accountant and legal advisers to review the financial information, the operation, the legal documents and other documents and information provided by the Vendor. As at the date of this announcement, the management and the auditors of the Company has conducted site visits at Guoda Gold and made interviews with Guoda Gold's management. The Company has also reviewed the accounts, constitutional documents, important contracts and licences provided by the Vendor in relation to the Target Group. The Company is requesting further information and documents from the Vendor and intends to arrange further site visits at Guoda Gold if necessary. So far, the Company is reasonably satisfied with the results of the due diligence review. The due diligence exercise is ongoing and will be completed before the Company proceeds with completion of the Proposed Acquisition. The Company will continue with the due diligence works, including the legal due diligence on the ownership and legality of the assets and operation underlying the Target Group, the financial due diligence on the books and records, valuation of the plant and properties, review on the business and operation, and market studies.

The Company is of a preliminary view that no regulatory issue and filing requirement should arise as a result of the Proposed Acquisition, since the Proposed Acquisition only involves the sale and purchase of an offshore company and the transaction will take place outside the jurisdiction of the PRC. The Company will obtain a legal opinion from its PRC legal adviser and will inform Shareholders as to the brief result of such opinion in the circular to Shareholders relating to the Acquisition Agreement.

Based on the information provided by the Vendor, the China Gold Acquisition is making satisfactory progress and the Vendor is not aware of any issue which may hinder the successful completion of the China Gold Acquisition. In particular, the Company was reassured by the Vendor and Marigold Time that (a) apart from the China Gold Acquisition, there were no other arrangements, agreements or contracts (whether written or verbal) between the Vendor and the shareholders of China Gold and Guoda Gold which may impede the completion of the Proposed Acquisition and the restructuring of the Target Group (excluding the Shandong Mining Rights); (b) no agreement (whether written or verbal) has been made by Marigold Time any time prior to the date of this announcement for not processing the transfer of the equity interest in China Gold. Accordingly, the Company is not aware of any legal impediments to the completion of the Proposed Acquisition and the restructuring of the Target Group.

The Company was further informed by the Vendor that pursuant to a supplemental agreement between Marigold Time and Best Ground Group Limited dated 1 December 2009 in relation to the China Gold Acquisition, Marigold Time was authorized to exercise part of the shareholders' rights of Best Ground Group Limited on China Gold, such as conducting due diligence on China Gold and Guoda Gold, convening the board meeting and shareholders' meeting, change of directors as agreed by Best Ground, and other personnel and financial arrangements subject to the terms of the supplemental agreement. Accordingly, Marigold Time will provide all necessary assistance to the Company to conduct due diligence on China Gold, Guoda Gold and their subsidiaries.

Issue price of Consideration Shares

The issue price of HK\$4.00 per Consideration Shares represents:

- (a) a premium of approximately 36.52% over the closing price of HK\$2.93 per Share as quoted on the Stock Exchange prior to suspension of trading of Shares on 12 October 2009;
- (b) a premium of approximately 36.05% over the average closing prices of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 October 2009;
- (c) a premium of approximately 41.84% over the average closing prices of approximately HK\$2.82 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 October 2009; and
- (d) a premium of approximately 249 times the net asset value of the Company as at 31 March 2009 in the approximate amount of HK\$0.016 per share, as disclosed in the Company's annual report 2009.

Application for listing

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on their date of allotment and issue.

There is no restriction on the transferability of the Consideration Shares to be issued to the Vendor.

Profit guarantees in relation to the Target Group

The Vendor provides the following guarantees to Global Force as to the net profits after taxation of the Target Group (excluding the Excluded Assets):

- (a) not less than HK\$50,000,000 during the first full financial year immediately subsequent to Completion (i.e. from 1 April 2010 to 31 March 2011 assuming Completion takes place on or before 31 March 2010);

- (b) not less than HK\$80,000,000 during the second full financial year (i.e. from 1 April 2011 to 31 March 2012 assuming Completion takes place on or before 31 March 2010); and
- (c) not less than HK\$100,000,000 during the third full financial year (i.e. from 1 April 2012 to 31 March 2013 assuming Completion takes place on or before 31 March 2010).

If the actual net profits after taxation of the Target Group (excluding the Excluding Assets) are lower than the guaranteed net profits in any financial year, the Vendor shall refund the shortfall to Global Force on a dollar-for-dollar basis (“**Dollar-for-dollar Adjustment**”) by way of cash within 7 business days after a notice of adjustment is served by Global Force to the Vendor. For the avoidance of doubt, if the Target Group (excluding the Excluded Assets) incurs net loss after taxation in any financial year, the Dollar-for-dollar Adjustment for that financial year shall be the entire difference between the actual loss and the guaranteed profits (i.e. including the negative portion). The aggregate Dollar-for-dollar Adjustment for the three financial years shall be capped at HK\$380,000,000.

