

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.*



**VERY SUBSTANTIAL ACQUISITION;  
PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
RESUMPTION OF TRADING**

**THE AGREEMENT**

The Board announces that on 29 June 2009 (after trading hours), the Company as purchaser and the Vendor entered into the Agreement whereby the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at a maximum total consideration of HK\$1,500 million, subject to downward adjustment based on the Valuation on a dollar-for-dollar basis. The Sale Shares represent the entire issued share capital of the Target Company. The Target Group is principally engaged in provision of medical information digitalization system (“MIDS”) which includes healthcare information system and custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to the healthcare sector in the PRC. The Target Group has entered into the Master Services Agreement with Tianjin Kong Hong whereby the Target Group will provide on the start custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to Tianjin Kong Hong, which has contracted and will contract with hospitals in the PRC for the provision of Wi-Fi/RFID services on an exclusive basis for a term of 15 years commencing on 1 June 2009.

The Consideration will be satisfied as to (i) HK\$750 million in cash and/or by cheque (which is intended to be financed by the net proceeds from the Placing and internal resources of the Company) on or before Completion, or to the extent that not the entire amount is paid in cash and/or by cheque then by the issue of the Promissory Note to the Vendor for the shortfall on Completion; and (ii) a maximum of HK\$750 million by the Company issuing the Convertible Bond to the Vendor on Completion.

The Placing and the Acquisition are not inter-conditional. It is intended that all the net proceeds from the Placing will be used to settle the cash consideration of the Acquisition.

## **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$30,000,000, divided into 3,000,000,000 Shares, of which 128,203,503 Shares are in issue as at the date of this announcement. The Board proposes to increase the authorised share capital of the Company from HK\$30,000,000, divided into 3,000,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of 17,000,000,000 new Shares.

## **GENERAL**

The Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to the approval of Shareholders at the SGM. The Board intends to nominate one executive Director who possesses the knowledge of managing the business of the Target Group to the Board after Completion and an announcement will be made by the Company upon such appointment. The Company intends to maintain its existing principal business after Completion.

The Company will seek the approval of its Shareholders at the SGM(s) to be convened and held by the Company to approve (i) the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Promissory Note (where applicable), issue of the Convertible Bond and the allotment and issue of the Conversion Shares; and (ii) the Increase in Authorised Share Capital. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition other than its shareholding interests in the Shares, and accordingly no Shareholder is required to abstain from voting at the SGM.

Circulars containing further details of (1) the Acquisition, information on the Target Company, and (2) the Increase in Authorised Share Capital together with the notices of the SGMs will be sent to the Shareholders as soon as practicable and in accordance with the requirements of the GEM Listing Rules.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 30 June 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 10 July 2009.

Reference is made to the announcement of the Company dated 15 June 2009 in relation to, amongst others, the non-legal binding memorandum of understanding entered into between the Company and the Vendor in relation to the possible acquisition of the entire issued share of the Target Company.

On 29 June 2009 (after trading hours), the Company and the Vendor entered into the Agreement whereby the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company, at a maximum total consideration of HK\$1,500 million subject to downward adjustment based on the Valuation on a dollar-for-dollar basis.

## **THE AGREEMENT**

### **Date of the Agreement**

29 June 2009

### **Parties to the Agreement**

Purchaser: the Company

Vendor: Growth Harvest Limited, an investment holding company established in the British Virgin Islands with limited liability

The Vendor is beneficially owned as to 36% by Treasure Bonus Limited (which is wholly and beneficially owned by Mdm. Tan Ting Ting), 36% by Success Portal Limited (which is wholly and beneficially owned by Mr. Lum Chor Wah, Richard) and 28% by Easy Channel Limited (which is wholly and beneficially owned by Mr. Sin Chun Shing). The Vendor is not a party acting in concert with each of Mr. Lei, Eagle Mate and Mander under the Takeovers Code. The Vendor and its beneficial owners have no current or prior relationship and business transactions with the Company's ex-directors, namely, Mr. Lei Hong Wai and Mr. Cheung Kwok Wai, Elton, the current Directors and Shareholders and/or the Company and its connected persons. The two existing executive Directors, namely Mr. Ho Ka Wai and Mr. Lee Chan Wah, are not representatives of the Vendor. The Vendor was introduced to the Group by Mr. Leung Wai Man, an independent non-executive Director, in mid May 2009 regarding the Acquisition.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be acquired**

The Sale Shares, representing the entire issued share capital of the Target Company.

