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JACKIN INTERNATIONAL HOLDINGS LIMITED

輝影國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 630)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE PROPOSED ACQUISITION OF
SE METAL RESOURCE CORP.;
MINING AND EXPLORATION CONSULTANCY AGREEMENT
AND RETAINER SERVICES BY
CHINA NATIONAL GOLD INVESTMENT
OVERSEA HOLDINGS LIMITED;
CHANGE IN DIRECTORS;
INCREASE IN AUTHORISED SHARE CAPITAL;
AND
RESUMPTION OF TRADING**

Reference is made to the announcement of the Company dated 9 November 2009.

**ACQUISITION AGREEMENT, CONSULTANCY AGREEMENT AND
REFERRAL AND RETAINER AGREEMENT**

Following on the November Agreement, on 18 December 2009, the Company and the Purchaser, a wholly-owned subsidiary of the Company, entered into three agreements respectively relating and incidental to the proposed acquisition by the Purchaser of the Target Company as follows:–

- (i) the Acquisition Agreement between the Purchaser and the Vendor whereby the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the 100% shareholding interest in the Target Company, which holds, through its wholly-owned subsidiary, the Mining Rights Claims over the Mines;

* For identification purposes only

- (ii) the Consultancy Agreement between the Company and China National Gold Oversea whereby China National Gold Oversea has agreed to, subject to and upon Completion, provide certain consultancy services, including without limitation, advising on the exploration and development activities of the Mines and other mining projects to be undertaken by the Group, and provision of mining, mineral processing and metallurgy technical support and know-how to the Group for a period of 10 years; and
- (iii) the Referral and Retainer Agreement between the Company and China National Gold Oversea whereby China National Gold Oversea has introduced to the Company the opportunity to invest in the Mines and is further engaged to provide certain advisory and consultancy services to the Company for its pre-acquisition due diligence work on the Mines. The Referral and Retainer Agreement will terminate at the earlier of (a) the Consultancy Agreement becoming effective upon Completion; and (b) 31 December 2010 as more particularly described in the section headed “Referral and Retainer Agreement” below. The fee payable by the Company under the Referral and Retainer Agreement is also set out in the same section.

The Acquisition Agreement and the Consultancy Agreement are inter-conditional on each other. The Referral and Retainer Agreement is a stand-alone agreement by itself and has become effective upon signing.

CONSIDERATION FOR THE ACQUISITION AGREEMENT AND CONSULTANCY AGREEMENT

The consideration for the Acquisition comprises US\$9 million (equivalent to HK\$69.75 million) of cash payment and HK\$762.5 million in form of consideration shares and convertible notes to be issued by the Company, which shall be satisfied by the Purchaser as follows:

- (i) as to US\$5 million (equivalent to approximately HK\$38.75 million) payable in cash to the Vendor as Refundable Deposit within 22 Business Days from the date of the Acquisition Agreement;
- (ii) as to US\$4 million (equivalent to approximately HK\$31 million) payable in cash to the Vendor at Completion;
- (iii) as to HK\$375 million by procuring the Company to issue and allot to the Vendor 300 million of new Shares at the issue price of HK\$1.25 per Share at Completion; and

- (iv) as to the balance of HK\$387.5 million by procuring the Company to issue to the Vendor the Cui Notes in the principal amount of HK\$387.5 million at Completion.

The consideration payable by the Company under the Consultancy Agreement amounts to HK\$312.5 million, which shall be satisfied by the Company as follows:

- (i) as to HK\$187.5 million by issuing and allotting to China National Gold Oversea 150 million new Shares at the issue price of HK\$1.25 per Share; and
- (ii) as to the balance of HK\$125 million by the issue of the CNG Notes in the principal amount of HK\$125 million to China National Gold Oversea.

The Cui Notes and the CNG Notes entitle the holders thereof to convert the whole or part of the relevant notes into new Shares at the conversion price of HK\$1.25 per Share (subject to adjustment), at any time during the conversion period. Unless previously converted, the Cui Notes and the CNG Notes are repayable by the Company on the 10th anniversary of their respective date of issue.

The issue price of the Cui Consideration Shares and the CNG Consideration Shares of HK\$1.25 per Share and the conversion price of HK\$1.25 per Share (subject to adjustment) for the Cui Notes and the CNG Notes have been agreed between the parties with reference to the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day.

The Consultancy Agreement has been entered into by the Company with the view of enabling the Group to explore and develop the Mines held by the Target Group after Completion. The Consideration payable by the Group for the Acquisition and the Consultancy Services will therefore amount to the equivalent of HK\$1,144.75 million in total. The Company will engage an independent valuer to perform a valuation of the Mines. The Acquisition is conditional, among other things, the Purchaser having obtained a valuation report issued by an independent professional valuer valuing the Mines at no less than HK\$800 million. The reason for the disparity in the Consideration and the independent valuation of the Mines as having been agreed between the parties is more particularly explained in the section headed “Basis of Consideration” below.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. Since the Acquisition Agreement and the Consultancy Agreement is inter-conditional on each other, each of the Acquisition Agreement and the Consultancy Agreement, and the transactions contemplated therein (including the allotment and issue of the relevant Consideration Shares, the relevant Convertible Notes and the relevant Conversion Shares) are subject to approval by a majority of the Shareholders present and voting at general meeting of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and China National Gold Oversea (together with its ultimate beneficial owners) are Independent Third Parties. Neither the Vendor nor China National Gold Oversea nor any of their respective associates holds any Shares as at the date of this announcement. As no Shareholder has any material interest in the Acquisition Agreement and the Consultancy Agreement which is different from that of the other Shareholders, no Shareholder is required to abstain from voting on the relevant resolutions to be put forward to vote at the SGM in relation to the Acquisition Agreement and the Consultancy Agreement and the transactions contemplated thereunder.

CHANGES IN DIRECTORS

The Board has appointed Mr. Ma as an executive Director with effect from 18 December 2009. Mr. Ma has extensive experience in the mining industry. The experience and biography of Mr. Ma is set out in the section headed "Appointment of Directors" below.

With effect from 31 December 2009, (i) Mr. Ho resigned as an executive Director on the expiry of his service contract due to his immigration to overseas; and (ii) Mr. Cheung resigned as an executive Director on the expiry of his service contract, but remains as chief financial officer of the Company effective from 1 January 2010.

Under the Referral and Retainer Agreement, China National Gold Oversea will delegate Mr. Zhou to act as an executive Director of the Company to strengthen the Group's management expertise in the area of mining and exploration of mineral resources. Under the Acquisition Agreement, the obligation of the Vendor to sell the Sale Shares is subject to, among others, the Company having appointed a person nominated by the Vendor as a Director with effect from the Completion Date. Separate announcement will be made by the Company in due course as soon as practicable after the due appointment of Mr. Zhou and the person nominated by the Vendor to the Board.

INCREASE IN AUTHORIZED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$200,000,000 comprising 2,000,000,000 shares of HK\$0.10 each, of which 1,093,098,505 Shares are in issue. In order to accommodate the future expansion and growth of the Group as well as to accommodate the issue of the Consideration Shares and the Conversion Shares, the Board proposes to increase the Company's authorised share capital from HK\$200,000,000 to HK\$400,000,000 by the creation of an additional 2,000,000,000 new shares of HK\$0.10 each. The increase in the authorized share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the SGM.

DELAY IN DISPATCH OF CIRCULAR

A circular containing, among other things, (i) further details on the Acquisition Agreement, the Consultancy Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the financial information of the Target Group including an accountants' report on the Target Group; (iv) a technical report on the Mines prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (v) a valuation report on the Mines prepared by an independent valuer; (vi) details of the proposed increase in the authorised share capital of the Company; and (vii) the notice of the SGM will be sent to the Shareholders as soon as possible.

Pursuant to Rule 14.38A and Rule 14.48 of the Listing Rules, the Circular is required to be despatched to the Shareholders within 21 days after publication of this announcement, i.e. on or before 29 January 2010. However, it is currently expected that additional time is required for the qualified technical adviser to be engaged by the Company to conduct the necessary technical survey and complete the necessary technical report for inclusion in the Circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.38A and Rule 14.48 of the Listing Rules and an extension of the deadline for despatch of the Circular. Separate announcement will be made by the Company as soon as practicable after confirmation with the technical adviser as to the timing of finalization of such technical report to be included in the Circular.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 December 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 with effect from 9:30 a.m. on 11 January 2010.

AS THE ACQUISITION AGREEMENT AND THE CONSULTANCY AGREEMENT ARE SUBJECT TO A NUMBER OF CONDITIONS PRECEDENT, THE ACQUISITION AGREEMENT AND THE CONSULTANCY AGREEMENT MAY OR MAY NOT BE ABLE TO BECOME UNCONDITIONAL OR BE COMPLETED. IN PARTICULAR, COMPLETION IS CONDITIONAL ON THE COMPANY HAVING COMPLETED A CAPITAL FUND RAISING OF NOT LESS THAN US\$25 MILLION WITHIN 22 BUSINESS DAYS FROM THE DATE OF THE ACQUISITION AGREEMENT (I.E. BY 21 JANUARY 2010). THE SUCCESS OF THE CAPITAL FUND RAISING IS SUBJECT TO, AMONG OTHER THINGS, MARKET CONDITIONS OR, IF ANY, ANY PLACING AGENT BEING ABLE TO SECURE WILLING PLACERS AND ENTER INTO AGREEMENTS WITH POTENTIAL PLACERS. THE CAPITAL FUND RAISING THEREFORE MAY OR MAY NOT BE COMPLETED IN TIME FOR THE PURPOSE OF THE ACQUISITION AGREEMENT AND THE OBLIGATIONS OF THE PARTIES TO THE ACQUISITION AGREEMENT MAY NOT COME INTO EFFECT. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SHARES AND OTHER SECURITIES OF THE COMPANY.

BACKGROUND

Reference is made to the announcement of the Company dated 9 November 2009 in respect of the November Agreement entered into by the Company with the Vendor and Party B on 3 November 2009 (as supplemented on 8 November 2009), pursuant to which the Vendor had acknowledged that the Company wished to acquire and Party B wished to transfer to the Company all of Party B's rights and obligations under the October Agreement. The October Agreement was entered into between the Vendor and Party B on 6 October 2009 pursuant to which Party B had agreed to acquire from the Vendor 65% of the issued share capital of the Target Company, which in turn holds Copper Century, the owner of the Mines. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Party B is an Independent Third Party. The November Agreement was not legally binding on the Company.

