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ZZNode Technologies Company Limited
直真科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2371)

**VERY SUBSTANTIAL ACQUISITION
RELATING TO THE ACQUISITION OF
PRECIOUS LUCK ENTERPRISES LIMITED
AND
RESUMPTION OF TRADING**

THE ACQUISITION

The Board is pleased to announce that on 27 April 2008, the Purchaser, together with the Company, entered into the Agreement with the Vendors and the Warrantors pursuant to which Million Gold has conditionally agreed to acquire from the Vendors the Sale Shares which represents the entire issued share capital of Precious Luck at an aggregate consideration of HK\$2,928 million.

The principal asset of Precious Luck is its 100% ownership in Xinhua Technology, which is a Hong Kong company.

Upon Completion of the Agreement, the Consideration is to be satisfied (i) as to HK\$24 million in the form of cash and (ii) as to HK\$2,904 million in the form of Convertible Notes.

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is therefore subject to reporting, announcement requirements and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 28 April 2008 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 14 May 2008 has been made by the Company.

INTRODUCTION

The Board has announced on 6 March 2008 that the Purchaser entered into the Framework Agreement with Precious Luck in relation to the proposed acquisition of the interests in Precious Luck. According to the Framework Agreement, Million Gold was granted 6-month exclusivity period from 28 February 2008 to discuss the detailed terms and conditions with the Vendors. In return, Million Gold paid a sum of HK\$24 million as the earnest money to the solicitor of the Vendors.

The Board is pleased to announce that on 27 April 2008, the Purchaser entered into the Agreement with the Vendors and the Warrantors pursuant to which the Purchaser has conditionally agreed to acquire from the Vendors the Sale Shares which represents the entire issued share capital of Precious Luck.

Summarised below are the principal terms of the Agreement.

THE AGREEMENT

(i) Date

27 April 2008

(ii) Parties

Vendors: Rotaland Limited, a company incorporated in British Virgin Islands with limited liability, of which Mr. Ho Wai Kong is the sole owner and the sole director

Ascher Group Limited, a company incorporated in British Virgin Islands with limited liability, of which Mr. Lu Xing is the sole owner and the sole director

Purchaser: Million Gold

Warrantors: Mr. Ho Wai Kong and Mr. Lu Xing

Confirmer: the Company

Million Gold is a wholly owned subsidiary of the Company and is an investment holding company.

Rotaland Limited and Ascher Group Limited are investment holding companies.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors and their associates are Independent Third Parties.

(iii) Subject of the Acquisition

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendors the Sale Shares.

As at the date of this announcement, Precious Luck is beneficially owned by Rotaland Limited as to 74% and Ascher Group Limited as to 26%. Immediately after Completion, Precious Luck will be wholly-owned by the Purchaser.

The principal asset of Precious Luck is its 100% ownership in Xinhua Technology, which is a Hong Kong company.

Particulars of Precious Luck are set out in the section headed "Information on Precious Luck" below.

(iv) Consideration

The aggregate consideration for the Sale Shares is HK\$2,928 million, of which HK\$24 million will be payable by cash (in the form of a deduction from the earnest monies already paid and the remaining HK\$2,904 million will be payable by issuing Convertible Notes.

The aggregate consideration was determined after arm's length negotiations between the parties taking into account the valuation on the five mega LED displays (of which one has been set up and four others to be set up) at a value of not less than RMB3,000 million as at 30 April 2008 . A valuation report using a market value approach which compared the value of companies running in similar business as found in the market and the market rate subsisted in the market as adjusted by the unique circumstances of those LED displays, is being prepared by Grant Sherman Appraisal Limited, an independent professional valuer. The Company expects that the four mega LED displays not yet set up will be set up by the end of 2008 but the setting up of these four mega LED displays is not condition precedent to the Agreement.

The Vendors do not currently have any intention to appoint any Directors to the Board of the Company.