### **Consideration and payment terms**

The Consideration of a maximum amount of HK\$1,500 million, subject to downward adjustment based on the Valuation on a dollar-for-dollar basis, was arrived at after arms' length negotiations among the parties to the Agreement on normal commercial terms.

The Consideration was determined after taking into account (i) the Master Services Agreement entered into between Gold Asia, a wholly-owned subsidiary of the Target Company and Tianjin Kong Hong, (ii) the contracts signed and in negotiation and expected to be signed within the coming three months by Tianjin Kong Hong with various hospitals in the PRC for the provision of Wi-Fi/RFID services, (iii) the technical support contracts signed by the Target Group with world-class internationally renowned information technology companies; (iv) the market potential of the medical industry in PRC, being one of the sectors that the PRC government is and would continue investing substantially, including the computerisation of the data and the provision of the nationwide medical insurance system, (v) the potential of the Target Group in providing the MIDS to the healthcare sector of the PRC and becoming one of the leading healthcare information system and Wi-Fi/RFID identification application system providers in Local Area Network (LAN) and Metropolitan Area Network (MAN) and related computerised data-backup solutions, such as the establishment of data centres and disaster data recovery systems, to the healthcare sector in the PRC, (vi) the Guaranteed EBITDA of not less than HK\$500 million up to 31 March 2012, and (vii) the final Consideration being subject to the Valuation up to a maximum amount of HK\$1,500 million.

The maximum Consideration of HK\$1,500 million and the Guaranteed EBITDA is determined after arms' length negotiations among the parties to the Agreement based on a preliminary estimated valuation on the Target Group of HK\$1,500 million by the Company. Such preliminary estimation was based on the indicative return to be generated from the provision of Wi-Fi/RFID services by the Target Group in order to determine the initial amount of the Consideration acceptable to the Board which, however, is subject to downward adjustment based on the final Valuation to be conducted by an independent professional valuer. The final Valuation will be included in the circular and the valuation date will not be more than 3 months prior to the date of the circular.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration will be satisfied as to (i) HK\$750 million in cash and/or by cheque (which is intended to be financed by the net proceeds from the Placing and internal resources of the Company) on or before Completion, or to the extent that not the entire amount is paid in cash and/or by cheque then by the issue of the Promissory Note to the Vendor for the shortfall on Completion; and (ii) a maximum of HK\$750 million by the Company issuing the Convertible Bond to the Vendor on Completion.

It is intended that the cash/cheque of HK\$750 million will be paid by cash upon completion of each tranche of the Placing or the fund generated from internal resources, and the balance not so paid by cash on or before the date of Completion shall be settled by the Promissory Note upon Completion.

The Placing and the Acquisition are not inter-conditional. It is intended that all the net proceeds from the Placing will be used to settle the cash consideration of the Acquisition.

Under the Agreement, there shall not be any adjustments to the Consideration if the Valuation shall be not less than HK\$1,500 million. The Valuation will adopt an income approach based on discounted cash flow method which would constitute a profit forecast. The final valuation report on the Target Group will be included in the circular and the Company will comply with Rule 19.62 of the GEM Listing Rules before the publication of the circular.

In the event that the Valuation shall be less than HK\$1,500 million, the Consideration shall be adjusted downwards on a dollar-for-dollar basis and calculated in accordance with the following formula:

$$N = \text{HK\$1,500 million} - A$$

Where

N = the sum to be deducted from the Consideration (the "Deduction")

A = the Valuation provided that where the Valuation exceeds HK\$1,500 million, there shall not be any adjustments to the Consideration.

The Deduction shall first be applied to set off against the amount of the Convertible Bond to be issued up to a maximum amount of HK\$250 million. If such amount is not sufficient to set off the Deduction, the amount of the Promissory Note (where applicable) or the cash consideration payable to the Vendor at Completion shall be deducted and used to set off the outstanding amount of the Deduction as determined by the Company in its sole discretion.

The Convertible Bond shall be subject to escrow and conversion restrictions as detailed in the section headed “Undertakings by the Vendor” below.