Subsequent to the November Agreement, the Purchaser and the Vendor have successfully reached agreement on the terms and conditions for the Purchaser to acquire all of the Vendor's interests in the Target Company, and the Vendor and Party B have agreed to terminate by agreement the October Agreement between them. To this end, on 18 December 2009, the Vendor and Party B entered into the October Cancellation Agreement to cancel and terminate the October Agreement. In the circumstances, the November Agreement ceases to be of any further effect to any of the parties thereto.

The Board is pleased to announce that on 18 December 2009, (i) the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the 100% shareholding interest in the Target Company; (ii) the Company entered into the Consultancy Agreement with China National Gold Oversea whereby China National Gold Oversea has agreed to, subject to and upon Completion, provide certain consultancy services, including without limitation, advising on the exploration and development activities of the Mines and other mining projects to be undertaken by the Group, and provision of mining, mineral processing and metallurgy technical support and know-how to the Group for a term of 10 years; and (iii) the Company entered into the Referral and Retainer Agreement with China National Gold Oversea whereby China National Gold Oversea has introduced to the Company the opportunity to invest in the Mines and is further engaged to provide certain advisory and consultancy services to the Company for its pre-acquisition due diligence work on the Mines. The Acquisition Agreement and the Consultancy Agreement are inter-conditional on each other and the Consultancy Services forms part and parcel of the Acquisition. The Referral and Retainer Agreement is a stand-alone agreement by itself and has become effective upon signing.

THE ACQUISITION AGREEMENT

Parties to the Acquisition Agreement:

Purchaser: Jackin Purchasing Co., Ltd, a wholly-owned subsidiary of the Company

Vendor: Mr. Cui Zhan Lin

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is an Independent Third Party.

Assets to be acquired:

The Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares, being the entire issued share capital of the Target Company.

The Vendor has represented in the Acquisition Agreement that since its establishment and as at the date of the Acquisition Agreement, the Target Company has not carried on and is not carrying on any business, other than the holding of its interests in Copper Century. Copper Century, in turn, is in possession of the Mining Rights Claims over the Mines, which confer on Copper Century rights to explore and exploit the Mines.

The Target Group has not commenced commercial production on the Mines. The Purchaser is buying an exploration project at its early exploration stage and there is no guarantee that there will ever be commercial production. Before any commercial production can be undertaken, the Target Group is required to comply with all relevant governmental regulations, policies and controls and obtain all necessary permits and approvals, including but not limited to the obtaining of environmental and land use permits and approval of plans or operations. For further details, please refer to the section headed “Risks Associated with the Acquisition” below.

Further details of the Target Group and the Mines are set out in the section headed “Information on the Target Group” below.

Upon Completion, the Target Group will become subsidiaries of the Company and their accounts will be consolidated into the financial statements of the Group.

Consideration

The consideration for the Acquisition comprises US\$9 million (equivalent to HK\$69.75 million) of cash payment and HK\$762.5 million in form of consideration shares and convertible notes to be issued by the Company, which shall be satisfied by the Purchaser as follows:

- (i) as to US\$5 million (equivalent to HK\$38.75 million) payable in cash to the Vendor as Refundable Deposit within 22 Business Days from the date of the Acquisition Agreement;
- (ii) as to US\$4 million (equivalent to HK\$31 million) payable in cash to the Vendor at Completion;

- (iii) as to HK\$375 million by procuring the Company to issue and allot to the Vendor the Cui Consideration Shares at the issue price of HK\$1.25 per Share at Completion; and
- (iv) as to the balance of HK\$387.5 million by procuring the Company to issue to the Vendor the Cui Notes in the principal amount of HK\$387.5 million at Completion.

The obligation of the Purchaser to make payment of the Refundable Deposit is subject to, among other things:

- (i) the Company having completed a capital fund raising on terms and conditions in its absolute discretion of not less than US\$25 million within 22 Business Days from the date of the Acquisition Agreement;
- (ii) the delivery to the Purchaser by the Vendor of each of the Security Documents (as more particularly described below) duly executed by all parties thereto (other than the Purchaser); and
- (iii) the Vendor and the Purchaser having agreed the form and substance of the Tax Indemnity to the reasonable discretion of the Purchaser.

The Refundable Deposit is repayable by the Vendor to the Purchaser if the Acquisition Agreement is terminated for any reason. As security for the repayment of the Refundable Deposit by the Vendor, it is a term of the Acquisition Agreement that the Security Documents will be executed by the relevant parties as follows:

- (i) the Vendor will execute a share charge in relation to 50% of the issued share capital of the Target Company in favour of the Purchaser; and
- (ii) the Target Company will also execute a share charge in relation to 50% of the issued share capital of Copper Century in favour of the Purchaser.

If the Vendor fails to repay the Refundable Deposit to the Purchaser within 10 Business Days after the Acquisition Agreement is terminated in accordance with the terms thereof, the Security Documents shall be immediately enforceable.

Further information on the Cui Consideration Shares and the Cui Notes is set out in the sub-sections headed “The Cui Consideration Shares and CNG Consideration Shares” and “The Cui Notes and CNG Notes” respectively below.

Conditions precedent

Completion of the Acquisition Agreement shall be conditional upon the satisfaction or waiver (as the case may be) of, among others, the following conditions:

- (i) the obligation of the Purchaser to purchase the Sale Shares is subject to the fulfillment of, among other things, the following conditions (any of which may be waived by the Purchaser but not the Vendor in writing except for conditions under (d), (f), (g), (l), (m), (n), (o) and (p) which are not waivable):
 - (a) the Vendor's representations and warranties given in the Acquisition Agreement having remained true and correct with the same effect at the Completion Date and the Vendor's and Target Company's representations, warranties and undertakings as contained in the relevant Security Documents having remained true and correct in accordance with the provisions contained therein;
 - (b) the Vendor having performed or complied, in all material respects, with its covenants, agreements and obligations contained in the Acquisition Agreement and which are required to be performed or complied with by the Vendor at or prior to the Completion Date, and the Vendor and the Target Company having performed or complied, in all material respects, with their respective covenants, agreements and obligations contained in the relevant Security Documents and which are required to be performed or complied with by the Vendor and the Target Company (as the case may be) in accordance with the provisions contained therein;
 - (c) the Purchaser being satisfied in its sole discretion with the results of the financial, tax, business, legal and technical due diligence review on the Target Group (including the Mines and the Mining Rights Claims);
 - (d) the Purchaser having received a technical advisor's report to be issued by a technical advisor acceptable to the Purchaser, in its sole discretion, in relation to the Mines, which complies with the requirements under Chapter 18 of the Listing Rules, and in the form and substance, in the sole opinion of the Purchaser, acceptable and satisfactory to the Purchaser in all respects;

- (e) the Purchaser being satisfied in its absolute discretion that the Mines are of such quality and sufficient quantity that, taking into account (where applicable) the applicable laws and regulations, local, national, international, financial, political, industrial, economic, fiscal, taxation or market or other conditions, circumstances or other conditions or circumstances, they may be economically worked;
- (f) the Purchaser having received a valuation report to be issued by a firm of independent valuer acceptable to the Purchaser, in its sole discretion, which values the Mines at no less than HK\$800 million and in the form and substance, in the sole opinion of the Purchaser, acceptable and satisfactory to the Purchaser in all respects;
- (g) (if required) the Purchaser or the Company having received an independent financial advisor's advice in relation to the transactions contemplated under the Acquisition Agreement and/or the Consultancy Agreement and in the form and substance, in the sole opinion of the Purchaser, acceptable and satisfactory to the Purchaser in all respects;
- (h) each Security Document (together with the documents required to be delivered thereunder) having been duly executed by each party thereto (other than the Purchaser) and delivered to the Purchaser within 22 Business Days from the date of the Acquisition Agreement (or such later date as may be agreed by the Purchaser in writing in its absolute discretion);
- (i) the Purchaser having agreed the form and substance of the Tax Indemnity in its reasonable discretion within 22 Business Days from the date of the Acquisition Agreement;
- (j) the Consultancy Agreement has become unconditional (save for the condition in relation to the completion of the Acquisition Agreement) and remains valid, subsisting and in full force and effect as of the Completion Date;
- (k) the Purchaser having received legal opinions from BVI and the United States counsels in the form and substance satisfactory to the Purchaser in its sole opinion, with respect to, among other things, matters of the BVI and United States laws, and that Copper Century has rights to exploit the Mines on the scope and terms set out in the Mining Rights Claims applicable to the relevant Mines;

- (l) the issue of a circular by the Company to the Shareholders in relation to the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement in compliance with the Listing Rules, including but not limited to, the inclusion of the relevant technical report therein and the Shareholders (or independent Shareholders, if required) having passed the relevant resolutions at the SGM approving the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement, including the issue of the Cui Consideration Shares, the Cui Notes, the CNG Consideration Shares, the CNG Notes, the Cui Conversion Shares and the CNG Conversion Shares;
- (m) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Cui Consideration Shares, the CNG Consideration Shares, the Cui Conversion Shares and the CNG Conversion Shares;
- (n) the Company not having been considered by the Stock Exchange as an applicant for new listing as a result of or in connection with the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement;
- (o) the Company having reasonably satisfied that no adjustment is required to be made to the exercise price of the existing warrants (no longer applicable)[#] and conversion price of the Existing Convertible Bonds by reason of the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement, or the Company having obtained waivers from the holders of the existing warrants (no longer applicable)[#] and Existing Convertible Bonds to the effect that no adjustments shall be required to be made to the exercise price of the existing warrants (no longer applicable)[#] and conversion price of the Existing Convertible Bonds by reason of the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement, and (if required) the Company having obtained necessary consents or waivers from holders of the existing warrants (no longer applicable)[#] in connection with the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement;
- (p) the Shareholders having passed the relevant resolutions at the SGM approving the necessary resolution(s) to increase the authorized share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Shares to HK\$400,000,000 divided into 4,000,000,000 Shares by creation of an additional 2,000,000,000 unissued Shares;

- (q) all necessary approvals, consents or waivers, etc required for consummating the completion of the Acquisition Agreement and transactions contemplated under the Acquisition Agreement and the Consultancy Agreement, including, without limitation, with respect to the Purchaser and the Company having been made or obtained in the form and substance reasonably satisfactory to the Purchaser;
 - (r) no circumstance or occurrence having arisen that has had, or would reasonably be expected to have a material adverse effect with respect to any member of the Target Group since the date of signing of the Acquisition Agreement;
 - (s) the Company having completed a capital fund raising on terms and conditions in its absolute discretion (i) of not less than US\$25 million within 22 Business Days from the date of the Acquisition Agreement for the purposes of the transactions contemplated under the Acquisition Agreement, including but not limited to payment of the Refundable Deposit, and expenses on drilling and exploration, preparation of independent technical advisor report, and evaluation of the Mines, payment of fees under the Referral and Retainer Agreement and general working capital for the drilling and exploration project; and (ii) of not less than US\$30 million in aggregate (inclusive of the US\$25 million under (i) above) on or before Completion; and
 - (t) no proceedings pertaining to the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement, or their consummation being pending or threatened, and no law, regulation, judgment, etc, being in effect which prohibits or restricts the consummation of the transactions contemplated under the Acquisition Agreement and the Consultancy Agreement; and
- (ii) the obligation of the Vendor to sell the Sale Shares is subject to the satisfaction or waiver (as the case may be) of the following conditions (any of which may be waived by the Vendor but not the Purchaser in writing):
- (a) the Purchaser's representations and warranties given in the Acquisition Agreement having remained true and correct with the same effect at the Completion Date;
 - (b) the Purchaser having performed or complied, in all material respects, with its covenants, agreements and obligations contained in the Acquisition Agreement and which are required to be performed or complied with by the Purchaser at or prior to the Completion Date;