(v) **The Convertible Notes**

Principal terms of the Convertible Notes

Issuer	Million Gold
Aggregate principal amount of the Convertible Notes:	HK\$2,904 million
Conversion price:	HK\$2.00 per Conversion Share, subject to adjustments in certain events including share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and issues of convertible securities by the Company.
Conversion shares:	1,452,000,000 Shares, which represents approximately 358.5% of the existing issued share capital of the Company and approximately 78.2% of the enlarged issued share capital of the Company upon full conversion of the Convertible Notes
Interest rate:	Nil
Maturity date:	5 years after issue. Upon maturity, on condition that the immediately upon the issue of the Shares upon conversion of the Convertible Notes, the public float of the Shares will not fall below the limits prescribed under the Listing Rules. No conversion right may be exercised, to the extent that following such exercise, a Noteholder and parties acting in concert with it will hold or be interested in 30% or more of the Company's total issued share capital, or such conversion will result in a change in control as defined in the Takeover Code. Any outstanding value of the Convertible Notes will be redeemed by Million Gold.
Early redemption:	The Noteholders could demand Million Gold for the repayment of any outstanding amount if: <ul style="list-style-type: none">(i) Million Gold breach the undertakings underlying the Convertible Notes and it cannot be rectified or in the opinion of the Noteholders, cannot be rectified within 28 days from the date of breach;(ii) all or part of the businesses, properties, assets or benefits of Million Gold or its subsidiaries has been taken up by the mortgagor or to be taken over by the receiver or manager appointed;

- (iii) any of Million Gold or its group members facing liquidation or are not able to repay liabilities due or Million Gold or its subsidiaries agree or accept to appoint managers, liquidators or receiver to take over the business, properties, assets or benefits of the group; or Million Gold or its subsidiaries take legal action to perform their obligation; or Million Gold or its subsidiaries negotiate with their creditors with a view to agreeing on reorganisation or arrangement.
- (iv) any liquidation related to Million Gold or its subsidiaries ordered by the court or resolved by Million Gold or its subsidiaries.

Transferability: The Convertible Notes are freely transferable, save as to any connected person as defined in the Listing Rules, subject to a minimum amount of HK\$5 million and the fulfilment of certain administrative procedures.

Conversion period: The holders of the Convertible Notes may at any time on or after the date of issue of the Convertible Notes and on or prior to the maturity date, requires the Company to convert, the whole or any part(s) of the principal amount outstanding under the Convertible Notes into Conversion Shares at the Conversion Price provided that the principal amount of the Convertible Notes converted at any one time shall be not less than HK\$5 million unless the principal amount outstanding is less than HK\$5 million in which case, the principal amount converted shall be the whole principal amount outstanding.

Conversion Each Noteholder shall exercise the conversion rights attaching to the Convertible Notes only if the Company's total issued share capital held by the public immediately upon the allotment and issue of such Conversion Shares will not fall below the limit of 25% or such lower limit as prescribed under the Listing Rules.

No conversion right may be exercised, to the extent that following such exercise, a Noteholder and parties acting in concert with it will hold or be interested in 30% or more of the Company's total issued share capital, or such conversion will result in a change in control as defined in the Takeover Code

Voting: The holders of the Convertible Notes will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of any of them being a holder of the Convertible Notes.

Listing: No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.

Ranking: The Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Notes will rank pari passu in all respects with all Shares outstanding at the date of issue of the Conversion Shares.

Adjustments

The Conversion Price is subject to adjustment provisions which are standard for convertible securities of similar type. The adjustment events will arise as a result of certain changes in the share capital of the Company including consolidation or sub-division of the Shares, capitalization of profits or reserves, capital distribution in cash or specie or subsequent issue of securities in the Company. The Company will instruct its auditors or a merchant bank to certify in writing the adjustment (if any) made to the Conversion Price.

Conversion Price

The Conversion Price of HK\$2.00 per Conversion Share (subject to adjustments) was arrived at after arm's length negotiation between the Vendors and Million Gold and represents:

- (i) a discount of approximately 15.25% to the closing price of HK\$2.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 2.25% to the average closing price per Share of approximately HK\$2.046 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 1.99% to the average closing price per Share of approximately HK\$1.961 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 580.27% to the audited consolidated net assets value per Share of approximately HK\$0.294 as at 31 December 2007 (as calculated by the total net assets of approximately HK\$119,387,000 as at 31 December 2007 and the number of outstanding Shares of 405 million).