In addition, the Vendor guarantees to Global Force that the consideration for the Proposed Acquisition will represent at most 5 times PER (the “**PER Guarantee**”) to the average net profits after taxation of the Target Group (excluding the Excluded Assets) during the three full financial years immediately subsequent to Completion (“**Average 3-year Net Profits**”). If the PER Guarantee is not met, the Vendor shall make a further adjustment (“**PER Adjustment**”) to the consideration for the Proposed Acquisition (to the extent the aggregate Dollar-for-dollar Adjustment made so far is still lower than the PER Adjustment) based on the following formula:

PER Adjustment = Consideration for Proposed Acquisition – Aggregate 3-year Dollar-for-dollar Adjustment made – Average 3-year Net Profits X PER Guarantee

For the purpose of the calculation of the PER Guarantee and the PER Adjustment:

- (a) The average profit guarantee is determined by aggregating the profit guarantee of the Target Group (excluding the Excluded Assets), and dividing it by three, i.e. $(\text{HK\$}50,000,000 + \text{HK\$}80,000,000 + \text{HK\$}100,000,000) \div 3 = \text{HK\$}76,666,666$.
- (b) The 5 times PER Guarantee was calculated by the consideration for the Proposed Acquisition divided by the average profit guarantee, i.e. $\text{HK\$}380,000,000 \div \text{HK\$}76,666,666 = 4.96$ (rounded up to 5).
- (c) The Average 3-year Net Profits is calculated by aggregating the actual net profits/loss after taxation of the Target Group (excluding the Excluded Assets) for the three financial years, and dividing it by three.

CALL OPTION

Under the Acquisition Agreement, the Vendor grants the Call Option to Global Force at the consideration of HK\$1.00 which if exercised, will require the Vendor to sell the Shandong Mining Rights to Global Force for a total consideration of HK\$500,000,000 (subject to scaling down), which will be satisfied by the issue of the Convertible Bond bearing conversion rights to convert its principal amount to Conversion Shares at the conversion price of HK\$4.00 per Conversion Share. The Call Option can be exercised any time by Global Force between signing of the Acquisition Agreement and 12 months after completion of the Proposed Acquisition.

Consideration

If the Call Option is exercised, the consideration payable for the Mining Acquisition shall be HK\$500,000,000 (subject to scaling down), which will be satisfied on completion of the Mining Acquisition by the issue by the Company of the Convertible Bond bearing conversion rights to convert its principal amount to Conversion Shares at the conversion price of HK\$4.00 per Conversion Share. Provided that no conversion of the Convertible Bond shall be made if immediately upon such conversion, the holder of the Convertible Bond and parties acting in concert with him hold more than 29.9% (or any other voting right percentage which triggers a mandatory general offer obligation under Rule 26 of the Takeovers Code). Further, no conversion of the Convertible Bond shall be made if the conversion will result in less than 25% of the Shares being held by the public in compliance with the public float requirement under the Listing Rules.

The consideration for the Mining Acquisition of HK\$500,000,000 is based on an estimated gold mineral reserve of not less than 80 tonnes associated with the Shandong Mining Rights as indicated by the preliminary survey reports provided by the Vendor. The Target Company will conduct further geological surveys on the mining area associated with the Shandong Mining Rights and will allow Global Force to appoint an independent qualified mineral technical adviser to prepare a technical report on the Shandong Mining Rights in accordance with Chapter 18 of the Listing Rules. If the gold mineral reserve associated with the Shandong Mining Rights as indicated by the technical report is lower than 80 tonnes, the consideration for the Mining Acquisition will be scaled down on a pro rata basis, i.e. HK\$6,250,000 will be deducted from the consideration for the Mining Acquisition for every tonne of gold mineral reserve fall short of the 80 tonnes estimation.

The consideration for the Mining Acquisition is arrived at after arm's length negotiations between the Company and the Vendor after considering the following:

- (a) Profit guarantees in relation to the Shandong Mining Rights for the second and third full financial years subsequent to completion of the Mining Acquisition have been given. Please refer to the paragraph headed "Profit guarantees in relation to the Shandong Mining Rights" in this announcement for details. In this regard, the profit guarantees made by the Vendor do not represent the anticipated level of future profits of the Excluded Assets and are not profit forecast projections. The profit guarantees only provide a basis on which the consideration for the Mining Acquisition can be adjusted. Shareholders and investors should note that there is no assurance that the profit guarantees can be achieved.
- (b) The Mining Acquisition is subject to the production of a valuation report showing the aggregate fair value of the Shandong Mining Rights to be not less than HK\$500,000,000.
- (c) The consideration for the Mining Acquisition of HK\$500,000,000 will be subject to scaling down if the gold mineral reserve associated with the Shandong Mining Rights as indicated by the technical report is lower than 80 tonnes. In this regard, the Directors note that the valuation of 80 tonnes gold minerals, based on current level of international spot price of gold, is a lot higher than HK\$500,000,000. However, since the operating costs involved in the exploration and mining activities associated with the Shandong Mining Rights are uncertain and can only be sensibly assessed after the technical report is obtained, a huge discount has been factored in by the Directors in considering the fairness and reasonableness of the exercise price of the Call Option as a matter of prudent practice.

- (d) The high premium of the conversion price of the Convertible Bond compared with the net asset value per share of the Company. The conversion price of HK\$4.00 per Conversion Share upon conversion of the Convertible Bond represents a premium of approximately 249 times the net asset value of the Company as at 31 March 2009 in the approximate amount of HK\$0.016 per share, as disclosed in the Company's annual report 2009.

After considering the above factors, the Directors (including the independent non-executive Directors) consider the terms of the grant of the Call Option to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Directors will re-consider the fairness and reasonableness of the terms of and consideration for the Mining Acquisition as and when the Board resolves to exercise the Call Option, in the context of the preliminary results of the due diligence on the Shandong Mining Rights, the trend of gold price and the prevailing market conditions.

