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CONTINENTAL
H O L D I N G S L I M I T E D
恒和珠寶集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00513)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
INVOLVING
ACQUISITIONS OF INTERESTS IN MACARTHUR MINERALS LIMITED
AND
ISSUE OF CONVERTIBLE NOTES**

On 3 June 2010, Trade Bloom, an indirect wholly-owned subsidiary of the Company, entered into the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement with, inter alia, MMCL and Famous Key respectively. Pursuant to the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement, Trade Bloom has conditionally agreed to acquire and the Vendors have conditionally agreed to sell an aggregate of 5,384,527 MMS Shares, representing approximately 18.09% of the entire issued share capital of MMS. MMS is an Australian company listed on the TSX Venture Exchange in Canada. The principal activity of MMS is the exploration and development of an area with significant prospective iron-ore located in Western Australia.

The Consideration payable by Trade Bloom is approximately HK\$139.8 million, which will be fully satisfied by the issue of the Convertible Notes.

As certain percentage ratios under the Listing Rules are more than 5% but all of them are less than 25%, the MMCL Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Dr. Chan is a Director and controlling Shareholder who, through Tamar Investments, holds approximately 50.8% of the issued share capital of the Company as at the date of this announcement. Accordingly, Famous Key, being a company owned by Dr. Chan, is a connected person of the Company. As certain percentage ratios under the Listing Rules are more than 5% but all of them are less than 25%, the Famous Key Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules. Since the Famous Key Acquisition involves issue of new Shares, the Famous Key Acquisition is subject to the approval of the Independent Shareholders at the EGM by way of poll. The MMCL Acquisition Agreement is inter-conditional with the Famous Key Acquisition Agreement.

A circular containing, among other things, further information on the Acquisitions and MMS, the advice of the independent financial adviser, the recommendation of the Independent Board Committee, the notice convening the EGM and a proxy form is expected to be despatched to the Shareholders by no later than 25 June 2010.

THE MMCL ACQUISITION AGREEMENT

Date 3 June 2010

Parties

Vendor: MMCL, which is principally an investment holding company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and save for the formation of a joint venture company with the Group as announced by the Company on 25 February 2010, MMCL and its ultimate beneficial owners are third parties independent of the Company and its connected persons and are not connected persons of the Company

Purchaser: Trade Bloom

Purchaser guarantor: The Company

Asset acquired

3,144,654 MMS Shares, representing approximately 10.57% of the entire issued share capital of MMS.

Consideration

The consideration payable by Trade Bloom to MMCL is C\$11,006,289 (equivalent to approximately HK\$81,666,664.38), or C\$3.50 (equivalent to approximately HK\$25.97) per MMS Share. The consideration payable per MMS Share under the MMCL Acquisition Agreement is equivalent to that under the Famous Key Acquisition Agreement. The consideration will be fully satisfied by the issue of the MMCL Convertible Note.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions precedent, among other things:

- (a) the passing of all resolutions by the Independent Shareholders at a general meeting of the Company approving the entering into of the MMCL Acquisition Agreement by Trade Bloom and the Company and the performance of the transactions contemplated thereunder;

- (b) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares;
- (c) completion of the Hongzhuang Gold Mine Acquisition in accordance with its terms;
- (d) all necessary statutory governmental and regulatory obligations having been complied with, and all necessary consents, approvals and waivers from the relevant statutory governmental and regulatory authorities having been obtained and continuing in force, and all necessary statutory filings have been made and waiting periods having expired or been terminated for or in connection with the completion of the transactions contemplated under the MMCL Acquisition Agreement and uninterrupted continuation of the business by the Company and Trade Bloom after Completion;
- (e) all of the conditions precedent to the completion of the Famous Key Acquisition Agreement (other than the one requiring fulfillment of all of the conditions precedent to the completion of the MMCL Acquisition Agreement) having been fulfilled in accordance with its terms, and it is not terminated or amended or modified in all respects; and
- (f) the warranties given by MMCL in the MMCL Acquisition Agreement remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

Trade Bloom may in its sole and absolute discretion at any time before Completion by notice in writing to MMCL waive any of the conditions precedent set out above (other than (a), (b) and (d) if and to the extent that such waiver, if issued, would cause or result in any of the parties to the MMCL Acquisition Agreement or any members of the Group breaching the Listing Rules and any other applicable law and regulations).