- (c) the Company having completed a capital fund raising on terms and conditions in its absolute discretion (i) of not less than US\$25 million within 22 Business Days from the date of the Acquisition Agreement for the purposes of the transactions contemplated under the Acquisition Agreement, including but not limited to payment of the Refundable Deposit, and expenses on drilling and exploration, preparation of independent technical advisor report, and evaluation of the Mines, payment of fees under the Referral and Retainer Agreement and general working capital for the drilling and exploration project; and (ii) of not less than US\$30 million in aggregate (inclusive of the US\$25 million under (i) above) on or before Completion;
- (d) the Company having appointed a person nominated by the Vendor, whom the Vendor agrees would satisfy with the requirements of all applicable laws (including the Listing Rules), as a Director with effect from the Completion Date; and
- (e) the Purchaser having paid the Vendor the Refundable Deposit in accordance with the provisions of the Acquisition Agreement.

[#] *As at the date of this announcement, the unlisted warrants of the Company entitling the registered holder(s) to subscribe for an aggregate of 56,317,689 new Shares at the initial subscription price of HK\$0.554 each have been exercised in full. Accordingly, the Company has no outstanding warrants as at the date of this announcement.*

Notwithstanding the fulfillment of any or all of the conditions referred to under paragraph (i) above, the Purchaser may terminate the Acquisition Agreement in its sole discretion by written notice to the Vendor at any time after the date of the Acquisition Agreement.

If the Refundable Deposit is not paid by the Purchaser within 22 Business Days from the date of the Acquisition Agreement or in the event that the conditions above are not satisfied or, where applicable, waived, in accordance with the provisions set out in the Acquisition Agreement (including the time set forth therein, provided that if no time is mentioned, on or before 31 December 2010 (or such other date as may be agreed by the parties to the Agreement)), the Agreement shall terminate and thereafter neither party shall have any obligations and liabilities towards each other save for the repayment of Refundable Deposit by the Vendor to the Purchaser and the release of the Share Charge by the Purchaser to the Vendor.

Completion

Subject to the fulfillment (or, where applicable, waiver) of the conditions precedent above, and provided that the Acquisition Agreement has not been previously terminated by the Purchaser, Completion shall take place on or before 31 December 2010 (or such other date as the Vendor and Purchaser may agree in writing).

THE CONSULTANCY AGREEMENT

Parties to the Consultancy Agreement

The principal: the Company

The consultant: China National Gold Oversea. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China National Gold Oversea and its ultimate beneficial owner(s) are Independent Third Parties.

China National Gold Oversea is a wholly-owned subsidiary of China Gold Group Investment Co., Ltd (中國黃金集團投資有限公司), which is a joint venture subsidiary of China National Gold Group Corporation (中國黃金集團公司).

China National Gold Group Corporation (中國黃金集團公司) is a state-owned enterprise and a mining company with integrated business in geological exploration, mining, engineering construction, gold smelting, processing and marketing as well as scientific research and development. According to the website of China National Gold Group Corporation, China National Gold Group Corporation is one of the pioneers in the PRC to engage in gold resource development with affiliates engaged in gold business throughout the regions in the PRC which contribute approximately 20% of annual gold production in the PRC and control over 30% of total gold reserves in the PRC. It is also stated in its website that China National Gold Group Corporation is a council member of Shanghai Gold Exchange, the only member of the World Gold Council in the PRC and the only pilot enterprise in the PRC approved by the State Council of the PRC to conduct gold loan business in the world gold market.

China National Gold Oversea is principally engaged in overseas mining resources investment, development and management and trading of ore products. It has a team of experienced engineers, technicians and professionals who possess substantive knowledge and experience in exploration and excavation of mineral resources, and development, project design and infrastructure, and production management in relation to mining, and are familiar with the mineral resources development, mining industries and investment environment in countries including United States, Australia, Canada, Russia, Mongolia and Indonesia and so on.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, China National Gold Oversea and its ultimate beneficial owners and the Vendor are independent and not connected with each other. Save for the introduction by China National Gold Oversea to the Company the opportunity to invest in the Mines, which are held by an indirect wholly-owned company of the Vendor, there is no other business relationship between the Vendor and China National Gold Oversea and its ultimate beneficial owner, China National Gold Group Corporation.

Subject matter of the Consultancy Agreement

Pursuant to the Consultancy Agreement and subject to the Acquisition Agreement having been completed, the Company has conditionally agreed to engage China National Gold Oversea as a consultant for a term of 10 years after Completion to provide consultancy services to the Company including but not limited to:

- (i) provision of technical support to the Company (including the assignment of senior personnel from China National Gold Oversea to the Company at the cost of China National Gold Oversea to assist and advise the Company) in respect of its investment in the Mines and other mining projects, particularly in searching for and assessing investment opportunities globally, developing and running such mining projects and the Mines and sales of its mining products;
- (ii) provision of managerial and operational advices on the exploration, excavation and development of the Mines, as well as the production and sale of mining products of the Mines after production has commenced;
- (iii) advising on the development of the Mines, including information and technology on mining, mining processing and metallurgy, technical expertise required of the production team, control measures on capital expenditure and operational costs, and effectiveness and implications of the infrastructure systems of the Mines on their future development;

- (iv) reviewing and assessing the technical survey(s) on the reserve estimates of the Mines and providing the Company with independent professional advice on the findings of such survey(s) and assessing the sustainability of both short and long term mining plans;
- (v) advising on the production budget of the Mines, including cost control and identification and assessment of the associated risks in production;
- (vi) advising on environmental issues and policies, employee health and production safety policies applicable to the Mines;
- (vii) assessing and analyzing the historical data of the Mines and prevailing market information from time to time, and the future trend of the operational expenses and other cost structures of the Mines in terms of, among others, the existing and future infrastructure, production facilities, and transportation network and capacity; and
- (viii) assessing the management capability of the personnel operating the Mines, including the execution, implementation and fulfillment of the development of the Mines to maximize the value of the Mines to its owner.

Pursuant to the Consultancy Agreement, China National Gold Oversea will assign to the Company all existing and future intellectual property rights in the Works and Inventions and all materials embodying such rights to the fullest extent permitted by law. Insofar as such Works and Inventions are not vested on the Company automatically by operation of law or under the Consultancy Agreement, China National Gold Oversea should hold legal title in such rights and Inventions on trust for the Company. In this connection, China National Gold Oversea has undertaken under the Consultancy Agreement that (i) it will notify the Company in writing full details of any Works and Inventions promptly on their creation; (ii) to keep confidential details of all Inventions; (iii) whenever requested to do so by the Company and in any event on the termination of the engagement, it will promptly deliver to the Company all correspondence, documents, papers and records on all media (and all copies or abstracts of them), recording which are in its possession, custody or power; and (iv) it will use its best endeavors to ensure that complete title in all intellectual property rights in the Works and the Inventions has passed, or will pass, to the Company.

Term of the Consultancy Agreement

China National Gold Oversea has agreed to provide to the Company the consultancy services for a term of 10 years commencing from the Business Day after the Completion Date, and can be extended to a longer period as may be agreed by the parties in writing six months prior to the expiration date of the Consultancy Agreement.

Consideration

The consideration payable by the Company under the Consultancy Agreement amounts to HK\$312.5 million, which shall be satisfied by the Company as follows:

- (i) as to HK\$187.5 million by issuing and allotting to China National Gold Oversea 150 million new Shares at the issue price of HK\$1.25 per Share within three Business Days after completion of the Acquisition Agreement; and
- (ii) as to the balance of HK\$125 million by the issue of the CNG Notes in the principal amount of HK\$125 million to China National Gold Oversea within three Business Days after completion of the Acquisition Agreement.

Conditions precedent

Commencement of the engagement of China National Gold Oversea pursuant to the Consultancy Agreement is conditional upon the following:

- (i) the passing at the SGM of a resolution to approve the terms of the Consultancy Agreement and the issue of the CNG Consideration Shares, the CNG Notes and CNG Conversion Shares;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the CNG Consideration Shares and CNG Conversion Shares; and
- (iii) completion of the Acquisition Agreement.

In the event that any of the conditions precedent set out above is not fulfilled, the Consultancy Agreement shall lapse and be of no further effect, and no party to the Consultancy Agreement shall have any liability to any other party, save in respect of any antecedent breaches.

Further information on the CNG Consideration Shares and the CNG Notes is set out in the sub-sections headed “The Cui Consideration Shares and CNG Consideration Shares” and “The Cui Notes and CNG Notes” respectively below.

BASIS OF THE CONSIDERATION

The Consultancy Agreement has been entered into by the Company with the view of enabling the Group to explore and develop the Mining Rights Claims held by the Target Group after Completion. Taking together the consideration for the Acquisition and the consideration for the Consultancy Services, the total Consideration payable by the Group relating and incidental to the Acquisition will amount to a sum equivalent to HK\$1,144.75 million, comprising cash payment of US\$9 million (equivalent to HK\$69.75 million) and issue of the Cui Consideration Shares, the Cui Notes, the CNG Consideration Shares and the CNG Notes by the Company, which securities are agreed by the parties at a value of HK\$1,075 million in aggregate with reference to the closing price of the Shares as quoted on the Stock Exchange on 17 December 2009, being the Last Trading Day. The Directors view the Acquisition and the Consultancy Services as a whole would enable the Group to participate in the mining business and ensure a smooth operation of such new business. Thus, in assessing the fairness and reasonableness of the consideration payable by the Group, the Directors have considered in aggregate the consideration for the Acquisition and the consideration for the Consultancy Services. The composition of the Consideration has been determined after arm’s length negotiations between the parties after taking into account (i) the term of the Acquisition Agreement that Completion will not take place if the valuation of the Mines to be conducted by an independent valuer is less than HK\$800 million (please refer to the conditions precedent to the Acquisition Agreement as more particularly described in the section headed “the Acquisition Agreement” above); (ii) the expertise and reputation of China National Gold Oversea and its holding company in the mining industry (the holding company of China National Gold Oversea is one of the pioneers in the PRC to engage in gold resource development with affiliates engaged in gold business throughout the regions in the PRC, details of the background of China National Gold Oversea and its holding company are more particularly described in the paragraph headed “The Consultancy Agreement” above); (iii) the term and scope of services to be provided by China National Gold Oversea under the Consultancy Agreement; and (iv) that a substantial portion of the Consideration (of approximately 94%) will be satisfied by the allotment and issue of the Consideration Shares and Convertible Notes and the long maturity date of the Convertible Notes of 10 years, which features will reduce the immediate cash outlays of the Company in completing the Acquisition and the engagement of the Consultancy Services of China National Gold Oversea.