### **Guaranteed EBITDA**

Pursuant to the Agreement, the Vendor irrevocably and unconditionally warrants, guarantees and undertakes to and with the Company that the EBITDA for the Relevant Period as to be shown in the audited consolidated accounts of the Target Group for such period to be prepared by a certified public accountants acceptable to the Company shall not be less than the Guaranteed EBITDA of HK\$500 million.

In the event that the EBITDA during the Relevant Period is less than the Guaranteed EBITDA, the shortfall shall be settled by the Vendor to the Company (the “**Shortfall Payment**”) as follows:

$$\text{Shortfall Payment} = \text{Guaranteed EBITDA} - \text{EBITDA}$$

The Shortfall Payment shall be deducted against the principal amount of the Convertible Bond then outstanding on a dollar-for-dollar basis.

In the event that the Target Group does not have any EBITDA or incurs net loss during the Relevant Period as to be shown in the audited consolidated accounts of the Target Group, the Shortfall Payment shall be equivalent to the Guaranteed EBITDA.

### **Undertakings by the Vendor**

To protect the interests of the Company, the Vendor has undertaken to and covenanted with the Company that forthwith upon Completion, it shall deposit with an escrow agent as may be agreed between the parties thereto the Certificate representing the Convertible Bond subject to such terms and conditions of an escrow letter as may be agreed between the parties hereto and such escrow agent, and in a particular a term to the effect that the Certificate representing the Convertible Bond will only be released to the Vendor upon the Guaranteed EBITDA has been achieved or the Shortfall Payment, if any, has been settled in full by the Vendor to the Company as mentioned in the section headed “Guaranteed EBITDA” above. The balance of the Certificate representing the sum payable to the Vendor (if any) shall be returned to the Vendor within 7 Business Days after the audited consolidated accounts of the Group have been prepared.

The Vendor shall only be entitled to exercise the conversion right attaching to the Convertible Bond (a) up to a principal amount of HK\$250 million within the period commencing on the date of issue of the Convertible Bond and ending on 31 March 2012 provided, however, that all the Conversion Shares to be allotted and issued to the Vendor in relation thereto shall be subject to escrow; and (b) provided that any conversion of the Convertible Bond (i) does not result in the Bondholder(s) and parties acting in concert with it shall be interested (whether directly or indirectly) in 29.90% or more of the then issued share capital of the Company; (ii) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) and their respective concerted parties which exercised the conversion right; and (iii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules. The escrowed Conversion Shares shall be returned to the Vendor within 7 Business Days after the audited consolidated accounts of the Group have been prepared.

## Conditions precedent

Completion is subject to each of the following conditions being satisfied or waived by the Company (other than condition (i), (ii), (viii) and (ix)) in all respects:

- (i) the passing by the Shareholders of the resolutions to approve (a) the Agreement and the transactions contemplated thereunder including but not limited to, the issue of the Promissory Note (where applicable), the issue of the Convertible Bond and the allotment and issue of the Conversion Shares; and (b) the Increase in Authorised Share Capital at the SGM(s);
- (ii) the Stock Exchange not treating (a) the transactions contemplated under the Agreement as a “reverse takeover” under Rule 19.09(6) of the GEM Listing Rules and/or (b) the Company as a new listing applicant under Rule 19.54 of the GEM Listing Rules;
- (iii) the Company undertaking a due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group and the Company being in its absolute discretion satisfied with the results of such due diligence investigation including but not limited to the issue of a legal opinion in form and substance satisfactory to the Company by a law firm in the PRC appointed by the Company confirming, inter alia, the legality, validity and enforceability of the Master Services Agreement;
- (iv) all Consents of the Stock Exchange and the Securities and Futures Commission (if necessary) and all filings with any relevant governmental or regulatory authorities and other relevant third parties in Hong Kong, the PRC and the British Virgin Islands or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been given or made; all waiting periods required under the laws of Hong Kong, the PRC, the British Virgin Islands or any other relevant jurisdictions having expired or terminated; and all applicable statutory or other legal obligations having been complied with;
- (v) no event having occurred since the date of the Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused;
- (vi) the obtaining of a valuation report (in form and substance satisfactory to the Company) from an independent valuer appointed by the Company;
- (vii) the warranties in the Agreement remaining true, accurate and correct in all material respects;
- (viii) the GEM Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (ix) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares upon conversion of the Convertible Bond; and
- (x) receipt by the Company of all necessary licences, approvals and consents in respect of the transactions contemplated under the Agreement.