Other terms of the Mining Acquisition

If the Call Option is exercised, the terms of the Acquisition Agreement will, where applicable and mutatis mutandis, apply to the Mining Acquisition. In addition, completion of the Mining Acquisition will be subject to, amongst others, the following further conditions precedent:

- (a) due diligence review on the Shandong Mining Rights having been completed to the satisfaction of the Company;
- (b) obtaining of satisfactory legal opinion confirming the ownership and legality of the assets and operations associated with the Shandong Mining Rights;
- (c) all filings necessitated by the completion of the Mining Acquisition having been carried out and all applicable laws and regulations having been fully complied with;
- (d) no events having occurred between the exercise of the Call Option and completion of the Mining Acquisition which may result in any material adverse effect on the Shandong Mining Rights;
- (e) the warranties given by the Vendor in respect of the Shandong Mining Rights being true, accurate and not misleading as if repeated at completion of the Mining Acquisition and at all times between the date of the exercise of the Call Option and completion of the Mining Acquisition;
- (f) completion of the Proposed Acquisition having occurred;
- (g) obtaining of a technical report on the Shandong Mining Rights to be prepared by independent qualified mineral technical adviser appointed by Global Force in accordance with Chapter 18 of the Listing Rules showing that the gold mineral reserve associated with the Shandong Mining Rights is not less than 80 tonnes;
- (h) the obtaining of a valuation report (in form and substance satisfactory to Global Force) from a valuer acceptable to Global Force and showing the aggregate fair value of the Shandong Mining Rights to be not less than HK\$500,000,000 (subject to scaling down of the consideration for the Mining Acquisition); and

- (i) the Company having obtained the approval of the shareholders of the Company in a further special general meeting in connection with the Mining Acquisition, the issue of the Convertible Bond and the issue and allotment of the Conversion Shares upon conversion of the Convertible Bond;
- (j) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares upon conversion of the Convertible Bond.

Conditions precedent (i) to (j) above cannot be waived by Global Force in all circumstances. Conditions precedent (g) to (h) can only be waived by Global Force to the extent that if the gold mineral reserve associated with the Shandong Mining Rights is less than 80 tonnes as indicated by the technical report, the consideration for the Mining Acquisition will be scaled down on a pro rata basis and hence the valuation report must support a fair value of the Shandong Mining Rights to be not less than the revised consideration so adjusted. The other conditions precedent can be waived at the absolute discretion of Global Force. The long stop date for the fulfillment or waiver of the conditions precedent is 12 months after the date of exercise of the Call Option.

As at the date of this announcement, the Company has commenced its due diligence work on the Shandong Mining Rights, including the inspection of exploration licenses and preliminary geological studies report prepared by certain exploration team based in the PRC and provided by the Vendor for the Company's review.

The Company will continue with the due diligence work including appointing an independent technical expert to perform a completed investigation on the ownership of the mining rights, conducting necessary geological investigations and reserves studies to ascertain the quantity and quality of the mineral reserves, carrying out market and feasibility studies, and formulating the mining plans and financial evaluations to determine the economic benefit and profitability of the proposed mining operations, as soon as practicable before deciding whether to exercise the Call Option.

Conversion price of Convertible Bond

The conversion price of HK\$4.00 per Conversion Share upon conversion of the Convertible Bond represents:

- (a) a premium of approximately 36.52% over the closing price of HK\$2.93 per Share as quoted on the Stock Exchange prior to suspension of trading of Shares on 12 October 2009;
- (b) a premium of approximately 36.05% over the average closing prices of approximately HK\$2.94 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 12 October 2009;
- (c) a premium of approximately 41.84% over the average closing prices of approximately HK\$2.82 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 12 October 2009; and
- (d) a premium of approximately 249 times the net asset value of the Company as at 31 March 2009 in the approximate amount of HK\$0.016 per share, as disclosed in the Company's annual report 2009.

Principal terms of the Convertible Bond

The principal terms of the Convertible Bond will be as follows:

Issuer	:	the Company
Principal amount	:	HK\$500,000,000
Issue price	:	100% of the principal amount
Interest	:	Zero coupon
Date of issue	:	Date of Completion of the Mining Acquisition
Maturity date	:	5 years after the date of issue
Conversion period	:	From the date of issue to and including the maturity date. Subject to the restriction on conversion right attached to the Convertible Bond in circumstances where a mandatory general offer obligation under the Takeovers Code might be triggered or where the public float requirement under the Listing Rules might be contravened, any Convertible Bond which remains outstanding on the maturity date will be automatically converted to Conversion Shares on the maturity date.
Conversion price	:	HK\$4.00 per Conversion Share subject to adjustments in the event of share consolidation or sub-division, capitalization issue, distribution from capital, rights issue or open offer.
Minimum size of conversion	:	The Convertible Bond may be converted in multiples of HK\$1,000,000.
Ranking	:	The Conversion Shares, when allotted and issued, will rank pari passu in all respects with all Shares in issue at the date of allotment and issue of such Conversion Shares.
Limitation on conversion	:	No conversion of the Convertible Bond shall be made if immediately upon such conversion, the holder of the Convertible Bond and parties acting in concert with him hold more than 29.9% (or any other voting right percentage which triggers a mandatory general offer obligation under Rule 26 of the Takeovers Code). Further, no conversion of the Convertible Bond shall be made if the conversion will result in less than 25% of the Shares being held by the public in compliance with the public float requirement under the Listing Rules.