The Directors note that the value of the Consideration amounts to HK\$1,144.75 million in aggregate, and that the Purchaser has agreed with the Vendor to proceed with the Acquisition if, among other things, the independent valuation on the Mines obtained by the Purchaser from an independent valuer to be appointed by the Company is no less than HK\$800 million. The Directors note the disparity between the value of the Consideration and the minimum value of the Mines as agreed between the Purchaser and the Vendor for the Acquisition to proceed. Notwithstanding this, the Directors consider that such disparity in valuation is acceptable for the reason that the values of the Consideration Shares and Convertible Notes (which represent about 94% of the Consideration) have been determined by the parties on the date of the Acquisition Agreement and the Consultancy Agreement with reference to the closing price of the Shares on the Last Trading Day, and that since the announcement by the Company on 9 November 2009 of its intention to negotiate to acquire a controlling interest in the Target Company, the market price of the Shares has increased from HK\$0.87 per Share on 3 November 2009 (the last trading day of the Shares on the Stock Exchange prior to the release of the announcement of the Company dated 9 November 2009) to HK\$1.25 per Share on the Last Trading Day, an approximately 44% increase in Share price. The Directors believe the substantial increase in the market price of the Shares is a function of, among other things, favourable response of the market to the proposed diversification in business activities of the Group and the market speculation on the Company possibly reaching a positive outcome on the acquisition negotiation. The Directors further note that the unaudited net asset value per Share attributable to the Shareholders as at 30 June 2009 was approximately HK\$0.21 per Share. The Issue Price of the Consideration Shares and the Initial Conversion Price of the Convertible Notes are of HK\$1.25, therefore each exceeds the underlying net asset value per Share by over 490%. Based on the above, the Directors consider that the terms and basis of the Consideration as a whole are fair and reasonable so far as the Company and its Shareholders are concerned.

The Cui Consideration Shares and CNG Consideration Shares

The Cui Consideration Shares and the CNG Consideration Shares to be issued by the Company at the Issue Price upon Completion represents approximately 41.2% of the issued share capital of the Company as at the date of this announcement, approximately 29.2% of the issued share capital of the Company as enlarged by the allotment and issue of the Cui Consideration Shares and the CNG Consideration Shares, and approximately 23.0% of the issued share capital of the Company as enlarged by the issue of the Cui Consideration Shares, the CNG Consideration Shares, the Cui Conversion Shares and the CNG Conversion Shares.

There is no restriction on the subsequent sale of the Consideration Shares and the Conversion Shares by the Vendor or China National Gold Oversea (as the case may be).

The Cui Consideration Shares and the CNG Consideration Shares will be issued subject to a specific mandate to be sought from the Shareholders at the SGM. The Cui Consideration Shares and the CNG Consideration Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Cui Consideration Shares and the CNG Consideration Shares.

The Cui Notes and the CNG Notes

The Cui Notes in principal amount of HK\$387.5 million and the CNG Notes in principal amount of HK\$125 million will be issued by the Company to satisfy part of the consideration for the Acquisition and the Consultancy Services respectively. Except for the principal amount and the conversion period, the terms of the Cui Notes and the CNG Notes are substantially identical. The principal terms of the Cui Notes and the CNG Notes to be issued by the Company are as follows:

Issuer:	The Company
Maturity date:	The date falling on the tenth anniversary of the date of the issue of the convertible notes
Interest:	Non-interest bearing
Initial conversion price:	HK\$1.25 per conversion share (subject to adjustment). The conversion price may be subject to adjustments upon the occurrence of, among others, subdivision or consolidation of Shares, capital distribution, capitalization issues or grant to Shareholders rights to acquire for cash assets of the Group, rights issues and grant of options, warrants or other rights to Shareholders to subscribe for or purchase Shares, issue of securities convertible into or exchangeable for or carry rights of subscription for Shares (or modification of such rights of conversion or exchange or subscription), issue of Shares for cash or for acquisition of assets, on and subject to the terms of the Convertible Notes

Conversion Shares: In respect of the Cui Notes, up to 310 million Cui Conversion Shares based on the initial conversion price of HK\$1.25 per Conversion Share (subject to adjustment)

In respect of the CNG Notes, up to 100 million CNG Conversion Shares based on the initial conversion price of HK\$1.25 per Conversion Share (subject to adjustment)

Transferability: The Convertible Notes may be assigned or transferred subject to the conditions, approvals, requirements and any other provisions of or under:

- (i) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or their rules and regulations;
- (ii) the approval for listing in respect of the Conversion Shares; and
- (iii) all applicable laws and regulations.

The Convertible Notes shall not be assigned or transferred after the conversion right in respect thereof has been exercised or after the date falling on the 6th business day prior to the maturity date or to any company or other person which is a connected person of the Company, without prior written consent of the Company, unless the transferee is an associate of the relevant transferor who is then a connected person

Conversion period: In respect of the Cui Notes, subject to the conditions contained therein, the period commencing from the date of issue of the Cui Notes to the 7th Business Day prior to the maturity date (both dates inclusive)

In respect of the CNG Notes, subject to the conditions contained therein, the period commencing from the date falling 90 days after the issue of the CNG Notes to the 7th Business Days prior to the maturity date (both dates inclusive)

Conversion: A holder of the Convertible Notes shall have the right on any business day during the relevant conversion period of the Cui Notes and the CNG Notes to convert the whole or part of the principal amount of the Convertible Notes in amounts of not less than HK\$100,000 of the principal amount outstanding under the Convertible Note into Conversion Shares on each conversion, save that if at any time, the outstanding principal amount of the Convertible Note is less than HK\$100,000, the whole (but not part only) of the outstanding principal amount of the Convertible Notes may be converted; provided that no Convertible Notes may be converted, to the extent that following such exercise,

- (i) the minimum 25% public float requirement of the Company as required under the Listing Rules cannot be satisfied, or such exercise of the conversion rights will result in the Company in breach of any provision of the Listing Rules; or

- (ii) the aggregate shareholding of the Vendor and China National Gold Oversea (for this purpose, the CNG Consideration Shares to be issued (but not yet issued) to China National Gold Oversea pursuant to the Consultancy Agreement (whether conditional or absolute) shall be included for the calculation of the shareholding of China National Gold Oversea) and/or their respective concert parties (has the meaning ascribed in the Takeovers Code) will (a) trigger an obligation to make a general offer under the Takeovers Code after such exercise of the conversion right; or (b) exceed 29.9% (or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the issued share capital or voting rights of the Company as enlarged by the issue and allotment of the relevant Conversion Shares, following such exercise of the conversion right.

Redemption:

Unless previously converted or redeemed, or purchased and cancelled, the Convertible Notes shall be redeemed by the Company on the maturity date at its principal amount outstanding provided that if agreed by the Company and any holder(s) of the Convertible Notes in writing, the Company may early redeem the Convertible Notes held by the relevant holder(s) (without reference to or consent of any other holder(s)) prior to the Maturity Date on such terms and conditions as may be agreed between the Company and the relevant holder(s) of the Convertible Notes

Any Convertible Notes purchased by the Group shall forthwith be cancelled

Dividend:

Holder of the Convertible Notes are not entitled to any dividend which may be declared by the Company

Security:

The Convertible Notes are unsecured

Listing: No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange

Ranking: The obligations of the Company arising under the Convertible Notes constitute general, unconditional, unsecured and unsubordinated obligations of the Company, and rank and shall rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws

The Conversion Shares falling to be issued upon exercise of the conversion rights attaching to the Convertible Note will, when issued, rank pari passu in all respects with all other Shares in issue as at the later of the exercise date or the date on which the certificate for the relevant Convertible Notes is delivered to and received by the Company

Voting rights: The holder of the Convertible Notes will not be entitled to attend or vote at any general meeting of the Company by reason only of it being the holder of the Convertible Notes

Assuming the exercise in full of the conversion rights attaching to the Convertible Notes by the holders thereof at the initial conversion price of HK\$1.25 per Shares, there will be a total of 410,000,000 Conversion Shares falling to be allotted and issued by the Company and such Conversion Shares represents (i) approximately 37.5% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 21.0% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon conversion in full of the Cui Notes and the CNG Notes (before taking into account any Shares which may be allotted and issued pursuant to the exercise of the share options and conversion rights attaching to the Existing Convertible Notes issued by the Company). The Conversion Shares will be issued under a specific mandate proposed to be obtained at the SGM.

Issue Price

The Issue Price of HK\$1.25 for each Consideration Share and the Initial Conversion Price of HK\$1.25 of the Convertible Notes has been determined after arm's length negotiations between the Purchaser, the Vendor, the Company and China National Gold Oversea. The Issue Price and Initial Conversion Price of HK\$1.25 represents:

- (i) the closing price of the Shares of HK\$1.25 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 11.6% over the average of the closing prices of the Shares of HK\$1.12 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day;
- (iii) a premium of approximately 20.2% over the average of the closing prices of the Shares of HK\$1.04 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 495.2% over the unaudited net assets value per Share attributable to equity shareholders of the Company as at 30 June 2009 of approximately HK\$0.21 per Share.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares to be allotted and issued pursuant to the Acquisition Agreement and the Consultancy Agreement.