Based on the above analysis, the Directors consider that the terms of the Convertible Notes, including the Conversion Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Dilution effect of the Convertible Notes

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attaching to the Convertible Notes, for so long as any of the Convertible Notes are outstanding, the Company will keep Shareholders informed of the level of dilution and details of conversion as follows:

- (1) the Company will make a monthly announcement (the “Monthly Announcement”) on the website of the Stock Exchange and the Company after the issue of the Convertible Notes. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the outstanding principal amount of the Convertible Notes after the conversion, if any;
 - (c) the total number of new Shares issued pursuant to other transactions during the relevant month, including new Shares issued pursuant to exercise of options under any share option scheme(s) of the Company;
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month;
- (2) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange and the Company including details as stated in (1) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be), up to the date on which the total amount of Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes; and
- (3) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosure regardless of the issue of any announcement in relation to the Convertible Notes as mentioned in (1) and (2) above.

(vi) Conditions of the Agreement

Completion is conditional upon, inter alias, the followings:

- (a) the Purchaser is reasonably satisfied with the legal opinion to be issued by the PRC legal adviser in relation to:
- the legality of co-operation agreement entered into and the supplemental agreement to be entered into between Xinhua Media and CZLD (including but not limited to the conditions for the co-operation to develop around 285 mega LED displays (CZLD has discretion to determine the location of the mega LED displays) and the operation between Xinhua Media and CZLD, the exclusive rights for this cooperation or similar co-operation);
 - CZLD is able to carry on the advertising agency business, CZLD should be registered as a qualified advertising agent under the PRC law or it could acquire a qualified advertising agent;
 - the completion of the capital injection agreement to be entered into by Xinhua Technology and CZLD;
 - the legality of the assets owned or used by CZLD; and
 - the legality of the business intended to be carried out by CZLD.
- (b) the Purchaser is reasonably satisfied that the validity and legitimacy of legal identity of the group (comprising Precious Luck, Xinhua Technology, CZLD and the qualified advertising agency) as a result of legal due diligence conducted by a legal adviser;
- (c) the Purchaser is reasonably satisfied with the financial due diligence conducted on the assets, liabilities, operation and perspective of the group (comprising Precious Luck, Xinhua Technology and CZLD and the qualified advertising agency) by a Hong Kong professional accounting firm;
- (d) the passing of the necessary resolution(s) of the Company by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) in relation to, inter alia, the authorisation of the Company to issue shares upon exercise of the Convertible Notes at a general meeting;
- (e) (if necessary) the issue of conversion shares upon exercise of Convertible Notes is approved by Cayman Islands Monetary Authority;
- (f) the completion of the capital injection agreement to be entered into between Xinhua Technology and CZLD;

- (g) CZLD has successfully registered as or acquired a qualified advertising agency in the PRC;
- (h) the Purchaser receives updated Certificate of Good Standing from Companies Registry of the BVI in relation to Precious Luck. In addition, Precious Luck needs to provide Certificate of Incumbency of the directors, company secretary (if any) and shareholders;
- (i) the Purchaser receives updated Certificate of Good Standing from Companies Registry of the BVI in relation to the Vendors. In addition, the Vendors needs to provide Certificate of Incumbency of their directors, company secretary (if any) and shareholders;
- (j) the Purchaser accepts that Vendors' representations, guarantees and undertakings at the time of Completion are true and accurate and are not misleading, as if those representations, guarantees and undertakings to be made or made upon Completion and from the date of Agreement to the date of Completion;
- (k) all regulatory approval, consent and waiver from the regulatory bodies and other related third parties has been obtained and continued to be valid;
- (l) the Company increases its authorized issue share capital to 10,000,000,000 shares (HK\$0.1 per share);
- (m) the Acquisition will not be classified as reverse takeover as defined in the Listing Rules;
- (n) the Acquisition will not trigger any mandatory offer under the Takeover Code;
- (o) the issue of a valuation report by professional valuer appointed by the Purchaser indicating that the value of the five mega LED displays to be set up in Beijing and including but not limited to the exclusive management rights under the cooperation agreement between CZLD and Xinhua Media will not be less than RMB2,800 million ;
- (p) Xinhua Media has entered into supplemental agreement with CZLD.

The Company will apply to the Stock Exchange for the listing for, and permission to deal in, the new Shares which may fall to be issued upon the exercise the Convertible Notes.

If the conditions set out above is not fulfilled, or not waived in writing, before 27 August 2008, the Agreement will cease. In such case, the Vendors shall refund the cash consideration to the Purchaser. However, the Purchaser could choose to complete the Acquisition.