If the above conditions have not been fulfilled (or as the case may be, waived by the Company other than conditions (i), (ii), (viii) and (ix)) on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Company may agree in writing) or following the fulfilment of the conditions, the Vendor or the Company shall fail to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions contained in the Agreement and the Company gives notice to terminate the Agreement, the Agreement shall thereupon terminate and neither party shall thereafter have further claims against the other under the Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

## **Completion**

Completion of the Agreement will take place within 3 Business Days after the fulfilment of the last of the conditions precedent or at such other time as the parties may agree.

After Completion, the Target Company will become a wholly-owned subsidiary of the Company. The financial statements of the Target Group will be consolidated in the accounts of the Group after Completion. The Board intends to nominate one executive Director who possesses the knowledge of managing the business of the Target Group to the Board after Completion and an announcement will be made by the Company upon such appointment. The beneficial owners of the Vendor, namely, Mdm. Tan Ting Ting, Mr. Lum Chor Wah, Richard and Mr. Sin Chun Shing will not be the executive Directors to be nominated by the Board as a result of Completion. The Company intends to maintain its existing principal business after Completion.

## **Promissory Note**

The terms of the Promissory Note have been negotiated on arm's length basis and the principal terms of which are summarised below:

Parties:	The Company as issuer and the Vendor as payee
Principal amount:	up to HK\$750 million
Interest:	The Promissory Note will not carry any interest.
Maturity:	A fixed term of twelve months from the date of issue of the Promissory Note.

If the Company defaults in repayment on the maturity date of any part of the principal sum, the Company shall pay interest on such overdue sum from the maturity date until payment in full (before and after judgment) at the rate of 10% per annum.

Early repayment:	Provided that the Company has given to payee not less than ten Business Day's prior notice in writing of its intention to repay any part of the outstanding principal amount of the Promissory Note, the Company may at any time from the date of the issue of the Promissory Note up to the date immediately prior to the maturity date, repay the entire Promissory Note up or part of it (in amounts of not less than HK\$1 million) by payment to payee of the outstanding principal amount of the Promissory Note save that if at that time, the outstanding principal amount of the Promissory Note is less than HK\$1 million, the whole (but not part only) of the Promissory Note may be repaid.
------------------	---

**Assignment:** The Promissory Note may, subject to the ten Business Days' prior written notice to the Company and subject to the written consent of the Company, be transferred or assigned by the Vendor to any person. The Company will issue an announcement and inform the Stock Exchange if the Promissory Note is transferred or assigned to the connected persons of the Company.

**Extension:** The Company has the right to extend the maturity date of the Promissory Note by giving not less than 30 days prior written notice to the payee. It is intended that the Promissory Note may be extended for not more than five years upon expiry of a fixed term of twelve months from the date of issue.

## **Convertible Bond**

The Convertible Bond will be issued on Completion in a maximum aggregate principal amount of HK\$750 million. The 7,500,000,000 Conversion Shares to be allotted and issued at the Conversion Price represent (i) approximately 5,850% of the existing issued share capital of the Company; and (ii) approximately 98.32% of the issued share capital of the Company as enlarged by allotment and issue of the Conversion Shares, assuming full conversion of the Convertible Bond at the Conversion Price.

The terms of the Convertible Bond have been negotiated on arm's length basis and the principal terms of which are summarised below:

**Issuer:** The Company

**Principal Amount:** A maximum of HK\$750 million

**Maturity:** A fixed term of ten years from the date of issue of the Convertible Bond. Unless previously redeemed, converted or cancelled, the Company shall redeem the outstanding principal amount of the Convertible Bond on the maturity date.

**Interest:** The Convertible Bond will not carry any interest.

**Redemption:** The Company may at any time upon the date of issue and before the maturity date of the Convertible Bond, by serving at least seven days' prior written notice to the Bondholder(s) with the total amount proposed to be redeemed from the Bondholder(s) specified in the Convertible Bond, redeem the Convertible Bond at par.

Any amount of the Convertible Bond which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount.