REFERRAL AND RETAINER AGREEMENT

On 18 December 2009, the Company also entered into the Referral and Retainer Agreement with China National Gold Oversea whereby China National Gold Oversea has introduced to the Company the opportunity to invest in the Mines and is further engaged to provide certain advisory and consultancy services to the Company for its pre-acquisition due diligence work on the Mines. In consideration for the services provided or to be provided by China National Gold Oversea under the Referral and Retainer Agreement, the Company has agreed to pay China National Gold Oversea the following:

- (i) a one-off fee of RMB6 million (equivalent to approximately HK\$6.78 million) on or before 31 December 2009 as compensation for China National Gold Oversea's effort in introducing to the Company the investment opportunity in the Mines and to the Vendor such that the Company could negotiate directly with the Vendor in respect of the Acquisition, and providing the Company with all feasibility studies, due diligence reports and prospect reports in relation to the Mines as organized by China National Gold Oversea from sources available to it; and
- (ii) a monthly retainer fee of RMB500,000 (equivalent to approximately HK\$565,000) for the Pre-Completion Services (as defined below). As described in the paragraph headed "Due diligence" below, the Company will commence its due diligence work on the Mines and engage a technical adviser to conduct exploration studies on the geology, mining resources and reserves, quality and feasibility of the Mines from time to time at its own costs and expense after signing of the Acquisition Agreement. In this connection, the Company will engage China National Gold Oversea to provide consultancy services to the Company and assist the Company in performing its due diligence exercise commencing from 1 January 2010 ("Pre-Completion Services"). China National Gold Oversea has agreed under the Referral and Retainer Agreement that the Pre-Completion Services will be provided to the Company free of charge if the Consultancy Agreement can become effective. However, if the Consultancy Agreement fails to become effective by 31 December 2010 (or any later date as may be agreed by the parties) other than due to violation or breach of terms of the Consultancy Agreement by China National Gold Oversea, then the Company shall, pursuant to the Referral and Retainer Agreement, pay to China National Gold Oversea a monthly retainer fee of RMB500,000 for the Pre-Completion Services.

The consideration of the Referral and Retainer Agreement was determined at arm's length negotiation between the Company and China National Gold Oversea with reference to (i) the effort in introducing to the Company the investment opportunity in the Mines; (ii) the works performed by China National Gold Oversea such as the feasibilities studies and issue of due diligence reports on the Mines which have allowed the Company to form a preliminary assessment on the Acquisition and the cost to China National Gold Oversea in conducting such work; and (iii) the estimated cost and expenses required for the Pre-Completion Services.

The Referral and Retainer Agreement is a stand-alone agreement by itself and has become effective upon signing on 18 December 2009.

The Referral and Retainer Agreement will terminate at the earlier of (a) the Consultancy Agreement becoming effective upon completion of the Acquisition; and (b) 31 December 2010 as more particularly described above.

INFORMATION ON THE TARGET GROUP

The Target Company, incorporated in BVI with limited liability on 30 July 2009, is an investment holding company and wholly-owned by the Vendor. The Vendor has warranted that the Target Company has not, since its establishment, carried on any business, other than holding of the 100% equity interest in Copper Century.

Copper Century is incorporated in the United States with limited liability on 25 March 2008. The Vendor has warranted that Copper Century is currently in possession of the Mining Rights Claims which confer on it rights to explore and exploit the mining resources in the Copper-Gold Mine, Gold Mine and Iron Ore Mine. As at the date of this announcement, the Mines are at its early exploration stage and have not commenced commercial operation.

Information on the Mines

The following are brief particulars of the Mines prepared for the purpose of this announcement based on the information and material provided by the Vendor to the Company.

Copper-Gold Mine

The Copper-Gold Mine is located at the Ord Mountain District in Southern California, USA, situated on longitude 116°47'30 ~ 116°52'30 west and latitude 34°37'30 ~ 34°42'30 north under the geographic coordinate system, which is approximately 160 km from the city of Los Angeles, USA and can be accessed by highway, railway and ports nearby with water and electricity supplies available. The Copper-Gold Mine, with an area of approximately 400 acres and drilling depth of 60 m, has gold, copper and silver deposits. According to a prospect report issued by the Sixth Geology Exploration Institute of China (山東省第六地質礦產勘查院), a renowned geological and mining surveyors institution in the PRC, in March 2009, it is estimated that the Copper-Gold Mine may have total gold, silver and copper reserves of approximately 9.4 tonnes, 33.6 tonnes, and 32,738 tonnes respectively, and the gold, silver and copper contents may reach approximately 3.56 grams per tonne, 12.66 grams per tonne and 1.71% respectively.

Gold Mine

The Gold Mine is located at New Dale-Los Angeles in Southern California, USA, situated on longitude 115°37'50 ~ 115°45'20 west and latitude 34°00'00 ~ 34°06'00 north under the geographic coordinate system, which is approximately 66 km from the Plams city in California, USA and can be accessed by highway and railway nearby with water and electricity supplies available. The Gold Mine, with an area of approximately 2,440 acres and drilling depth of 60 m, has deposits of gold, silver and copper. According to a prospect report issued by the Sixth Geology Exploration Institute of China (山東省第六地質礦產勘查院) in April 2008, it is estimated that the Copper-Gold Mine may have total gold, silver, and copper reserves of approximately 32.7 tonnes, 13 tonnes and 2,533 tonnes respectively, and the gold content may reach approximately 12.72 grams per tonne.

Iron Ore Mine

The Iron Ore Mine is located at Camp Rock in Southern California, USA, situated on longitude 116°30'00 ~ 116°41'30 west and latitude 34°31'30 ~ 34°39'30 north under the geographic coordinate system, which is approximately 160 km away from the city of Los Angeles, USA and can be accessed by highway, railway and ports nearby with water and electricity supplies available. The Iron Ore Mine has an area of approximately

3,760 acres. Based on three geological and resources investigation works published by the U.S. government authorities on the Camp Rock region, and the on-site survey and sampling conducted by Copper Century on the Iron Ore Mine, the Target Group has estimated that the total iron ore resources of the Iron Ore Mine may be in the region of approximately 306.6 million tonnes.

The Mining Rights Claims

The Vendor has warranted that the Mining Rights Claims granted to Copper Century in respect of the three Mines confer Copper Century an exclusive, and legal right to explore and exploit such the mines until 31 August 2010 and renewal is available from year to year by compliance with United States Code Title 30, sections 22-54 and the regulations promulgated thereunder, subject however to compliance with all other federal, state and local laws and regulations related to mineral exploration, development and extraction. The Vendor has further warranted that the Mining Rights Claims are valid and subsisting and there is no reason why such claims should be suspended, cancelled, revoked or cannot be renewed.

The Company will engage an independent technical adviser to perform a technical survey on the Mines including, among other things, the assessment of Mining Rights Claims, geology, gold resources, copper-gold resources and iron-ore resources and exploitation potential as soon as practicable. The report of such independent technical adviser will be in compliance with Chapter 18 of the Listing Rules and will be included in the Circular.

Financial information of the Target Group

Set out below is the respective financial information of the Target Company and its wholly-owned subsidiary, Copper Century, based on the unaudited management accounts of the two companies as provided by the Vendor to the Company. No consolidated management accounts for the Target Group have been prepared by the Vendor. Accordingly, the financial information set out below relates to the company accounts of each of the Target Company and Copper Century.

1. Target Company

The Target Company, incorporated in BVI with limited liability on 30 July 2009, is an investment holding company. The Vendor has warranted that the Target Company has not, since its establishment, carried on any business, other than holding of the 100% equity interest in Copper Century. The following is the summary of the unaudited management accounts of the Target Company for the period from 30 July 2009 (date of incorporation) to 30 November 2009 which have been prepared in accordance with Hong Kong Financial Reporting Standards.

(i) Profit and loss account

	For the period from 30 July 2009 (date of incorporation) to 30 November 2009 (unaudited)	
	<i>Equivalent to approximate</i>	
	<i>US\$</i>	<i>HK\$</i>
Income	nil	nil
Loss before taxation	(155,625)	(1,206,094)
Loss after taxation	(155,625)	(1,206,094)

(ii) Net assets

Based on the unaudited balance sheet of the Target Company, the Target Company recorded unaudited net liabilities as at 30 November 2009 of approximately US\$105,625 (equivalent to approximately HK\$818,594). The interest of the Target Company in Copper Century is recorded as investment in subsidiary at the book value of US\$500,000 (equivalent to approximately HK\$3.9 million).

2. *Copper Century*

Copper Century is incorporated in the United States with limited liability on 25 March 2008. The Vendor has warranted that for the period from 25 March 2008 (date of incorporation) to 31 December 2008, Copper Century carried no business activities and accordingly, no income and profit/loss was generated. The following is the summary of the unaudited management accounts of the Copper Century for the periods from 25 March 2008 (date of incorporation) to 31 December 2008 and from 1 January 2009 to 30 September 2009 respectively, which have been prepared in accordance with Generally Accepted Accounting Principles in the United States:

(i) *Profit and loss account*

Copper Century has recorded no profit or loss for the period from 25 March 2008 (date of incorporation) to 31 December 2008, as it has not carried out any activities during the period. Set out below is the profit and loss account of Copper Century for the nine months ended 30 September 2009:

	For the nine months ended 30 September 2009	
	unaudited	
	<i>Equivalent to approximate</i>	
	<i>US\$</i>	<i>HK\$</i>
Income	nil	nil
Loss before taxation	(244.7)	(1,896.4)
Loss after taxation	(1,044.7)	(8,096.4)

(ii) *Net assets*

Based on the unaudited balance sheet of Copper Century, the unaudited net assets of Copper Century as at 30 September 2009 was approximately US\$298,955.3 (equivalent to approximately HK\$2.3 million).

DUE DILIGENCE

The Purchaser is entitled to conduct exploration and technical studies on the geology, mining resources and reserves, quality and feasibility of the Mines at its own costs and expenses before 31 December 2010, the long stop date for the conditions of the Acquisition Agreement to be fulfilled or waived (as the case may be). The Vendor shall use and shall procure each member of the Target Group to use its best endeavours to assist the Purchaser or technical adviser(s) appointed by the Purchaser or the Company in its exploration and technical studies of the Mine. The Group will appoint an independent technical adviser to perform a technical review on the mining sites of the Target Group including, among other things, the assessment of mining licenses, geology, gold resources, copper-gold resources and iron-ore resources and exploitation potentials as soon as practicable. After preliminary review, the technical adviser and/or China National Gold Oversea will design a development or drilling program for its exploration studies. The Group will commence the drilling program based on the advice of the technical adviser and/or China National Gold Oversea and the technical adviser will then issue the technical report in respect of the estimated reserve in the Mines. The Group will also engage an independent valuer to perform the valuation of the Mines. It is currently expected that the due diligence process will take approximately 6 months to 9 months to complete. Based on the initial estimation of the Group, the aggregate expenditure of the aforesaid due diligence exercise, including, among others, capital expenditure, drilling cost and expense in respect of appointment of professionals, will range from US\$10 million to US\$20 million. The due diligence expenditure will be borne by the Group. Subject to fulfillment of condition precedent above relating to the capital fund raising for US\$25 million within 22 Business Days from the date of the Acquisition Agreement, the Purchaser will spend up to US\$20 million on the aforesaid due diligence and evaluation exercise, including the conducting a technical survey and an independent valuation on the Mines. After considering the benefits arising from the Acquisition as further discussed under the section headed “Reasons for the Acquisition and the Consultancy Services” below and taking into account the scale of the Acquisition, the Directors consider that the expenditure on the aforesaid due diligence and evaluation program is commercially justified in the circumstances.