(vii) Undertakings

Upon Completion of the Agreement, the Purchaser should procure the Company to provide an undertaking to the Vendors that the Company will issue the Shares according to the terms of the Convertible Notes upon exercise of the Convertible Notes by the Noteholders.

(viii) Guarantee

The obligations of the Vendors were guaranteed by Mr. Ho Wai Kong and Mr. Lu Xing respectively.

INFORMATION ON PRECIOUS LUCK

Precious Luck Enterprises Limited was incorporated in the British Virgin Islands and is an investment holding company. The principal asset of Precious Luck is its 100% ownership in Xinhua Technology, which is a Hong Kong company. Xinhua Technology is an investment holding company since its incorporation.

Xinhua Technology will sign a capital injection agreement with CZLD whereby Xinhua Technology will inject RMB50 million in return for 98% of the enlarged issued share capital of CZLD. CZLD is a limited company incorporated in the PRC on 30 August 2007 and is currently owned as to 85% by Mr. Li Qing and 15% by Mr. Liu Changxi and its issued share capital is RMB1 million. Upon completion of the capital injection, the issued share capital of CZLD will become RMB51 million and Xinhua Technology will own 98% of the enlarged issued share capital. As a condition precedent of the Agreement, the capital injection agreement should be completed.

Xinhua Media and CZLD have signed a cooperation agreement for the operation and broadcasting across a network of outdoor mega LED displays throughout the PRC's major cities. CZLD will be responsible for setting up new LED displays in the major locations of the major cities and recruiting for advertisement to be broadcast through these displays. In return, CZLD will reserve part of the time for broadcasting to Xinhua Media to transmit news related contents and pay fixed usage fee to Xinhua Media. Currently, CZLD has just set up one mega LED display in mid-April in People's Park, Xinhua Road Langfang City (廊坊市新華路人民公園). It is expected that the renovation work and testing work will be finished in late May, which coincides with the expected operation time of the mega LED panel. It is able to reserve four other golden locations in Beijing which includes Beijing West Railway Station in Xuanwu District (宣武區北京西火車客站), Beijing Capital Airport Terminal 3 in Shunyi District (順義區北京首都機場三號航運站, Qinghua Gongmei, CBD, 3 Ring Road East, Chaoyang District (朝陽區東三環中路中央商務區清華工美) and Parkson Shopping Center, Changan Street, Fuxing Gate, Xicheng District, Beijing (西城區復興門長安街百盛購物中心) for setting up mega LEDs. For each mega LED, there is a period for testing before its formal broadcasting after the purchase and installation. The Directors expect that the four other LED displays in Beijing can be set up before the end of 2008.

Each mega LED display should be separately approved by Xinhua Media. The cooperation period will end only when approval period of every mega LED display operated under the cooperation agreement

expires. The approval period depends normally on the life span of each mega LED display. The Directors expect that under the expected usage of the mega LED displays, each mega LED display will have a life span of approximately 20 years.

The Directors expect that mega outdoor displays will generate revenues from advertisements placed thereon. There will be continuous broadcast in the day time and different charge rates will be applied to different advertising time slot of the day. Advertising agents will be engaged to market and sell time slot for advertisements. Revenue growth will be driven by the number of advertising slots available across the mega LED displays network and increasing broadcasting hours and advertising air-time. The Directors are confident that the operation of outdoor mega LED displays will generate stable income to the Group.

As a condition precedent, CZLD should sign a supplemental agreement with Xinhua Media to formalise the transfer of the operation of the outdoor displays currently operated by Xinhua Media, which is now operating 26 mega LED displays throughout the PRC and intends to transfer all these mega LED displays to CZLD. However, CZLD has the right to accept or reject any of the transfer where the rejected mega LED display(s) will cease to operate. Among others, Xinhua Media will agree to cooperate with CZLD to establish about 285 outdoor mega LED displays throughout the major cities in the PRC. The location of the LED displays should be agreed among both parties.

To the best of knowledge of the Directors, Xinhua Media, CZLD, Mr. Li Qing and Mr. Liu Changxi are Independent Third Parties and they are independent from the Vendors.