Conversion Price:

The Conversion Price is HK\$0.10 per Conversion Share (subject to adjustments). The adjustments for the Conversion Price, which is subject to review by the Company's auditors or independent financial advisers, include the followings:

- (i) an alternation of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction or otherwise, to Shareholders (in their capacity as such);
- (iv) an offer of new Shares for subscription by way of rights, or grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 90% of the market price on the date of announcement of the terms of the issue of such securities;
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 90% of the market price on the date of announcement of the terms of such issue; and
- (vii) an issue of Shares for acquisition of assets at a total effective consideration per Share which is less than 90% of the market price of the date of the announcement of the terms of such issue.

The Conversion Price represents (i) a discount of approximately 70.15% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 69.70% to the average closing price of HK\$0.330 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 67.74% to the average closing price of HK\$0.310 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price may be adjusted as a result of the Placing. Such adjustment will be verified by an approved merchant bank or the auditors of the Company and the Company will notify the Bondholder of the adjustments, if required, upon the Completion, assuming that the Placing has been completed. The Company will issue a further announcement regarding the adjustment to be made to the Conversion Price as a result of the Placing.

**Conversion Shares:** The Conversion Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM.

**Conversion:** The Bondholder(s) may at any time during the Conversion Period convert the whole or part (in multiples of HK\$1 million), save that if at any time the aggregate outstanding principal amount of the Convertible Bond is less than HK\$1 million, the whole (but not part only), of the outstanding principal amount of the Convertible Bond may be converted, of the principal amount of the Convertible Bond into the Conversion Shares at the Conversion Price, provided that (a) the Bondholder(s) shall only be entitled to exercise the conversion right attaching to the Convertible Bond up to a principal amount of HK\$250 million within the period commencing on the date of issue of the Convertible Bond and ending on 31 March 2012 provided, however, that all the Conversion Shares to be allotted and issued to the Vendor in relation thereto shall be subject to escrow; and (b) any conversion of the Convertible Bond (i) does not result in the Bondholder(s) and parties acting in concert with it shall be interested (whether directly or indirectly) in 29.90% or more of the then issued share capital of the Company; (ii) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) and their respective concerted parties which exercised the conversion right; and (iii) will not cause the public float of the Company unable to meet the requirement under the GEM Listing Rules, the Bondholder(s) shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bond into the Conversion Shares.

**Transferability:** The Convertible Bond (or any part thereof) may not be transferred during the 3 years' period commencing from the date of issue without the prior written consent of the Company, except by a transfer to wholly-owned subsidiaries or the holding company (as defined in the Companies Ordinance (Cap.32 of the Laws of Hong Kong) of the Bondholder. The Convertible Bond may not be transferred by the Bondholder, without the prior written consent of the Company, to any connected person (as defined in the GEM Listing Rules) of the Company.

**Ranking:** The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue in the date of the allotment and issue of the Conversion Shares.

Status of Convertible Bond:	The Convertible Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Voting rights:	The Convertible Bond does not confer any voting rights at any meetings of the Company.
Application for listing:	No application will be made by the Company for listing of the Convertible Bond. Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **INFORMATION ON TARGET COMPANY**

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability on 18 May 2009. The Target Company is beneficially owned by the Vendor.

The Target Company is the beneficial owner of the entire issued share capital of Gold Asia, a company incorporated in Hong Kong on 25 May 2009 and principally engaged in provision of MIDS which includes healthcare information system and custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to the healthcare sector in the PRC. Gold Asia has entered into the Master Services Agreement with Tianjin Kong Hong whereby Gold Asia will provide on the start custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to Tianjin Kong Hong, which has contracted and will contract with hospitals in the PRC for the provision of Wi-Fi/RFID services, on an exclusive basis for a term of 15 years commencing on 1 June 2009. The Target Group can provide such services irrespective of its short corporate history due to its own technical expertise and the technical back up from world-class internationally renowned information technology companies. The Target Group has signed technical support contracts with world-class internationally renowned information technology companies for the provision of Wi-Fi/RFID services. It has been revealed to the Company that as at the date of this announcement, Tianjin Kong Hong has contracted with 30 hospitals in the PRC for the provision of custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to such hospitals and expects to contract with additional 20 hospitals within the coming three months.

The business of the Target Group will be run and managed by the existing management of the Target Group and one director, who possess the knowledge of managing the business of the Target Group, is intended to be appointed to the Board upon completion of the Acquisition. Furthermore, the Target Group has signed technical support contracts with world-class internationally renowned information technology companies, which would provide technical backups for the provision of Wi-Fi/RFID services.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Tianjin Kong Hong and its ultimate beneficial owners are Independent Third Parties.