If any of the conditions precedent above has not been fulfilled (or, where applicable, waived) on or before the date falling six months after the date of the MMCL Acquisition Agreement or such other date(s) to be agreed in writing between the parties, either party shall be entitled to rescind the MMCL Acquisition Agreement.

Completion

Completion shall take place on the third business day after the fulfilment (or where applicable, waiver) of all the conditions precedent above or such other date as MMCL and Trade Bloom may agree in writing. The MMCL Acquisition Agreement shall be completed contemporaneously with the Famous Key Acquisition Agreement.

THE FAMOUS KEY ACQUISITION AGREEMENT

Date 3 June 2010

Parties

Vendor: Famous Key, which is principally an investment holding company

Vendor guarantor: Dr. Chan

Purchaser: Trade Bloom

Purchaser guarantor: The Company

Dr. Chan agreed to guarantee the performance of the obligations of Famous Key in the Famous Key Acquisition Agreement and the Company agreed to guarantee the performance of the obligations of Trade Bloom in the Famous Key Acquisition Agreement.

Asset acquired

2,239,873 MMS Shares, representing approximately 7.52% of the entire issued share capital of MMS.

Consideration

The consideration payable by Trade Bloom to Famous Key (or a wholly-owned subsidiary of Famous Key) is C\$7,839,555.5 (equivalent to approximately HK\$58,169,501.81), or C\$3.50 (equivalent to approximately HK\$25.97) per MMS share. The consideration payable per MMS Share under the Famous Key Acquisition Agreement is equivalent to that under the MMCL Acquisition Agreement. The consideration will be satisfied by the issue of the Famous Key Convertible Note.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions precedent, among other things:

- (a) the passing of all resolutions by the Independent Shareholders at a general meeting of the Company approving the entering into of the Famous Key Acquisition Agreement by Trade Bloom and the Company and the performance of the transactions contemplated thereunder;
- (b) the Listing Committee granting the listing of, and permission to deal in, the Conversion Shares;
- (c) completion of the Hongzhuang Gold Mine Acquisition in accordance with its terms;
- (d) all necessary statutory governmental and regulatory obligations having been complied with, and all necessary consents, approvals and waivers from the relevant statutory governmental and regulatory authorities having been obtained and continuing in force, and all necessary statutory filings have been made and waiting periods having expired or been terminated for or in connection with the completion of the transactions contemplated under the Famous Key Acquisition Agreement and uninterrupted continuation of the business by the Company and Trade Bloom after Completion;
- (e) all of the conditions precedent to the completion of the MMCL Acquisition Agreement (other than the one requiring fulfillment of all of the conditions precedent to the completion of the Famous Key Acquisition Agreement) having been fulfilled in accordance with its terms, and it is not terminated or amended or modified in all respects; and

(f) the warranties given by Famous Key in the Famous Key Acquisition Agreement remaining true, accurate and not misleading in all material respects and no material adverse change having occurred.

Trade Bloom may in its sole and absolute discretion at any time before Completion by notice in writing to Famous Key waive any of the conditions precedent set out above (other than (a), (b) and (d) if and to the extent that such waiver, if issued, would cause or result in any of the parties to the Famous Key Acquisition Agreement or any members of the Group breaching the Listing Rules and any other applicable law and regulations).

If any of the conditions precedent above has not been fulfilled (or, where applicable, waived) on or before the date falling six months after the date of the Famous Key Acquisition Agreement or such other date(s) to be agreed in writing between the parties, either party shall be entitled to rescind the Famous Key Acquisition Agreement.

Completion

Completion shall take place on the third business day after the fulfilment (or where applicable, waiver) of all the conditions precedent above or such other date as Famous Key and Trade Bloom may agree in writing. The Famous Key Acquisition Agreement shall be completed contemporaneously with the MMCL Acquisition Agreement.

INFORMATION ON MMS

MMS is an Australian public company listed on the TSX Venture Exchange in Canada. The principal activity of MMS is the exploration and development of an area with significant prospective iron-ore located in Western Australia.

The area is located about 450 km east-northeast of the coastal city of Perth, Western Australia. Its contiguous tenements cover a total area of 1,155 km². Geologically it is situated in the Southern Cross Province of the Archaean Yilgarn Block of southwestern Western Australia. The Southern Cross Province has been and still is host to many significant mineral deposits that have been or are being mined for gold, nickel sulphide and iron ore. The nearby area is fully equipped with necessary infrastructure, including gas transmission, rail, port, mining workforce and mining supporting services. A number of mineral resources estimates had been carried out in the area, including Snark, Clark Hill North, Clark Hill South, Sandlewood and Moonshine. The total inferred mineral resource for magnetite iron ore projects in the aforesaid areas has reached approximately 1,117 million tonnes at an average of 28.7% in element iron.

