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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
SUPPLEMENTAL AGREEMENT RELATING TO THE ACQUISITION OF
PRECIOUS LUCK ENTERPRISES LIMITED

The Board is pleased to announce that on 21 May 2009, the Purchaser, together with the Company, entered into a supplemental agreement (the “Supplemental Agreement”) with the Vendors and the Warrantors in relation to, inter alia, i) reducing the Consideration to HK\$780,000,000; ii) revising the conditions of the Agreement; and iii) reducing the principal amount and the Conversion Price of the Convertible Notes.

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06 of the Listing Rules. The Acquisition and the issue of Convertible Notes are subject to the approval of the Shareholders at the EGM.

A circular containing, among other matters, further details of the Acquisition and the notice of the EGM will be despatched to the Shareholders as soon as reasonable practicable and in compliance with the Listing Rules.

Reference is made to the announcements (the “Announcements”) dated 13 May 2008, 3 June 2008, 30 June 2008, 29 July 2008, 1 September 2008, 30 September 2008, 30 December 2008, 30 January 2009, 26 March 2009 and 22 April 2009 issued by the Company in respect of the acquisition of Precious Luck Enterprises Limited and delay in despatch of the Circular respectively. Reference is also made to the announcement of the Company dated 29 October 2008 regarding the extension of the long stop date of the Agreement. Terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise specified.

* *For identification purpose only*

THE SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that on 21 May 2009, the Purchaser, together with the Company, entered into a supplemental agreement (the “Supplemental Agreement”) with the Vendors and the Warrantors in relation to, inter alia, i) reducing the Consideration to HK\$780,000,000; ii) revising the conditions of the Agreement; and iii) reducing the principal amount and the Conversion Price of the Convertible Notes.

Consideration

The aggregate Consideration for the Sale Shares is reduced from HK\$2,928 million to HK\$780 million, which has been and shall be satisfied by the Purchaser in the following manner:

- (a) HK\$24 million of the Consideration will be paid by cash (in the form of a deduction from the earnest monies already paid); and
- (b) HK\$756 million of the Consideration will be paid by the Purchaser to issue the Convertible Notes to the Vendors.

The aggregate Consideration was determined after arm’s length negotiations between the parties taking into account the draft of the valuation report on the five mega LED displays at a value of not less than RMB719 million as at 31 March 2009. The draft of the valuation report was prepared by the market approach which is based on prices at which stocks of similar companies are trading in a public market is being prepared by an independent professional valuer.

Amendment of Conditions of the Agreement

Reference is made to the announcement (“Announcement”) of the Company dated 13 May 2008. The following conditions of the Agreement as set out in page 9 of the Announcement were amended as follow:

- (o) the issue of a valuation report prepared by a professional valuer appointed by the Purchaser indicating that the value of the five mega LED displays, including, but not limited to the exclusive management rights, under the cooperation agreement and the supplemental cooperation agreement between CZLD and Xinhua Media will not be less than HK\$780,000,000 (or equivalents in RMB).

If the conditions set out in the Agreement and the Supplemental Agreement is not fulfilled, or not waived in writing, on or before 31 December 2009, the Agreement and the Supplemental Agreement will cease. In such case, the Vendors shall refund the cash consideration to the Purchaser on or before 4 January 2010. However, the Purchaser could choose to complete the Acquisition.

Amendment of Principal terms of the Convertible Notes

The principal terms of the Convertible Notes have been amended as follow:

Principal amount: HK\$756,000,000

Conversion price: HK\$0.519 per Conversion Share, subject to adjustments in certain events including share consolidation, share subdivision, capitalization issue, capital distribution, rights issue and issues of convertible securities by the Company

Conversion shares: 1,456,647,398 Shares, which represents approximately 359.67% of the existing issued share capital of the Company and approximately 78.25% of the enlarged issued share capital of the Company upon full conversion of the Convertible Notes

The Conversion Price of HK\$0.519 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 63% to the closing price of HK\$1.40 per Share as quoted on the Stock Exchange on the 20 May 2009 (the "Last Trading Day");
- (ii) a discount of approximately 64% to the average of the closing price of approximately HK\$1.434 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 32% to the average of the closing price of approximately HK\$0.7609 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 120% to the net asset value of approximately HK\$0.236 per Share as quoted on the annual report of the Company as at 31 December 2008.

Save as disclosed above, all other terms and conditions of the Agreement remain unchanged.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

Due to the dramatic change of the global financial and securities market conditions, the original Consideration and the original Conversion Price of the Convertible Notes no longer reflect the current situation of the market.

In view of the growing potential of Precious Luck and the decrease in the aggregate Consideration, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Supplemental Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06 of the Listing Rules. The Acquisition and the issue of Convertible Notes are subject to the approval of the Shareholders at the EGM.

As announced by the Company in the announcement dated 30 December 2008, the Stock Exchange has granted a waiver from strict compliance with Rule 14.38 of the Listing Rules to postpone the despatch of the Circular to 21 days after the completion of the re-negotiation of the terms of the Agreement. A circular containing, among other matters, further details of the Acquisition and the notice of the EGM will be despatched to the Shareholders as soon as reasonable practicable and in compliance with the Listing Rules.

By Order of the Board
ZZNode Technologies Company Limited
Tin Ka Pak
Executive Director

Hong Kong, 21 May 2009

As at the date of this announcement, the Board comprises Ms. Chan Shui Sheung, Ivy, Ms. So Wai Lam, Mr. Liu Yong Fei, Mr. Tin Ka Pak as executive Directors; and Mr. Chow Shiu Ki, Mr. Lam Raymond Shiu Cheung and Mr. Lam Ka Wai, Graham as independent non-executive Directors.