Redemption	:	The Convertible Bond is not redeemable by the holders. The Convertible Bond is redeemable by the Company at any time after the date of issue at 117% of the principal amount in multiples of HK\$1,000,000.
Transferability	:	The Convertible Bond may be transferred or assigned in whole or in part by the holders to any person or company not being a connected person of the Company, unless prior written consent is obtained from the Company.
Governing Law	:	The terms of the Convertible Bond is governed by and construed in accordance with the laws of Hong Kong.

Application for listing

No application will be made by the Company to the Listing Committee for the listing of the Convertible Bond. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bond. The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the Shares in issue on their date of allotment and issue.

There is no restriction on the transferability of Conversion Shares upon conversion of the Convertible Bond.

Profit guarantees in relation to the Shandong Mining Rights

If the Call Option is exercised and the Mining Acquisition proceeds to completion, the Vendor will provide the following guarantee to Global Force as to the net profits after taxation derived from the Shandong Mining Rights:

- (a) not less than HK\$100,000,000 during the second full financial year subsequent to completion of the Mining Acquisition (i.e. from 1 April 2011 to 31 March 2012 assuming completion of the Mining Acquisition takes place on or before 31 March 2010); and
- (b) not less than HK\$200,000,000 during the third full financial year (i.e. from 1 April 2012 to 31 March 2013 assuming completion of the Mining Acquisition takes place on or before 31 March 2010).

If the actual net profits after taxation derived from the Shandong Mining Rights are lower than the guaranteed net profits in any financial year, the Vendor shall refund the shortfall to Global Force on a dollar-for-dollar basis by way of cash within 7 business days after a notice of adjustment is served by Global Force on the Vendor. For the avoidance of doubt, if the operations associated with the Shandong Mining Rights incur net loss after taxation in any financial year, the dollar-for-dollar adjustment for that financial year shall be the entire difference between the actual loss and the guaranteed profits (i.e. including the negative portion). The aggregate dollar-for-dollar adjustment for the consideration for the Mining Acquisition for the two financial years shall be capped at HK\$500,000,000.

Escrow undertakings

If the Call Option is exercised and the Mining Acquisition proceeds to completion, the Vendor will deposit all certificates representing the entire principal amount of the Convertible Bond with an escrow agent mutually agreed by the Vendor and Global Force (the “**Escrow Agent**”). In the event that the actual net profits derived from the Shandong Mining Rights are lower than the guaranteed net profits for the Shandong Mining Rights in any financial year, and that the Vendor fails to make good the shortfall in cash, the amount of the certificates representing the Convertible Bond held in escrow shall be deducted by the outstanding amount. The certificates representing the Convertible Bond will be released to the Vendor in the following manner: (a) Convertible Bond with principal amount of HK\$170,000,000 will be released after the end of the second financial year after completion of the Mining Acquisition; and (b) Convertible Bond with principal amount of HK\$330,000,000 will be released after the end of the third financial year after completion of the Mining Acquisition, in each case after any deduction has been made for that financial year for failing to make good the profit guarantee shortfall (if applicable).

BACKGROUND OF AND REASONS FOR THE PROPOSED ACQUISITION

Gold industry in the PRC

Based on the statistics of China Gold Association, in 2007, the gold production volume in China were 270.491 tonnes, exceeding the previously biggest gold producing country South Africa for the first time and henceforth China became the biggest gold producing country in the world. In 2008, the gold production volume in China reached 282.007 tonnes, up by 4.26% compared to 2007. In 2008, the PRC gold industry realized profits of RMB12.4 billion. The top three gold production regions were Shandong, Henan and Jiangxi, accounting for 46.4% of the PRC’s gold production in aggregate.

Gold production in the PRC comes from three parts: producing gold from gold mines, nonferrous metal smelting enterprises, and gold smelting enterprises. In 2008, gold smelting enterprises in the PRC produced 81.3 tonnes of gold, which accounted for approximately 28.8% of the gold production volume in the PRC.

The gold demands in the PRC were robust, which had increased by 18% in 2008. The accumulative gold transaction value in the SGE (Shanghai Gold Exchange) totaled approximately RMB868 billion, which represents an increase of 175% compared to 2007.

Further, the gold price increase from around US\$880 per ounce in early 2009 to around US\$1,100 per ounce recently, representing an increase of approximately 25%. Based on the prevailing global macroeconomic environment, the Directors are optimistic on the prospect of the gold production and smelting industry.

Overview of gold smelting and refinery processes

The gold smelting and refinery industry in the PRC involves the turning of gold concentrates into standard gold bullion, and consists of three main industrial processes, namely cyanidation, smelting operations and refining process. Generally speaking, gold concentrates are sourced from gold mining enterprises. Tractable gold concentrates, including refractory concentrates

after pre-treatment, are treated with cyanide substance whereby gold are dissolved in cyanide solution. Then zinc powder is added into the cyanide solution containing gold to recover gold intermediary product, which is then subject to the smelting process. Tailings resulting from cyanidation are compressed, filtered and then treated in selective flotation processes to produce by-products such as copper and sulphuric concentrates.

Smelting is a pyro-metallurgical process of separating metal by fusion from those impurities with which it is chemically combined or physically mixed. In the smelting process, the intermediate product from cyanidation is treated with chemical solutions to separate gold content. Sulphur dioxide is then added to recover gold. After washing and smelting, non-standard gold bullion is produced.

