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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

PLACING OF NEW SHARES

On 2 November 2009, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company conditionally agreed to place, through the Placing Agent which shall act on a best effort basis a maximum of 35,000,000 new Shares to not less than six independent Placers at a price of HK\$1.40 per Placing Share. The maximum of 35,000,000 Placing Shares represent 8.64% of the Company's existing issued share capital and approximately 7.95% of its issued share capital as enlarged by the Placing.

The Placing Price represents (i) a discount of approximately 17.16% to the closing price of HK\$1.690 per Share as quoted on the Stock Exchange on 2 November 2009, being the date of the Placing Agreement; and (ii) a discount of approximately 7.04% to the average closing price of approximately HK\$1.506 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 2 November 2009.

The maximum gross proceeds from the Placing will be HK\$49 million. The maximum net proceeds from the Placing will amount to approximately HK\$45 million which is intended to be used as general working capital of the Company. The net Placing Price per Share will be approximately HK\$1.30 per Share.

The Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

The Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

* For identification purpose only

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares was suspended from 2:30 p.m. on 2 November 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 2:30 p.m. on 3 November 2009.

THE PLACING AGREEMENT

Date

2 November 2009

Issuer

The Company

Placing Agent

Celestial Securities Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent, on a best effort basis and on behalf of the Company, will procure the placing to and subscription of the Placing Shares by not less than six Placees, who and whose ultimate beneficial owners are independent of and not connected with the Company and its Connected Persons, of the Placing Shares. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares

The Placing Shares shall constitute a maximum of 35,000,000 new shares to be issued and allotted by the Company, which represent 8.64% of the Company's existing issued share capital and approximately 7.95% of its issued share capital as enlarged by the Placing.

Placing Price

The Placing Price of HK1.40 represents (i) a discount of approximately 17.16% to the closing price of HK\$1.690 per Share as quoted on the Stock Exchange on 2 November 2009, being the date of the Placing Agreement; and (ii) a discount of approximately 7.04% to the average closing price of approximately HK\$1.506 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 2 November 2009.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The placing commission is calculated as 7.15% on the gross proceeds of the actual number of Placing Shares placed.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of issue and allotment of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate. Under the General Mandate, the Company is authorized to issue up to 81,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate.

Conditions of the Placing

Completion of the Placing is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing will take place on or before the next Business Day after the fulfillment of the conditions as set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent. If any of the conditions of the Placing Agreement are not fulfilled by 30 November 2009 (or such later date as may be agreed by the Company and the Placing Agent), all rights, obligations and liabilities of the Company, the Placing Agent and the Placees (if any) in respect of the Placing shall cease and determine.

The Placing may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the development and provision of telecommunications operational support system products and solutions in the PRC.

The maximum gross proceeds from the Placing will be HK\$49 million. The maximum net proceeds from the Placing will amount to approximately HK\$45 million which is intended to be used as general working capital of the Company. The net Placing Price per Share will be approximately HK\$1.30 per Share.

The Directors are of the view that the Placing offers a good opportunity to raise additional capital for the Company and to strengthen the financial position of the Group. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES DURING THE PAST TWELVE MONTHS

The Company has not conducted any fund raising exercise in the past twelve months immediately before the date of this announcement.

SHAREHOLDING STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing and that a maximum of 35,000,000 Placing Shares will be placed to and subscribed by the Placees under the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing are as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Hensford Group Limited	61,000,000	15.06	61,000,000	13.86
Ms Yeung Yuk Wa	48,480,000	11.97	48,480,000	11.02
Placees	–	–	35,000,000	7.95
The Public	295,520,000	72.97	295,520,000	67.17
Total	<u>405,000,000</u>	<u>100.00</u>	<u>440,000,000</u>	<u>100.00</u>

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares was suspended from 2:30 p.m. on 2 November 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 2:30 p.m. on 3 November 2009.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day on which banks in Hong Kong generally open for business other than (i) a Saturday; (ii) a Sunday; (iii) a public holiday; or (iv) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 am and 12:00 noon
“Company”	ZZNode Technologies Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 26 June 2009 subject to the limit up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent, on a best effort basis, to subscribe for any of the Placing Shares pursuant to the terms and conditions of the Placing Agreement

“Placing”	placing of the Placing Shares by the Placing Agent on a best effort and on behalf of the Company basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Celestial Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 3 (leveraged foreign exchange trading) regulated activities under the SFO
“Placing Agreement”	the conditional placing and subscription agreement dated 2 November 2009 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.40 per Placing Share
“Placing Shares”	up to a maximum of 35,000,000 new Shares to be placed to and subscribed by the Placees (if any) identified by the Placing Agent on a best effort basis under the Placing
“PRC”	the People’s Republic of China
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
ZZNode Technologies Company Limited
Liu Yong Fei
Executive Director

Hong Kong, 3 November 2009

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