As each of the Target Company and Gold Asia has not commenced business since the date of its incorporation on, the Target Company and Gold Asia has no turnover, net profit before or after taxation and extraordinary items during the last two financial years and significant assets and liabilities as at the date of this announcement.

The book value of the Target Group is US\$100. The Valuation on the Target Group to be conducted by an independent professional valuer will be included in the circular to be despatched by the Company in respect of the Acquisition.

## **INFORMATION ON MASTER SERVICES AGREEMENT**

Under the Master Services Agreement, Tianjin Kong Hong has appointed Gold Asia as its exclusive partner in the provision of MIDS which includes healthcare information system and custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) (the “**Services**”) to Tianjin Kong Hong until 30 June 2025. Tianjin Kong Hong shall request the Services by sending Gold Asia separate statement of work setting out the requirements and specifications of the Services. Tianjin Kong Hong shall pay the charges to Gold Asia which varies according to the nature, complexity and specifications of the Services rendered to different hospitals.

Tianjin Kong Hong has contracted with 30 hospitals in the PRC for the provision of the Services to such hospitals for a term of 5 years. The relevant hospitals shall pay the service charges as set out in the statement of work which vary depending on the nature, complexity and specifications of the Services.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company and the Group is principally engaged in the provision of film productions and worldwide film distribution and property investment.

Having taken into account (i) the long term growth in the medical information digitalization industry via the use of healthcare information system and custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) to the healthcare sector in the PRC, (ii) the contracts signed and in negotiation and expected to be signed within the coming three months by Tianjin Kong Hong with various hospitals in the PRC for the provision of Wi-Fi/RFID services, (iii) the market potential of the medical industry in the PRC, being one of the sectors that the PRC government is and would continue investing substantially, including the computerisation of the data and the provision of the nationwide medical insurance system, (iv) the potential of the Target Group in becoming one of the leading MIDS, including the provision of healthcare information system and Wi-Fi/RFID identification application system and related computerised data-backup solutions, such as the establishment of data centres and disaster data recovery systems to the healthcare sector in the PRC, (v) the technical backup from world-class internationally renowned information technology companies, (vi) the Guaranteed EBITDA, and (vii) the final Consideration being subject to the Valuation up to a maximum amount of HK\$1,500 million, the Board is of the opinion that the Acquisition provides a good opportunity for the Company to participate in the business of provision of MIDS to the healthcare sector in the PRC, which in turn will not only enlarge the markets of the Group, but will also broaden the Group’s revenue base. Following completion of the Acquisition, the Company will continue with its existing business.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition is in the interest of the Group and the terms and conditions of the Acquisition are in normal commercial terms, which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

## EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) upon the allotment and issue of the Conversion Shares assuming the Convertible Bond is converted into Share at the Conversion Price in full; (iii) upon the allotment and issue of the Conversion Shares assuming the Convertible Bond is converted into Share at the Conversion Price up to the extent the Vendor being interested in not more than 29.9% of the issued share capital of the Company; and (iv) upon allotment and issue of the Conversion Shares, assuming the Convertible Bond is converted into Share at the Conversion Price in full and completing of the Placing are as follows:

	As at the date of this announcement		Upon allotment and issue of the Conversion Shares, assuming the Convertible Bond is converted into Share at the Conversion Price in full (Note 2)		Upon allotment and issue of the Conversion Shares, assuming the Convertible Bond is converted into Shares at the Conversion Price up to the extent of the Vendor being interested in not more than 29.9% of the issued share capital of the Company (Note 2)		Upon allotment and issue of the Conversion Shares, assuming the Convertible Bond is converted into Share at the Conversion Price in full and completion of the Placing (Note 2)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Lei (Note 1)	1,053,853	0.82	1,053,853	0.01	1,053,853	0.57	1,053,853	0.01
Eagle Mate (Note 1)	18,000,000	14.04	18,000,000	0.24	18,000,000	9.84	18,000,000	0.18
Mander (Note 1)	10,506,000	8.20	10,506,000	0.14	10,506,000	5.75	10,506,000	0.10
Vendor	0	0	7,500,000,000	98.32	54,683,091	29.90	7,500,000,000	74.05
<b>Sub-total</b>	<b>29,559,853</b>	<b>23.06</b>	<b>7,529,559,853</b>	<b>98.71</b>	<b>84,242,944</b>	<b>46.06</b>	<b>7,529,559,853</b>	<b>74.34</b>
Public Shareholders	98,643,650	76.94	98,643,650	1.29	98,643,650	53.94	98,643,650	0.98
Placee (Note 3)	0	0	0	0	0	0	2,500,000,000	24.68
<b>Total</b>	<b>128,203,503</b>	<b>100.00</b>	<b>7,628,203,503</b>	<b>100.00</b>	<b>182,886,594</b>	<b>100.00</b>	<b>10,128,203,503</b>	<b>100.00</b>