According to the audited financial statements of CZLD under PRC Accounting Standards as at 31 December 2007, the total assets of CZLD were approximately RMB950,000 (approximately HK\$1,064,000), its total liabilities were approximately RMB21,000 (approximately HK\$23,520) and its net assets were approximately RMB929,000 (approximately HK\$1,040,480). During the period from 30 August 2007 (date of incorporation) to 31 December 2007, CZLD recorded a net loss before and after taxation of approximately RMB71,000 (approximately HK\$79,520).

According to the unaudited management financial statements of CZLD under PRC Accounting Standards for the three months ended 31 March 2008, CZLD recorded an unaudited net loss of approximately RMB81,000 (approximately HK\$90,720) and its net assets was approximately RMB848,000 (approximately HK\$949,760).

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group was principally engaged in the provision of operational support system (OSS) software products and one-stop integrated services to telecommunications operators. Major customers of the Group included China Mobile and other members of the “Big Four” telecommunications conglomerates in China. Geographically, the Group’s business covered 31 provinces and municipalities in the country.

The year of 2007 proved to be an unconventional and eventful year for the Group. Against a backdrop of a fiercely competitive environment with the adoption of centralized procurement by headquarters of the telecommunications operators, the Group’s performance was adversely affected by prolonged project cycle, increased operating cost and declined revenue.

The Group will gear up its effort in the area of mobile communication network optimization, maintain the relationships with prestigious communication equipment manufacturers local and abroad as their business partners, and preserve its market shares in certain provinces in China. It will also prepare itself for any opportunity arisen from network upgrade in connection with the building of 3G network, and involve certain software development initiatives incidental to network upgrade.

On top of the above, the Group is also actively exploring and engaged in negotiations with respect of feasibility of expansion into other business segments which may include, inter alia, investment in the advertising industry in China, with a view to diversify the Group's business portfolio and to generate stable and solid revenue.

The Directors (including the independent non-executive Directors) are of the view that the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole and the terms of the Agreement, including the aggregate consideration, are fair and reasonable.

Upon Completion, Precious Luck will become an indirect wholly-owned subsidiary of the Company and its post-acquisition financial results will be consolidated into the Group's consolidated financial statements.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION OF THE ACQUISITION

As at the date of this announcement, the Company has 405,000,000 Shares in issue and 79,000,000 non-listed warrants. The shareholding structure of the Company i) as at the date of this announcement; ii) immediately after the full exercise of the subscription rights attaching to the warrants and (iii) immediately after the full exercise of the subscription rights attaching to the warrants and the Convertible Notes are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the warrants but before exercise of the Convertible Notes		Immediately before the full exercise of the subscription rights attaching to the warrants but after full exercise of the Convertible Notes (Note 2)		Immediately after the full exercise of the subscription rights attaching to the warrants and the Convertible Notes (Note 2)	
	Shares	%	Shares	%	Shares	%	Shares	%
Betterment Enterprises Limited (Note 1)	118,624,108	29.29%	118,624,108	24.51%	118,624,108	6.39%	118,624,108	6.13%
The Vendors	-	-	-	-	1,452,000,000	78.19%	1,452,000,000	75.00%
The Public	286,375,892	70.71%	365,375,892	75.49%	286,375,892	15.42%	365,375,892	18.87%
Total	405,000,000	100.00%	484,000,000	100.00%	1,857,000,000	100.00%	1,936,000,000	100.00%

Note 1: Betterment Enterprises Limited is a subsidiary of PME Group Limited, a company incorporated in the Cayman Islands, the issued shares of which are listed on the Stock Exchange. Betterment Enterprises Limited is not related to any of the Vendors or their respective ultimate beneficial owners; nor is Betterment Enterprises Limited a party acting in concert with any of such persons.

Note 2: The columns showing (i) the shareholding immediately before the full exercise of the subscription rights attaching to the warrants but after full exercise of the Convertible Notes, and (ii) the shareholding immediately after the full exercise of the subscription rights attaching to the warrants and the Convertible Notes, are for illustration purposes only since the exercise of the conversion rights under the Convertible Notes are subject to the requirements that the public float of the Shares will not fall below the limit prescribed under the Listing Rules. Under the conditions of the Convertible Notes, no conversion right may be exercised, to the extent that following such exercise, a Noteholder (including any of the Vendors) and parties acting in concert with it will hold or be interested in 30% or more of the Company's total issued share capital, or such conversion will result in a change in control as defined in the Takeovers Code.