Refining is the final stage of the metallurgical process of refining crude metal products to pure or very pure end product. PRC laws and regulations require that gold refining process be carried out at a refinery which is recognized by the SGE. There are currently 33 qualified refineries recognized by the SGE.

Pursuant to relevant PRC regulations, all domestic gold producers must sell standard gold bullion produced by them through members of the SGE. Gold trading on the SGE is settled through designated settlement banks in the PRC. The SGE has a limit on its membership quota. There are currently 162 members of the SGE including qualified financial institutions and corporations that produce, smelt, process, wholesale, import and export precious metals and associated products.

Information on Guoda Gold

Guoda Gold, originally known as Zhaoyuan Gold Smeltery (招遠黃金冶煉廠) and founded in 1986, was the first gold smeltery in China. In 2003, it was reorganized into a joint stock company. With a production area of 680,000 sq.m., Guoda Gold has more than 1550 employees, of which over 400 employees are technicians. Guoda Gold has an annual production capacity of 15 tonnes gold, 40 tonnes silver, 400,000 tonnes industrial sulphuric acid, 150,000 tonnes copper cathodes and waste heat recovery power generation of 50 million kWh (kilowatt-hour). Guoda Gold is one of the biggest gold smelting enterprises in Asia.

A subsidiary of Guoda Gold is a member of the SGE and is certified as standard gold bullion production enterprise. Guoda Gold sources gold and silver concentrates from other mining companies in China. The principal auxiliary materials used in gold production include chemical products, lubricating oil and water. In the selection of suppliers, factors such as price, quality and reliability of supply will be considered. To secure the supply of gold and silver concentrates, prepayments will be made to mining companies.

According to the audited financial statements prepared under generally accepted accounting standards in the PRC, the consolidated revenue of Guoda Gold for the year 2008 amounted to RMB2,100,000,000 (HK\$2,386,000,000), of which approximately 71% was generated from sale of gold products. Other source of income included sale of silver, electrolytic copper and sulfate, which collectively accounted for approximately 29% of the total revenue.

Guoda Gold possesses advanced technology know-hows and patents relating to the gold processing, smelting and refinery techniques, energy-saving and the application of waste heat recovery power generation. In 2000, Guoda Gold obtained the ISO 9002 accreditation. Guoda has been awarded honorable titles including Shandong Hi-tech Enterprise, Provincial Civilized Unit, Key Demonstration Base of the State in Energy-Saving and Environmental Protection. Guoda Gold is standing director of China Gold Association, and a member of China Sulphuric Acid Industry Association and China Non-ferrous Metals Industry Association.

Business plan of Guoda Gold

Subject to successful completion of the Proposed Acquisition, the Company intends to adopt the following business strategies in relation to Guoda Gold:

- To strengthen the sales and marketing team with the view to consolidating market share both in respect of domestic and overseas markets;
- To invest in research and development of gold processing, smelting and refinery techniques with the view to maintaining core competitiveness;
- To diversify fund-raising channels to cut down financial costs;
- To diversify its source of raw material (mainly gold concentrates) to lower the production costs;
- To carry out a detailed review on the financial and business operations of Guoda Gold to reduce operating costs and improve efficiency and profit margins; and
- To develop Guoda Gold to be an integrated mining and gold production enterprise.

Although no concrete plan has been formulated at this stage yet, the Company will discuss with the management of Guoda Gold in the course of the due diligence exercise and will update Shareholders on any future development plan of Guoda Gold if any disclosure obligation arises under the Listing Rules.

Management expertise of Guoda Gold and the Group

Guoda Gold has an existing team of operation, sales and marketing, and research and development with expertise in gold smelting and refinery businesses. The continual success of Guoda Gold will depend on business continuity and the Company has no current intention to introduce drastic changes to the existing operation, sales and marketing, and research and development teams of Guoda Gold following completion of the Proposed Acquisition.

The Proposed Acquisition constitutes an investment in a new business sector to the Group. In order to manage the related operational risks associated with the new businesses, the Board will identify suitable candidates with expertise in gold smelting and mining businesses to join the Group and, if necessary, new directors may be appointed in order to develop the new businesses on the Group management level. Under the Acquisition Agreement, the Vendor has no right to nominate any new Director to the Board. Accordingly, it is expected that any new directors to be appointed by the Company as a result of the Proposed Acquisition will not be related to or connected with the Vendor.

The board of China Gold comprises Mr. Zhang Xue Huo, Mr. Zheng Yu Qiang and Mr. Lan Fu Sheng. The board of Guoda Gold comprises Mr. Zhang Xue Huo (a.k.a., Zhang Ting Kai), Mr. Zheng Yu Qiang, Mr. Liu Wen Hong, Mr. Wang Li Xin and Mr. Xu Yong Xiang. After completion of the Proposed Acquisition, the Company will be entitled to appoint majority of the board members in China Gold and Guoda Gold. The Company currently intends to replace all directors of China Gold and at least 3 directors of Guoda Gold after completion of the Proposed Acquisition. The Company has reviewed the constitutional documents of Guoda Gold and is not aware of any legal impediment for the appointment of the Company's representatives as board members of Guoda Gold under the constitutional documents of Guoda Gold and/or other statutory regulations.