REASONS FOR THE ACQUISITION AND THE CONSULTANCY SERVICES

The Group is principally engaged in the (i) remanufacture and sale of computer printing and imaging products; (ii) manufacture and sale of data media products; and (iii) distribution and sale of data media products.

As set out in the annual report of the Company for the year ended 31 December 2008 (the “**Annual Report**”), the Group recorded a loss attributable to equity Shareholders of approximately HK\$159.8 million for the year ended 31 December 2008, which was mainly due to the segment loss of (i) approximately HK\$61.9 million from the manufacture and sale of data media products; and (ii) approximately HK\$45.5 million from the distribution of data media products. It was also stated in the Annual Report that the Group has taken immediate measures to downsize the operation scale for the computer media products and control cost to mitigate the impact of the financial crisis. For the six months ended 30 June 2009, according to the interim report of the Company, the Group also recorded a loss attributable to equity Shareholders of approximately HK\$12.5 million.

The management of the Company has been exploring various options to improve the Group’s profitability and financial performance. On 23 November 2009, the Company entered into the agreement with an independent third party in relation to the disposal of a group of subsidiaries of the Company which is principally engaged in trading of computer printing and imaging products and data media products due to its unsatisfactory financial performance. The disposal has been completed in accordance with the terms of the agreement.

The Board also considers that the Group should broaden its source of revenue so as to reduce its reliance on its traditional businesses. To this end, the Group has been looking for suitable investment opportunities. In light of the industrialization and urbanization of developing countries, the worldwide demand for commodities has been increasing in recent years, leading to increasing market prices for such products. According to data from the Mineral Commodity Summaries 2009 issued by U.S. Geological Survey (which is the U.S. Federal source for science about the Earth, its natural and living resources, natural hazards, and the environment), from 2004 to 2008, (i) the exports of gold, copper and iron ore from the United States increased in a compound annual growth rate of approximately 23.35%, 2.18% and 6.97% respectively; and (ii) the prices of gold, copper (for domestic producer), high-grade copper (traded at London Metal Exchange) and iron ore increased in a compound annual growth rate of approximately 21.65%, 24.72%, 25.26% and 14.86% respectively.

Having considered the above, the Company is of the view that the mining industry in copper, gold and iron ore resources has considerable development potentials. To this end, the Directors have identified the Mines as appropriate acquisition targets for the Group due to their close proximity to main transportation routes and cities, access to electricity and water supplies which reduce the infrastructure costs for the development of the Mines and the high metal ores contents of the Mines based on preliminary assessments.

The Directors acknowledge that the proposed Acquisition will present the Group with a new sphere of activities, and that the existing management and Directors do not have the relevant technical and operational expertise in the new business. Given the distinguished position of China National Gold Group Corporation in the mining industry, the Company and its Directors believe it would be beneficial to the Company to have China National Gold Oversea as its technical consultant to help the Group develop the proposed new mining business. Accordingly, the Company entered into the Consultancy Agreement with China National Gold Oversea, pursuant to which China National Gold Oversea will provide consultancy services to the Company upon Completion in relation to, among others, the exploration and development of the Mines and mining, mineral processing and metallurgy. As set out in the section headed “The Consultancy Agreement”, the team of experienced engineers, technicians and professionals of China National Gold Oversea possesses substantive knowledge and experience in exploration and excavation of mineral resources, and development, project design and infrastructure, and production management in relation to mining, and is familiar with mineral resources development, mining industries and investment environment in countries including United States, Australia, Canada, Russia, Mongolia and Indonesia and so on.

The Directors believe, with the support of the professional and experienced team of China National Gold Oversea and the joining of Mr. Ma, an experienced executive in the mining industry, on to the Board (please refer to the section headed “Appointment of Directors” below), the mining business of the Enlarged Group will be well managed and thus, the entering into of the Acquisition Agreement, coupled with the Consultancy Agreement, would present the Group an attractive investment opportunity with promising long term prospects.

Notwithstanding the above, the Directors consider that the Enlarged Group may be posed with certain inevitable risks associated with the Acquisition. Shareholders’ attention is drawn to the section headed “Risks associated with the Acquisition” below, which lays out the potential risks that may be associated with the Company as a result of Completion of the Acquisition. Having considered the risks associated with the Acquisition and the prospects of the Target Group, the Board on balance is of the view that the terms of the Acquisition Agreement and the Consultancy Agreement are fair and reasonable so far as the Company and its Shareholders are concerned and that the Acquisition, together with the Consultancy Services, is in the interests of the Company and Shareholders as a whole.

CHANGE IN DIRECTORS

Appointment of Directors

Mr. Ma

As the present Directors do not possess any mining experience and have limited knowledge in the mining industry, the Board proposes to appoint certain new Directors who have extensive experience in the mining industry to oversee the Acquisition and to manage the due diligence exercise on the Mines, including the exploration studies prior to Completion. In this connection, with effect from 18 December 2009, Mr. Ma has been appointed as executive Director.

Mr. Ma, aged 50, has over 28 years of experience in mining industry with more than 19 years of which in the managerial level. Mr. Ma is familiar with all the aspects of a mining company, from mineral processing research and design, conducting feasibility studies and the construction of gold and non-ferrous metals mining sites to its related finance management. Mr. Ma was (i) the vice president for corporation administration of Jinshan Gold Mines Inc, a Canadian mining company focused on gold production in the PRC and listed on the Canadian Stock Exchange; (ii) the chief financial officer and a director of Zhongjin Gold Corp Ltd (中金黃金股份有限公司), a mining company listed on Shanghai Stock Exchange with controlling stake held by China National Gold Group Corporation (中國黃金集團公司); (iii) the head of planning and financing department and president's office of China National Gold Corporation (now known as China National Gold Group Corporation (中國黃金集團公司)); and (iv) deputy head for the research management office at the Changchun Gold Research Institute. Mr. Ma holds a bachelor degree of engineering in mineral processing from the Wuhan University of Science and Technology (武漢科技大學, formerly known as 武漢鋼鐵學院) and the degree of the executive master of business administration from Cheung Kong Graduate School of Business (長江商學院).

Save as disclosed above, Mr. Ma did not hold any directorships in any Hong Kong and overseas listed public companies in the last three years and does not hold any other positions in the Company or other members of the Group.

Mr. Ma has entered into the service agreement with the Company for a term of one year and subject to automatically extension for another 2 years effective from 18 December 2009. Mr. Ma is entitled to a monthly salary of HK\$200,000 which is determined with reference to his expertise and experience in mining industry and duties and responsibilities in the Company. Mr. Ma may also be entitled to a discretionary management bonus for each financial year of the Company which is at the discretion of the remuneration committee of the Company and determined with reference to the Group's performance for the financial year concerned. Mr. Ma has no other relationships with any directors, senior management, substantial or controlling Shareholders. Mr. Ma does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the date of this announcement.

Save as disclosed above, Mr. Ma is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company nor is there any information to be disclosed by the Company pursuant to any of the requirements under rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Under the Referral and Retainer Agreement, China National Gold Oversea will delegate Mr. Zhou to act as an executive Director of the Company to strengthen the Group's management expertise in the area of mining and exploration of mineral resources. Under the Acquisition Agreement, the obligation of the Vendor to sell the Sale Shares is subject to, among others, the Company having appointed a person nominated by the Vendor as a Director with effect from the Completion Date. Separate announcement as will be made by the Company in due course as soon as practicable after the due appointment of Mr. Zhou and the person nominated by the Vendor to the Board.

Resignation of Directors

Mr. Ho Fai Keung, Jacky

With effect from 31 December 2009, Mr. Ho resigned from the Company as an executive Director on the expiry of his service contract due to his immigration to overseas.

Mr. Ho has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the Stock Exchange and the Shareholders.

Mr. Cheung Sze Ming

With effect from 31 December 2009, Mr. Cheung resigned as executive Director from the Board on the expiry of his service contract, but Mr. Cheung will remain as chief financial officer of the Company effective from 1 January 2010. The resignation of Mr. Cheung is a realignment of the financial accounting and management functions of the Group, taking note of the internal needs of the Group.

Mr. Cheung has confirmed that he has no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the Stock Exchange and the Shareholders.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Ho and Mr. Cheung for their dedicated services and the valuable contributions they have made to the Company during their tenure of services.

PROPOSED BUSINESS PLAN

As at the date of this announcement, the principal business of the Company involves remanufacture and sale of computer printing and imaging products; manufacture and sale of data media products; and distribution and sale of data media products (the “**Existing Businesses**”). The Existing Businesses is now operated and managed by its existing management comprising the two executive Directors, Ms. Ho Yin King, Helena and Mr. Yip Wai Lun, Alvin and other senior operating management personnel, including but not limited to, Mr. Cheung Sze Ming, the existing chief financial officer of the Company, who is responsible for the finance functions of the Group. Despite the proposed diversification of the business scope of the Group into the mining business as a result of completion of the Acquisition, it is the intention of the Company to continue with the Existing Businesses. The Existing Businesses will continue to be managed by the existing management. Save as aforesaid, the existing board members do not have any plan of resignation as at the date of this announcement.

Regarding the proposed new business in gold, copper and iron mining, the Group will derive an appropriate business plan in due course based on the results and findings from the due diligence work and review to be carried out by the Group on the Mines as more particular described in this announcement. Subject to the results of such work and review, the Directors tentatively intend to leverage on the expertise and experience of China National Gold Oversea and conduct its own mining operation by, including but not limited to, searching for and assessing investment opportunities globally, developing and running such mining projects and the Mines with the state-of-art information and technology on mining and metallurgy, technical expertise provided by China National Gold Oversea and sales of its mining products. As advised by the Vendor, it is expected that production on the Iron Ore Mine, in particular, could commence soon after Completion. However, as at the date of this announcement, the Board has not formulated any definite plan for the production of the Mines.

As at the date of this announcement, the Board does not have any arrangement or understanding or agreement or negotiation for asset disposal or further asset acquisition.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following chart sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon Completion and after the issue of the Consideration Shares; (iii) immediately after the issue of the Consideration Shares and assuming full conversion of the Convertible Notes at the Initial Conversion Price assuming there being no other change to the existing issued share capital of the Company from the date of this announcement.