If the Vendors converts the Convertible Notes so that they would have a shareholding of approximately 29.9% of the enlarged issued share capital, the shareholdings of Betterment Enterprises Limited will be diluted to approximately 22.54% of the enlarged issued share capital of the Company if none of the subscription rights attaching to the warrants are exercised. Its shareholdings will further decrease to approximately 17.18% should all the subscription rights attaching to the warrants are exercised.

The Directors have considered other means to finance the Acquisition. Despite the dilution effect to the Shareholders upon conversion of Convertible Notes, the Directors believe that the issue of the Convertible Notes to partially finance the Acquisition is the best means as determined by the Company.

LISTING RULES IMPLICATIONS

As some of the relevant percentage ratios under Rule 14.07 of the Listing Rules exceed 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and is therefore subject to reporting, announcement requirements and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, none of the Vendors or their associates hold any Share(s) in the Company and none of the Shareholders or their respective associates has any interest in the transaction contemplated under the Agreement which is different from other Shareholders. Accordingly, no Shareholders are required to abstain from voting on a resolution to approve the Acquisition.

A circular containing details of the Acquisition which includes the valuation report of the five mega LED displays will be despatched to the Shareholders as soon as practicable.

GENERAL

The EGM will be held to consider and, if thought fit, pass the resolutions to approve the Acquisition including the issue of the Convertible Notes in connection thereto.

RESUMPTION OF TRADING OF THE SHARES

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 9:30 a.m. on 28 April 2008 pending the release of this announcement. Application for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 14 May 2008 has been made by the Company.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

“Acquisition”	the proposed acquisition by the Company from the Vendors of the entire issued share capital of Precious Luck pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 27 April 2008 entered into between the Purchaser, the Vendors and the Warrantors and the Confirmer in relation to the Acquisition
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks generally are open for business in Hong Kong
“BVI”	British Virgin Islands
the “Company” or the “Confirmer”	ZZNode Technologies Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 2371)
“Completion”	completion of the Agreement
“Completion Date”	the date fixed for Completion
“Conversion Price”	HK\$2.00 per Share

“Conversion Shares”	Shares to be issued upon the conversion of the Convertible Notes
“Convertible Notes”	the convertible notes issued by Million Gold, which could be converted into the Shares
“CZLD”	創智利德（北京）科技發展有限公司 (ChuangZhi LiDe (Beijing) Technology Development Company Limited)
“Director(s)”	the director(s) of the Company
“EGM”	extraordinary general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“LED”	abbreviation for light-emitting diode which is a semiconductor diode that emits incoherent narrow-spectrum light
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Million Gold”	Million Gold Holdings Limited, a wholly owned subsidiary of the Company
“Noteholders”	Holders of the Convertible Notes
“Purchaser”	Million Gold Holdings Limited, a wholly owned subsidiary of the Company
“Precious Luck”	Precious Luck Enterprises Limited, a company incorporated in BVI and is currently owned as to 74% by Rotaland Limited and 26% by Ascher Group Limited
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong and Macau

“Sale Shares”	100 shares of US\$1.00 each in share capital of Precious Luck, representing the entire issued share capital of Precious Luck
“Share(s)”	Ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code of Takeovers and Mergers
“Vendors”	Rotaland Limited and Ascher Group Limited
“Warrantors”	Mr. Ho Wai Kong and Mr. Lu Xing
“Xinhua Media”	Xinhua Media Centre (新華社新華音像中心) which is a publisher for audiovisual products and general trade books in PRC. Xinhua Media is one of corporate institutions directly under control of Xinhua News Agency (新華社) which is the official press agency and an institution of the State Council of PRC.
“Xinhua Technology”	Xinhua Technology International Limited, a company incorporated in Hong Kong which is wholly owned by Precious Luck
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent;

By Order of the Board
ZZNode Technologies Company Limited
Chan Shui Sheung, Ivy
Executive Director

Hong Kong, 13 May 2008

As at the date of this announcement, the Board comprises Mr. Christian Emil Toggenburger, Ms. Chan Shui Sheung, Ivy and Ms. So Wai Lam being the executive Directors, Mr. Chow Shiu Ki, Mr. Lam Raymond Shiu Cheung, Mr. Lam Ka Wai, Graham being the independent non-executive Directors.