Existing business of the Group

The Group is currently engaged in the provision of financial information services, securities trading system licensing and wireless applications development. As explained in the annual report of the Company for the years 2008-2009, the Group has encountered intense competitions and diminishing investment enthusiasm in stock market during the year. The financial quotation services suffered from a decline in revenue. Turnover of the Group dropped to HK\$109 million, a decrease of 27.5% compared to the previous year. With the launch of free real-time stock data on designated websites by the Stock Exchange in October 2009, it is expected that the financial quotation services provided by the Group will face severe challenge ahead. As such, a diversification of business should bring benefits to the Company. Having said that, the Group has no present intention to dispose of or introduce significant changes to its existing businesses, but will strive to exercise prudent business measures to maximize its profitability or to minimize the loss. The Company has not entered into any agreement, arrangement or understanding, nor has the Company conducted any negotiation in relation to the disposal of its existing businesses.

Board's view on the Proposed Acquisition

As explained in the Company's announcement dated 26 June 2009, the Company has considered various proposals regarding possible investment and/or cooperation in energy and resources related projects.

The Directors believe that the Target Group will generate revenue and earnings in 2010. Following Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Company will be able to benefit from the earnings of Target Group.

Participants in the PRC gold industry include independent miners and integrated operators with mining, refining, construction and installation, product design and technological research divisions. There has been increased international investment by foreign gold producers as a result of China's accession to the World Trade Organization and deregulation of the gold industry. However, Guoda Gold is an end producer of standard gold, which only SGE members and certified producers can participate. Business entry barrier is higher than mining companies who sell gold concentrates. According to the statistics of China Gold Association, Guoda Gold ranked first amongst other PRC gold smelting enterprises in gold production volume in 2004.

Based on the above, the Board considers that the Proposed Acquisition represents a good opportunity for the Company to enter into natural resources industry.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

RISK FACTORS FOR THE PROPOSED ACQUISITION

The Proposed Acquisition may widen the risk profile of the Group. Shareholders should be aware of the risk factors set out below, which may not be exhaustive, when considering the Proposed Acquisition.

Fluctuation in the price and demand of gold

The price of gold in the PRC is highly dependent on its price in the international market, which has been very volatile in recent years. The Directors consider that there are many factors which may influence the price and demand of gold in the international market, including but not limited to the stability of the international economic situations and the fluctuation of the global political and social conditions which are beyond the control of the Group.

Government regulations

The mineral smelting and refinery industry is subject to various government policies and regulations, including but not limited to, taxation, labour standards, vocational health and safety, waste treatment, environment monitoring, protection and control, operational management and other matters. Any changes to those policies may increase the operating costs of the industry and hence, adversely affect the operating results of the Target Group.

Continuous working capital support

The mineral smelting and refinery business requires continuous working capital investment. Operation and expansion may not be completed as planned or scheduled, may exceed the original working capital requirements and may not achieve the intended economic results or commercial viability. However, the Company at the current stage only anticipates the contribution of minimal to moderate working capital in case of necessity.

New business for the Group

The Acquisition constitutes an investment in a new business sector to the Group and the enlarged Group may not be able to control the related operational risks of this new business. In this regard, the enlarged Group will establish an experienced management team to oversee the operations of the smelting and refinery. In addition, the Directors shall review the qualification and capabilities of the existing management of the Company and shall re-appoint the existing management of the Target Group or appoint additional expertise as and when necessary to continue with the normal operations. The Directors therefore expect that the enlarged Group shall have sufficient expertise for the management and operation of the Target Group after Completion.

Conclusion

The Acquisition may increase the level of risk exposure of the enlarged Group. Shareholders should be aware of the aforementioned risk factors, which may not be exhaustive, when considering the Acquisition.

FINANCIAL IMPACTS OF THE PROPOSED ACQUISITION

No audited accounts have been prepared since the date of incorporation of the Target Company. Based on the unaudited management accounts of the Target Company provided by the Vendor, which were prepared in accordance with generally accepted accounting principles in Hong Kong, the Target Company had a net asset value of HK\$66,200 as at 30 October 2009, and had recorded net losses before and after taxation of HK\$11,800 since its date of incorporation.

The audited consolidated financial statements of Guoda Gold, which were prepared in accordance with generally accepted accounting principles in the PRC, contain the following financial information:–

- (a) As at 31 December 2008, the total and net assets of Guoda Gold were approximately RMB849,000,000 (HK\$965,000,000) and approximately RMB376,000,000 (HK\$427,000,000), respectively;
- (b) For the two financial years ended 31 December 2007 and 2008, Guoda Gold recorded net profit before tax of approximately RMB63,000,000 (HK\$72,000,000) and approximately RMB103,000,000 (HK\$117,000,000), respectively; and
- (c) For the two financial years ended 31 December 2007 and 2008, Guoda Gold recorded net profit after tax of approximately RMB52,000,000 (HK\$59,000,000) and approximately RMB85,000,000 (HK\$97,000,000), respectively.

Based on the information provided by the Vendor, the mines associated with the Excluded Assets have not yet been put into commercial production. Accordingly, no book value, revenue or profits associated with the Excluded Assets were recorded in the accounts of the Target Company and Guoda Gold.

If the Acquisition Agreement proceeds to completion, the Target Company and Marigold Time will become wholly-owned subsidiaries of the Company, and China Gold and Guoda Gold will become non-wholly owned subsidiaries of the Company. As a result, the total assets, total liabilities and net assets of the Group will increase as the consideration will be paid in a combination of cash and shares.