### Notes:

- Mr. Lei owns 1,053,853 Shares in his personal capacity. Eagle Mate and Mander are wholly and beneficially owned by Business Power Holdings Limited ("Business Power"). Mr. Lei is interested in the Shares held by Eagle Mate and Mander through his 50% interest in Business Power.
- For illustration purpose only. The Bondholder(s) shall only be entitled to exercise the conversion right attaching to the Convertible Bond (a) up to a principal amount of HK\$250 million within the period commencing on the date of issue of the Convertible Bond and ending on 31 March 2012; and (b) provided that any conversion of the Convertible Bond (i) does not result in the Bondholder(s) and parties acting in concert with it shall be interested (whether directly or indirectly) in 29.90% or more of the then issued share capital of the Company; (ii) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) and their respective concerted parties which exercised the conversion right; and (iii) will not cause the public float of the Company unable to meet the requirement under the Listing Rules. The Bondholder(s) shall have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Convertible Bond into the Conversion Shares.
- For illustration purpose only. These only refer to the maximum number of Shares to be issued under the Placing, which is on a best effort basis.

## **INCREASE IN AUTHORISED SHARE CAPITAL**

The authorised share capital of the Company is HK\$30,000,000, divided into 3,000,000,000 Shares, of which 128,203,503 Shares are in issue as at the date of this announcement. The Board proposes to increase the authorised share capital of the Company from HK\$30,000,000, divided into 3,000,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares by the creation of 17,000,000,000 new Shares.

The Increase in Authorised Share Capital shall be subject to Shareholders' approval at the SGM. Completion is subject to, inter alia, the approval of the Increase in Authorised Share Capital, but not vice versa.

## **GENERAL**

The Acquisition constitutes a very substantial acquisition for the Company under the GEM Listing Rules and is subject to the approval of Shareholders at the SGM. The Company will seek the approval of its Shareholders at the SGM(s) to be convened and held by the Company to approve (i) the Agreement and the transactions contemplated thereunder including the issue of the Promissory Note (where applicable), the issue of the Convertible Bond and the allotment and issue of the Conversion Shares upon conversion of the Convertible Bond; and (ii) the Increase in Authorised Share Capital. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition other than their shareholding interests in the Shares, and accordingly no Shareholder is required to abstain from voting at the SGM.

Circulars containing further details of (1) the Acquisition, information of the Target Company, and (2) the Increase in Authorised Share Capital together with notices of the SGMs, will be sent to the Shareholders as soon as practicable and in accordance with the requirements of the GEM Listing Rules.

If the Placing is completed and the Acquisition is not completed subsequently, the Company may be deemed to be a cash company by the Stock Exchange under Rule 19.82 of the GEM Listing Rules. Under such circumstances, the Company may not be regarded as suitable for listing and trading in its securities may be suspended.

**Shareholders and investors should note that the Agreement is subject to various conditions as stated in the section headed "Conditions precedent" above and investors and Shareholders are urged to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 30 June 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 10 July 2009.



## DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares under the Agreement and all the transactions contemplated thereunder
“Agreement”	the conditional sale and purchase agreement dated 29 June 2009 and entered into among the Company and the Vendor for the Acquisition
“Board”	the board of directors of the Company
“Bondholder(s)”	holder(s) of the Convertible Bond
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“Certificate”	a certificate in the agreed form to be issued in respect of the Convertible Bond
“Company”	Brilliant Arts Multi-Media Holding Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares are listed on GEM
“Completion”	completion of the Agreement in accordance with the terms thereof
“Connected Persons”	has the meaning ascribed thereto in the GEM Listing Rules
“Consent”	any licence, consent, approval, authorisation, permission, waiver, order or exemption
“Consideration”	a maximum of HK\$1,500 million, being the consideration payable for the Sale Shares
“Conversion Period”	the period from the date of issue of the Convertible Bond up to 4:00 p.m. on the maturity date of the Convertible Bond
“Conversion Price”	the initial conversion price of the Convertible Bond at HK\$0.10 per Conversion Share (subject to adjustments)
“Conversion Shares”	the new Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bond
“Convertible Bond”	a 10-year zero coupon convertible bond in the agreed form to be issued by the Company in favour of the Vendor to satisfy part of the Consideration in a principal amount up to HK\$750 million
“Directors”	directors of the Company