Shareholders	As at the date of this announcement		Upon Completion		Upon Completion and assuming full conversion of the Convertible Notes (Note 5)	
	No. of shares	%	No. of shares	%	No. of shares	%
Sun Union Enterprises Limited (Note 1)	178,194,000	16.30%	178,194,000	11.55%	178,194,000	9.13%
Ms. Ho Yin King, Helena (Note 2)	29,283,000	2.68%	29,283,000	1.90%	29,283,000	1.50%
Mr. Ho Fai Keung, Jacky (Note 2)	27,410,000	2.51%	27,410,000	1.78%	27,410,000	1.40%
Total shareholding of the Ho's Family	234,887,000	21.49%	234,887,000	15.23%	234,887,000	12.03%
Mr. Yip Wai Lun, Alvin (Note 3)	3,000,000	0.27%	3,000,000	0.19%	3,000,000	0.15%
Mr. Leung Ka Kui, Johnny (Note 4)	290,000	0.03%	290,000	0.02%	290,000	0.02%
Vendor	–	0.0%	300,000,000	19.44%	610,000,000	31.23%
China National Gold Oversea	–	0.0%	150,000,000	9.72%	250,000,000	12.80%
Public shareholders	854,921,505	78.21%	854,921,505	55.40%	854,921,505	43.77%
Total	<u>1,093,098,505</u>	<u>100.00%</u>	<u>1,543,098,505</u>	<u>100.0%</u>	<u>1,953,098,505</u>	<u>100.0%</u>

Notes:

1. Sun Union Enterprises Limited is wholly-owned by Complete Associates Limited, which is in turn beneficially owned as to approximately 61.8% by Ms. Ho Yin King, Helena and as to approximately 38.2% by Mr. Ho Fai Keung, Jacky.
2. Ms. Ho Yin King, Helena is the Chairman of the Company and an executive Director. Mr. Ho Fai Keung, Jacky is a former executive Director (resigned on 31 December 2009) and brother of Ms. Ho Yin King, Helena.
3. Mr. Yip Wai Lun, Alvin is an executive Director.
4. Mr. Leung Ka Kui, Johnny is an independent non-executive Director.
5. The figures are provided for illustrative purposes only. The terms of the Convertible Notes will not permit conversion if the shareholding of the Vendor and China National Gold Oversea (for this purpose, shareholding of China National Gold Oversea include the CNG Consideration Shares which will be issued (but not yet issued) to China National Gold Oversea pursuant to the Consultancy Agreement) and/or their respective concert parties (has the meaning ascribed in the Takeovers Code) will (i) trigger an obligation to make a general offer under the Takeovers Code after such exercise of the conversion right; or (ii) exceed 29.9% (or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the issued share capital or voting rights of the Company as enlarged by the issue and allotment of the relevant Conversion Shares, following such exercise of the conversion right.

RISKS ASSOCIATED WITH THE ACQUISITION

1. Entering into a new business

Metal mining and exploration is a new business for the Group. The success of this new business is dependent on a number of factors, including the timely construction and implementation of the processing plant, the recruitment of competent professionals and experienced personnel, stringent controls over investment and production costs and the constant of supply of electricity and water to the Mines. As the Acquisition would present management and operational challenges to the Group, in order to ensure a smooth operation, the Company intends to build up a professional management and technical team as soon as possible to run the new business together with the existing management team of the Target Group and the professional team of China National Gold Oversea.

2. Exploration project/relevant permits for the mining activities

The Purchaser is buying an exploration project at its early exploration state and there is no guarantee that there will ever be commercial production. The Target Group currently holds the Mining Rights Claims which allow the holder to explore and exploit the designated areas under the Mining Rights Claims. However, the mining activities on the Mines are also subject to extensive governmental regulations, policies and controls including but not limited to the obtaining of environmental and land use permits and approval of plans or operations. There is no assurance that the Target Group will be able to obtain the relevant permits to conduct the mining activities on the Mines. Any delays or denial in obtaining such permits for conducting the mining activities will adversely affect the commercial production of the Mines and operation and financial performance of the Group.

3. Validity of the Mining Rights Claims

The Mining Rights Claims granted to the Target Group will be expired on 31 August 2010 and the renewal is required from year to year by compliance with United States Code Title 30, sections 22-54 and the regulations promulgated thereunder, subject however to compliance with all other federal, state and local laws and regulations related to mineral exploration, development and extraction. In the event that the Target Group fails to renew the Mining Rights Claims, the operation and financial performance of the Group will be adversely affected.

4. Possible defects on the Mining Rights Claims

As set out under the paragraph headed “Conditions precedent” under the section headed “The Acquisition Agreement”, the completion of the Acquisition is subject to the satisfaction of the Purchaser with the results of the financial, tax, business, legal and technical due diligence review on the Target Group (including the Mines and the Mining Rights Claims). As at the date of this announcement, the Company is yet to complete the said due diligence reviews on the Target Group, in particular, the Mining Rights Claims. The information of the Mines and the estimated resources amount as set out in the paragraph headed the “Information on the Mines” under the section headed “Information on the Target Group” above is based on the information provided by the Vendor. There can be no guarantee that the estimated resources amount can be met.

In addition, there can be no assurance that there is no material defect on the Mining Rights Claims or no competing ownership of the minerals in the Mines. Any defect on the Mining Rights Claims or opposition on the ownership of the Mining Rights Claims may deviate materially the commercial value of the Mines or cause legal claims to the Enlarged Group.

5. Uncertainty about the mineral resources of the Mines

It is anticipated that the estimated amount of resources in the Mines to be stated in the technical reports to be prepared by the technical adviser would be based on a number of assumptions on principal factors and variables, which may prove to deviate from the actual state of the Mines, and which would be beyond the Company's control. Consequently, the actual amount of resources in the Mines derived from the Mines may deviate materially from the amount to be estimated by the technical adviser.

In addition, the Mines are at the exploration stage and there is no guarantee that the Mines contain sufficient mineral resources for commercial production.

6. Fluctuation of metal prices

The value of the Mines and the profitability of the Group's mining operations and earnings may be affected by fluctuations in the market prices of metal, in particular, the prices of copper, gold and iron ores, and the cyclical nature of the international market. These fluctuations may be influenced by numerous factors which are beyond the control of the Group, including global productions of and industrial demands for metals, in particular, copper, gold and iron ores, and the global economic conditions. Any sustained adverse movements in metal prices are expected to have a negative impact on the Group's financial condition and results of operation of the Mines.

7. Significant and continuous capital investment

The mining business requires significant and continuous capital investment. The major mine exploration and production projects may exceed the original budgets and may not be completed as planned and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Group's budgets because of various factors beyond the Group's control, which in turn may affect the Group's financial condition.

8. Work safety

Any occurrence of accidents may disrupt the mining operation of the Enlarged Group and may result in a mandatory suspension of operation, financial losses, compensatory claims, fines, penalties or damage to the reputation of the Group.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the authorized share capital of the Company is HK\$200,000,000 comprising 2,000,000,000 shares of HK\$0.10 each, of which 1,093,098,505 Shares are in issue. The Board proposes to increase the Company's authorised share capital from HK\$200,000,000 to HK\$400,000,000 by the creation of an additional 2,000,000,000 new shares of HK\$0.10 each. Such new Shares, upon issued and fully paid, shall rank *pari passu* in all respects with the Shares. The proposed increase in authorised share capital of the Company by creating additional 2,000,000,000 Shares is determined by taking into account the allotment and issue of the Consideration Shares and the Conversion Shares pursuant to the Acquisition Agreement and the Consultancy Agreement, as well as the Company's need for flexibility to issue new Shares for future expansion and growth. An ordinary resolution will be put forward at the SGM for the proposed increase in the Company's authorised share capital.

The proposed increase in authorised share capital of the Company is conditional upon, among others, the passing of an ordinary resolution by the Shareholders at the SGM. The Board is of the view that the proposed increase in authorised share capital of the Company will provide flexibility to the Company in determining its future business plan, and is therefore in the interest of the Shareholders. No Shareholder is required to abstain from voting on the resolution to be proposed at the SGM regarding the proposed increase in authorised share capital of the Company.

GENERAL

As referred to in this announcement above, it is one of the conditions precedent of the Acquisition Agreement and the payment of the Refundable Deposit that, among other things, the Company having completed a capital fund raising of not less than US\$25 million within 22 Business Days from the date of the Acquisition Agreement, i.e. 21 January 2010. In view of the lapse of time since the date of the Acquisition Agreement, the Company will use its

best endeavour to carry out a fund raising activity soon after the release of this announcement by using the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with securities of the Company up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the resolution passed in the special general meeting of the Company held on 5 December 2009. As at the date of this announcement, no understanding or agreement in respect of such fund raising activity has been entered into by the Company. The Company will make further announcement in relation to any capital fund raising exercise as and when required under the Listing Rules.

LISTING RULES IMPLICATION

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. Since the Acquisition Agreement and the Consultancy Agreement is inter-conditional on each other, each of the Acquisition Agreement and the Consultancy Agreement, and the transactions contemplated therein (including the allotment and issue of the relevant Consideration Shares, the relevant Convertible Notes and the relevant Conversion Shares) are subject to approval by a majority of the Shareholders present and voting at general meeting of the Company.

Neither the Vendor nor China National Gold Oversea nor any of their respective associates holds any Shares at the date of this announcement. As referred to in the sections headed the “Consideration” and “Effects on shareholding structure of the Company” above, the consideration of the Consultancy Agreement will be satisfied by the issue and allotment of the CNG Consideration Shares and CNG Notes, and upon the completion of the Acquisition and Consultancy Agreement, China National Gold Oversea will be interested in 9.72% of issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. In the event that China National Gold Oversea becomes the substantial Shareholder upon the conversion of the CNG Notes, China National Gold Oversea will become a connected person of the Company and the transactions contemplated under the Consultancy Agreement will constitute continuing connected transactions of the Company. The Company will comply with the relevant provisions under Chapter 14A of the Listing Rules in such event, including the requirements of the requirements of reporting, announcement and Shareholders’ approval as and when required.

The SGM will be convened and held to consider and, if thought fit, approve the Acquisition Agreement, the Consultancy Agreement and the transactions contemplated thereunder (including the issue and allotment of the Consideration Shares, the Convertible Notes and the Conversion Shares), and the increase in the authorised share capital of the Company. To the best of the Directors' knowledge, information and belief, as of the date of this announcement, as none of the Shareholders of the Company has any material interest in the Acquisition Agreement or the Consultancy Agreement which is different from that of the other Shareholders, no Shareholder is required to abstain from voting on the relevant resolutions to be put forward to vote at the SGM in relation to the Acquisition Agreement, the Consultancy Agreement and the transactions contemplated thereunder, and the increase in the authorised share capital of the Company.