Payment of the Deposit under the Acquisition Agreement will be funded from the proceeds of the issue of the Placement Convertible Bonds by the Company as announced in the Company's announcement dated 18 September 2009. Prior to Completion, the Company will look for additional funding by way of project financing from lenders or fund-raising from capital markets or a combination of both.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) assuming completion of the Proposed Acquisition; (iii) assuming full exercise of the Placement Convertible Bonds and completion of the Proposed Acquisition; and (iv) assuming full exercise of the Placement Convertible Bonds, completion of the Proposed Acquisition and full exercise of the Convertible Bonds.

Shareholders	As at the date of this announcement		Upon Completion of the Proposed Acquisition		Assuming full exercise of the Placement Convertible Bonds		Assuming completion of the Mining Acquisition and assuming full conversion of the Convertible Bonds	
	Number of Shares	Approx %	Number of Shares	Approx %	Number of Shares	Approx %	Number of Shares	Approx %
Asian Gold Dragon Limited (Note 1)	256,788,500	55	256,788,500	49.68	256,788,500	43.38	256,788,500	35.81
Rising Step Holdings Limited (Note 2)	93,376,000	20	93,376,000	18.06	93,376,000	15.78	93,376,000	13.03
Vendor (Note 3)	–	–	50,000,000	9.68	50,000,000	8.45	175,000,000	24.42
Public shareholders								
Placees (Note 4)					75,000,000	12.67	75,000,000	10.46
Other public shareholders	116,721,500	25	116,721,500	22.58	116,721,500	19.72	116,721,500	16.28
	<u>466,886,000</u>	<u>100</u>	<u>516,886,000</u>	<u>100</u>	<u>591,886,000</u>	<u>100</u>	<u>716,886,000</u>	<u>100</u>

Notes:

1. Asian Gold Dragon Limited is beneficially owned as to 85% and 15% by Mr. Sze Chun Ning, Vincent and Mr. Lin Qun, respectively. Asian Gold Dragon is an investment holding company and its only investment is the 55% issued share capital of the Company.
2. Rising Step Holdings Limited is beneficially and wholly owned by Mr. Zhuo Shui Jia. As disclosed in the Company's announcement dated 29 May 2009, Rising Step Holdings Limited acquired 20% of the issued share capital of the Company from Asian Gold Dragon Limited on 26 May 2009.
3. The Vendor, independent to all existing shareholders (including Asian Gold Dragon Limited, Mr. Sze Chun Ning, Vincent, Mr. Lin Qun, Rising Step Holdings Limited and Mr. Zhou Shui Jia) and Placement Convertible Bondholders, should be regarded as public shareholders for the purpose of the public float requirement under the Listing Rules before the Convertible Bonds held by him (assuming the Call Option is exercised) are exercised to the extent that his shareholding in the Company reaches 10%.
4. The Placees are the holders of the Placement Convertible Bonds if the placing announced by the Company on 18 September 2009 is completed in full. Each of the Placees will be a third party independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Proposed Acquisition

The total assets of the Target Group (excluding the Excluded Assets) exceed 100% of the total assets of the Group. Accordingly, the Proposed Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to shareholders' approval at a special general meeting of the Company. A circular containing, amongst other things, further details of the Acquisition Agreement, the accountants' report on the Target Group (excluding the Excluded Assets), pro forma financial information of the Group as enlarged by the Target Group (excluding the Excluded Assets), and a notice of the special general meeting will be dispatched to Shareholders within 21 days after publication of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, no Shareholder have a material interest in the Proposed Acquisition other than their shareholding interests in the Shares, and accordingly no Shareholder is required to abstain from voting at the special general meeting.

Call Option and Mining Acquisition

The exercise of the Call Option is at the sole and absolute discretion of Global Force. The Board has not made its final decision as to whether Global Force should exercise the Call Option to acquire the Shandong Mining Rights. The decision will depend on a number of factors including the preliminary results of the due diligence on the Shandong Mining Rights, the trend of gold price and the prevailing market conditions.

If and when the Board resolves to exercise the Call Option, the Company will make further announcement to disclose the details of the Shandong Mining Rights and the Mining Acquisition, and re-comply with the requirements of the Listing Rules. In particular, if the Call Option is exercised within 12 months after completion of the Proposed Acquisition, the two transactions will be aggregated for the purpose of calculating size tests under Chapter 14 of the Listing Rules.

Guizhou Mining Rights

The Company has no present intention to acquire the Guizhou Mining Rights at this stage, nor does the Company hold any call option to purchase the Guizhou Mining Rights at a pre-determined price. The Company cannot rule out the possibility of engaging in future negotiation with the Vendor as regards the Guizhou Mining Rights, but the scope and terms in relation the cooperation (if any) between the Company and the Vendor as regards the Guizhou Mining Rights have yet to be negotiated. If the Company and the Vendor ever comes to a conclusive deal as regards the Guizhou Mining Rights, the Company will make further announcement to disclose the details of the Guizhou Mining Rights and its acquisition, and re-comply with the relevant requirements under the Listing Rules.

RESUMPTION OF TRADING

Trading in the Shares has been suspended at 2:30 p.m. on 12 October 2009 pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 11 February 2010.