“Eagle Mate”	Eagle Mate Limited, a substantial Shareholder and is wholly and beneficially owned by Business Power Holdings Limited
“EBITDA”	the consolidated EBITDA of the Target Group as to be shown in its audited consolidated accounts for the Relevant Period to be prepared by a firm of certified public accountants in Hong Kong acceptable to the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Gold Asia”	Gold Asia Technology Limited, a wholly-owned subsidiary of the Target Company incorporated in Hong Kong
“Group”	the Company and its subsidiaries
“Guaranteed EBITDA”	the aggregate guaranteed EBITDA of HK\$500 million provided by the Vendor to the Company, being the audited consolidated EBITDA of the Target Group for the Relevant Period
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$30,000,000 divided into 3,000,000,000 Shares to HK\$200,000,000 divided into 20,000,000,000 Shares
“Independent Third Parties”	third parties independent of the Company and the Connected Persons of the Company and is not a Connected Persons of the Company
“Last Trading Day”	29 June 2009, being the last trading day immediately before the date of the Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Long Stop Date”	28 February 2010
“Mander”	Mander International Limited, a substantial Shareholder and is wholly and beneficially owned by Business Power Holdings Limited
“Master Services Agreement”	the master services agreement dated 1 June 2009 entered into between Gold Asia and Tianjn Kong Hong in respect of the provision of MIDS which includes healthcare information system and custom built Wi-Fi/RFID identification application system in Local Area Network (LAN) and Metropolitan Area Network (MAN) by Gold Asia to Tianjin Kong Hong which has contracted and will contract with hospitals in the PRC for the provision of Wi-Fi/RFID services

“MIDS”	medical information digitalization system
“Mr. Lei”	Mr. Lei Hong Wai, a substantial shareholder of the Company who is interested in the Shares held by Eagle Mate and Mander through his 50% interest in Business Power Holdings Limited
“Placing”	the proposed placing of up of 2,500,000,000 new Shares as disclosed in the announcement of the Company dated 15 June 2009, which is yet to be completed
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note of up to a principal sum of HK\$750 million which may be executed by the Company at Completion for the purpose of settling part of the Consideration
“Relevant Period”	the period commencing from the date of Completion to 31 March 2012
“RFID”	Radio Frequency Identification, a data carrier technology that transmits information via signals in the radio frequency portion of the electromagnetic spectrum
“Sale Shares”	100 ordinary shares of US\$1.00 each in capital of the Target Company, representing the entire issued share capital of the Target Company
“SGM(s)”	special general meeting(s) of the Company to be convened and held to approve (1) the Agreement and all the transactions contemplated thereunder; and/or (2) the Increase in Authorised Share Capital
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Sunny Chance Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Vendor
“Target Group”	the Target Company, Gold Asia and its subsidiaries from time to time
“Tianjin Kong Hong”	Tianjin Kong Hong Technology Company Limited 天津港宏科技有限公司, a company incorporated in the PRC, an Independent Third Party

“Valuation”	the fair market value of the Target Group to be shown in a valuation report (in form and substance satisfactory to the Company) from an independent valuer appointed by the Company
“Vendor”	Growth Harvest Limited, a company incorporated in the British Virgin Islands, an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board  
**Brilliant Arts Multi-Media Holding Limited**  
**Lee Chan Wah**  
*Executive Director*

Hong Kong, 9 July 2009

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.*

*As at the date of this announcement, the Board comprises two executive Directors namely, Ho Ka Wai and Lee Chan Wah and three independent non-executive Directors namely, Leung Wai Man, Man Kong Yui and Kwok Chuen Hung, Dominic.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the Company’s Website at [www.bamm.com.hk](http://www.bamm.com.hk).*