DELAY IN DESPATCH OF CIRCULAR

A circular (the “**Circular**”) containing, among other things, (i) further details on the Acquisition Agreement, the Consultancy Agreement and the transactions contemplated thereunder; (ii) the financial information of the Group; (iii) the financial information of the Target Group including an accountants' report on the Target Group; (iv) a technical report on the Mines prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (v) a valuation report on the Mines prepared by an independent valuer; (vi) details of the proposed increase in the authorised share capital of the Company; and (vii) the notice of the SGM will be sent to the Shareholders as soon as possible.

Pursuant to Rule 14.38A and Rule 14.48 of the Listing Rules, the Circular is required to be despatched to the Shareholders within 21 days after publication of this announcement, i.e. on or before 29 January 2010. However, it is currently expected that additional time is required for the qualified technical adviser to be engaged by the Company to conduct the necessary technical survey and complete the necessary technical report for inclusion in the Circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.38A and Rule 14.48 of the Listing Rules and an extension of the deadline for despatch of the Circular. Separate announcement will be made by the Company as soon as practicable after confirmation with the technical adviser as to the timing of finalization of such technical report to be included in the Circular.

RESUMPTION OF TRADING

The Board has noted that there were increases in the price and the trading volume of the Shares on 17 December 2009 and wishes to state that save as disclosed in this announcement, it is not aware of any reasons for such increases.

Save as disclosed in this announcement, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 December 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 with effect from 9:30 a.m. on 11 January 2010.

AS THE ACQUISITION AGREEMENT AND THE CONSULTANCY AGREEMENT ARE SUBJECT TO A NUMBER OF CONDITIONS PRECEDENT, THE ACQUISITION AGREEMENT AND THE CONSULTANCY AGREEMENT MAY OR MAY NOT BE UNABLE TO BECOME UNCONDITIONAL OR BE COMPLETED. IN PARTICULAR, COMPLETION IS CONDITIONAL ON THE COMPANY HAVING COMPLETED A CAPITAL FUND RAISING OF NOT LESS THAN US\$25 MILLION WITHIN 22 BUSINESS DAYS FROM THE DATE OF THE ACQUISITION AGREEMENT (I.E. BY 21 JANUARY 2010). THE SUCCESS OF THE CAPITAL FUND RAISING IS SUBJECT TO, AMONG OTHER THINGS, MARKET CONDITIONS OR, IF ANY, ANY PLACING AGENT BEING ABLE TO SECURE WILLING PLACEES AND ENTER INTO AGREEMENTS WITH POTENTIAL PLACEES. THE CAPITAL FUND RAISING THEREFORE MAY OR MAY NOT BE COMPLETED IN TIME FOR THE PURPOSE OF THE ACQUISITION AGREEMENT AND THE OBLIGATIONS OF THE PARTIES TO THE ACQUISITION AGREEMENT MAY NOT COME INTO EFFECT. SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SHARES AND OTHER SECURITIES OF THE COMPANY.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Acquisition Agreement
“Acquisition Agreement”	the conditional agreement dated 18 December 2009 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which commercial banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	the British Virgin Islands
“China National Gold Oversea”	China National Gold Investment Oversea Holdings Ltd (中國黃金投資海外控股有限公司), a company incorporated under the laws of Hong Kong with limited liability
“CNG Consideration Shares”	a total of 150,000,000 new Shares to be issued by the Company to China National Gold Oversea
“CNG Conversion Shares”	new Shares to be allotted and issued by the Company to the holder of the CNG Notes upon exercise of the conversion rights attaching to the CNG Notes
“CNG Notes”	the convertible notes in an aggregate principal amount of HK\$125 million to be issued by the Company to China National Gold Oversea as part of the Consideration pursuant to the terms of the Consultancy Agreement

“Company”	Jackin International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition Agreement
“Completion Date”	the date of completion of the Acquisition Agreement
“connected person”	the meaning ascribed to it in the Listing Rules
“Consideration”	the total consideration of approximately HK\$1,144.7 million for the Acquisition and the Consultancy Services
“Conversion Shares”	the Cui Conversion Shares and the CNG Conversion Shares collectively
“Consultancy Agreement”	the conditional agreement dated 18 December 2009 entered into between the Company and China National Gold Oversea in relation to the provision by China National Gold Oversea to the Company of the Consultancy Services after completion of the Acquisition Agreement
“Consultancy Services”	the provision of consultancy services by China National Gold Oversea to the Company in relation to, among other things, the exploration and development of the Mines, mining, mineral processing and metallurgy pursuant to the Consultancy Agreement
“Convertible Notes”	the Cui Notes and the CNG Notes collectively
“Copper Century”	Copper Century Corp., a company incorporated and validly existing under the laws of the State of California, United States with limited liability
“Copper-Gold Mine”	the copper-gold prospect/exploration project located in the Ord Mountain District of which is longitude 116°47’30 ~ 116°52’30 west and latitude 34°37’30 ~ 34°42’30 north under geographic coordinate system, being explored by Copper Century

“Cui Consideration Shares”	a total of 300,000,000 new Shares to be issued by the Company to the Vendor upon completion of the Acquisition Agreement pursuant to the terms of the Acquisition Agreement
“Cui Conversion Shares”	new Shares to be allotted and issued by the Company to the holder of the Cui Notes upon exercise of the conversion rights attaching to the Cui Notes
“Cui Notes”	the convertible notes in an aggregate principal amount of HK\$387.5 million to be issued by the Company as part of the Consideration pursuant to the terms of the Acquisition Agreement
“Director(s)”	the director(s) of the Company
“Existing Convertible Bonds”	the convertible note in the aggregate principal amount of HK\$50,000,000 issued by the Company entitling the note holder to subscribe for 200,000,000 new Shares at the initial subscription price of HK\$0.25 each, further details of which are set out in the announcement of the Company dated 28 August 2009
“Group”	the Company and its subsidiaries
“Gold Mine”	the gold prospect/exploration project located at New Dale-Los Angeles of which at longitude 115°37’50 ~ 115°45’20 west and latitude 34°00’00 ~ 34°06’00 north under geographic coordinate system, being explored by Copper Century
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	the independent third party(ies) who is/are independent of the Company and connected persons (as defined under the Listing Rules) of the Company

“Iron-Ore Mine”	the iron ore prospect/exploration project located at Camp Rock, of which at longitude 116°30’00 ~ 116°41’30 west and latitude 34°31’30 ~ 34°39’30 north under geographic coordinate system being explored by Copper Century
“Initial Conversion Price”	HK\$1.25 per Conversion Share (subject to adjustment)
“Inventions”	all inventions, idea, discovery, development, improvement or innovation made by China National Gold Oversea in the provision of the services under the Consultancy Agreement, whether or not patentable or capable of registration, and whether or not recorded in any medium
“Issue Price”	HK\$1.25 per Consideration Share, being the issue price of the Consideration Share
“Last Trading Day”	17 December 2009, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mines”	collectively, the Copper-Gold Mine, the Gold Mine, and the Iron-Ore Mine
“Mining Rights Claims”	means the mining claims which is granted to Copper Century and confers on Copper Century (as provided in the Acquisition Agreement) rights to explore and exploit the Copper-Gold Mine, the Gold Mine and the Iron Ore Mine through 31 August 2010 and renewal is available from year to year by compliance with United States Code Title 30, sections 22-54 and the regulations promulgated thereunder, subject however to compliance with all other federal, state and local laws and regulations related to mineral exploration, development and extraction. Further details are set out in the paragraph headed “Information on the Target Group” in this announcement

“Mr. Ma”	Mr. Ma Bo Ping (麻伯平)
“Mr. Zhou”	Mr. Zhou Yusheng (周豫盛)
“November Agreement”	the agreement dated 3 November 2009 (as supplemented by an agreement dated 8 November 2009) entered into between the Company, the Vendor and Party B, details of which is set out in the Company’s announcement dated 9 November 2009
“October Agreement”	the agreement dated 6 October 2009 entered into between the Vendor and Party B in connection with the acquisition of 65% equity interest in the Target Company by Party B from the Vendor
“October Cancellation Agreement”	the agreement dated 18 December 2009 entered into between the parties to the October Agreement to terminate the October Agreement
“Party B”	2 natural persons in the October Agreement
“Purchaser”	Jackin Purchasing Co. Ltd, a company incorporated in the Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Referral and Retainer Agreement”	the agreement dated 18 December 2009 entered into between the Company and China National Gold Oversea in relation to the introduction by China National Gold Oversea to the Company the investment opportunities in the Mines and the provision of consultancy services by China National Gold Oversea to the Company from 1 January 2010
“Refundable Deposit”	a deposit of US\$5 million which, subject to the fulfillment of certain conditions, shall be payable by the Purchaser to the Vendor within 22 Business Days after signing of the Acquisition Agreement

“Sale Shares”	the entire issued share capital of the Target Company
“Security Documents”	as security for the repayment of the Refundable Deposit by the Vendor in accordance with the provisions of the Acquisition Agreement, (a) the share charge in relation to 50% of the entire issued share capital of the Target Company to be executed by the Vendor in favour of the Purchaser; and (b) the share charge in relation to 50% of the entire issued share capital of Copper Century to be executed by the Target Company in favour of the Purchaser
“SGM”	a special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving, inter alia, the Acquisition Agreement and the Consultancy Agreement and the transactions contemplated thereunder, the increase in the authorised share capital of the Company, the creation of the Convertible Notes and the allotment and issue of the Cui Consideration Shares, the Conversion Shares and the CNG Consideration Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	SE Metal Resource Corp., a company incorporated in the BVI with limited liability
“Target Group”	the Target Company and Copper Century

“Tax Indemnity”	a tax indemnity to be given by the Vendor on the Completion Date indemnifying the Purchaser, the Target Company and Copper Century of taxes in form and substance to agreed by the Vendor and the Purchaser and to the reasonable discretion of the Purchaser
“United States”	the United States of America
“Vendor”	Mr. Cui Zhan Lin
“Works”	all records, reports, documents, papers, drawings, designs, transparencies, photos, graphics, logos, typographical arrangements, software, and all other materials in whatever form, including but not limited to hard copy and electronic form, prepared by China National Gold Oversea in the provision of its services under the Consultancy Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By order of the Board
Jackin International Holdings Limited
Ho Yin King, Helena
Chairman

Hong Kong, 8 January 2010

As at the date of this announcement, Ms. Ho Yin King, Helena, Mr. Yip Wai Lun, Alvin and Mr. Ma Bo Ping are the executive Directors and Mr. Leung Ka Kui, Johnny, Mr. Chan Kam Kwan, Jason and Mr. Lo Kok Kee are the independent non-executive Directors.

For the purpose of illustration only, (i) amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1 = HK\$7.75 and (ii) amounts denominated in RMB have been translated into HK\$ at the rate of RMB1 = HK\$1.13. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.