GENERAL

The Group is principally engaged in the provision of financial information services, securities trading system licensing and wireless applications development.

Based on the information provided by the Vendor, the principal activity of each of the Target Company, Marigold Time and China Gold is investment holding. Since its date of incorporation, the Target Company has not conducted any business activities apart from entering into the Acquisition Agreement with Global Force. Since its date of incorporation, Marigold Time has not conducted any business activities apart from entering into the agreement relating to the China Gold Acquisition. Apart from its investment in 50.05% equity interest in Guoda Gold, China Gold has not conducted any other business activities.

Shareholders and potential investors of the Shares should note that the Proposed Acquisition may or may not proceed to Completion. Shareholders and investors should exercise caution in dealing with the securities of the Company.

DEFINITIONS

In this announcement, the following definitions shall have the meanings set out below unless the context requires otherwise:

“Acquisition Agreement”	a sale and purchase agreement entered into between the Company and the Vendor on 12 October 2009 in relation to the Proposed Acquisition (as supplemented by a supplemental agreement dated 11 January 2010)
“Board”	the board of Directors
“Call Option”	the option granted by the Vendor to Global Force under the Acquisition Agreement which if exercised, will require the Vendor to sell the Shandong Mining Rights to Global Force
“China Gold”	China Gold Development Group (H.K.) Limited, a company incorporated in Hong Kong with limited liability
“China Gold Acquisition”	the acquisition of 70% equity interest in China Gold by Marigold Time from Best Ground Group Limited, a wholly owned subsidiary of Zijin Mining Group Co., Ltd. pursuant to a sale and purchase agreement dated 25 September 2009, as supplemented by a supplemental agreement dated 1 December 2009

“Company”	ABC Communications (Holdings) Limited, a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration Shares”	50,000,000 Shares issued by the Company at the issue price of HK\$4.00 per Share to satisfy part of the consideration for the Proposed Acquisition
“Conversion Shares”	new Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bond
“Convertible Bond”	the convertible bond in the agreed form to be issued by the Company in favour of the Vendor to satisfy the consideration for the Mining Acquisition in the principal amount of HK\$500,000,000 if the Call Option is exercised
“Deposit”	a refundable deposit in the amount of HK\$130,000,000 payable in cash on or before 1 February 2010 as part of the consideration for the Proposed Acquisition
“Directors”	the directors of the Company
“Excluded Assets”	all mining rights owned by Guoda Gold, including the Shandong Mining Rights and the Guizhou Mining Rights, which will be excluded from the Proposed Acquisition
“Framework Agreement”	agreement entered into between Global Force and the Vendor on 2 October 2009
“Global Force”	Global Force Holdings Limited, a wholly owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Guizhou Mining Rights”	mining permits held by a 61% owned subsidiary of the Target Company covering total mining areas of approximately 5.09 sq.km. and exploration permits covering total mining areas of approximately 69.69 sq.km., all of which are situated in Guizhou Province, the PRC
“Guoda Gold”	山東國大黃金股份有限公司 (Shandong Guoda Gold Smelting Company Limited), a joint stock limited liability company established in the PRC

“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Marigold Time”	Marigold Time International Limited, a company incorporated in the British Virgin Islands with limited liability
“Mining Acquisition”	the proposed acquisition of the Shandong Mining Rights by Global Force from the Vendor if the Call Option is exercised
“parties acting in concert”	having the meaning ascribed to it under the Takeovers Code
“PER”	price-to-earning ratio, which depending on the context may mean (a) the actual price-to-earning ratio of a listed company calculated by its latest market capitalization divided by its net profits attributable to shareholders as disclosed in its latest published audited full-year accounts; or (b) the implied price-to-earning ratio of the Target Group (excluding the Excluded Assets) calculated by the consideration for the Proposed Acquisition divided by the average profit guarantee in relation to the Proposed Acquisition for the forthcoming three financial years after Completion
“Placement Convertible Bonds”	the convertible bonds up to the principal amount of HK\$150,000,000 conditionally agreed to be placed by the Company through Convoy Investment Services Limited on a best effort basis pursuant to the placing agreement dated 18 September 2009
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital and all shareholders’ loans of the Target Company (excluding the Excluded Assets) by Global Force from the Vendor pursuant to the Acquisition Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SGE”	Shanghai Gold Exchange
“Shandong Mining Rights”	exploration permits held by Guoda Gold (directly and through two 80%-owned subsidiaries) covering total mining areas of not less than 120 sq.km., all of which are situated in Zhaoyuan City, Shandong Province, the PRC

“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“sq.km.”	square kilometers
“sq.m”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Target Company”	Gold Vast Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company and its subsidiaries as at and after Completion, including Marigold Time, China Gold and Guoda Gold
“Vendor”	Mr. Chen Xi Rong, a third party independent of the Company and its connected persons

For the purpose of this announcement, the exchange rate used for conversion between HK\$ and RMB is HK\$1.00 = RMB0.88.

By order of the board of
ABC Communications (Holdings) Limited
Chen Jiasong
Deputy Chairman

Hong Kong, 11 February 2010

As at the date of this announcement, the Board comprises Dr. Lew Mon Hung, Mr. Chen Jiasong, Mr. Wong Zhi Gang and Mr. Cheung Wai Shing as executive Directors and Mr. Tsang Kwok Wai, Mr. Lee Kwong Yiu and Mr. Zhang Guang Hui as independent non-executive Directors.