Set out below are the audited net profit/(loss) before and after tax of the MMS Group for the two financial years ended 31 March 2009 prepared in accordance with Canadian accounting standards as published in the website of TSX Venture Exchange in Canada:

	For the year ended 31 March	
	2009	2008
	C\$	C\$
Net profit/(loss) before tax	5,558,004 <i>(equivalent to approximately HK\$41.2 million) (Note)</i>	(1,338,908) <i>(equivalent to approximately HK\$9.9 million)</i>
Net profit/(loss) after tax	5,338,589 <i>(equivalent to approximately HK\$39.6 million) (Note)</i>	(90,467) <i>(equivalent to approximately HK\$0.7 million)</i>

Note: The figures include a one-off dilution gain (before tax) of C\$6,974,084 (equivalent to approximately HK\$51.7 million) arose from the issues of shares by a subsidiary of MMS.

According to the unaudited interim financial statements for the six months ended 30 September 2009, the net book value of the MMS Group was approximately C\$15.9 million (equivalent to approximately HK\$118.0 million). The original purchase cost of the 2,239,873 MMS Shares under the Famous Key Acquisition Agreement paid by Famous Key was approximately C\$1.9 million (equivalent to approximately HK\$14.1 million)

BASIS OF THE CONSIDERATION

The Consideration has been arrived at after arm's length negotiations among Trade Bloom and the Vendors, with reference to, among other things, (i) the operating status and prospect of MMS; and (ii) the inferred mineral resource for magnetite iron ore projects of approximately 1,117 million tonnes at an average of 28.7% in element iron in the projects held by MMS.

The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the independent financial adviser) consider that the terms of the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement (including the Consideration) are on normal commercial terms and fair and reasonable to the Company and the Shareholders as a whole.

THE CONVERTIBLE NOTES

The principal amounts of the MMCL Convertible Note and the Famous Key Convertible Note are HK\$81,666,664.38 and HK\$58,169,501.81 respectively. Other principal terms of the MMCL Convertible Note and the Famous Key Convertible Note are the same and are summarised below:

Conversion price:	HK\$0.42 per Conversion Share, subject to adjustments for, among other things, share consolidation, share sub-division, capitalisation of profits or reserves, capital distribution, rights issue, grant of options, warrants or other rights to subscribe for or purchase any Shares
Coupon rate:	Nil
Conversion period:	<p>The holders of the Convertible Notes shall have the right to convert at any time prior to the date of maturity in whole but not in part of the principal amount of the Convertible Notes into the Conversion Shares provided that the conversion will not result in any breach of the Listing Rules and any other laws and regulations in Hong Kong, including the requirement of the Company to maintain the minimum public float requirement.</p> <p>In the event the Company (or its subsidiary) (a) announces that it will make, or commences to make or makes a takeover bid for the issued shares of MMS; or (b) announces that it has entered into, or enters into an agreement the effect of which is that it will acquire the issued shares of MMS pursuant to a scheme of arrangement, within 18 months from the date of the Convertible Notes, the conversion rights in respect of the entire principal amount of the Convertible Notes then outstanding shall be deemed to be automatically and duly exercised by the holders of the Convertible Notes</p>
Maturity:	2nd anniversary of the date of issue of the Convertible Notes. If and to the extent that there shall be any outstanding principal amount of the Convertible Notes at the date of maturity, the Convertible Notes are to be redeemed
Early redemption:	At any time after the date of the issue of the Convertible Notes and before the fifth business day before the date of maturity, the Company may redeem all of the Convertible Notes at a price being equal to 100% of the face value of the part of principal amount of the Convertible Notes proposed to be redeemed
Ranking:	The Convertible Notes shall rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Company
Transferability:	The Convertible Notes may be assigned or transferred to any third party, subject only to compliance of the Listing Rules and all applicable laws and regulations

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 to the Stock Exchange by the Company for the listing of, and permission to deal in, the Conversion Shares

The terms of the Convertible Notes have been arrived at after arm's length negotiations between Trade Bloom and the Vendors and were determined with reference to, among other things, (i) current borrowing rate of the Company; (ii) the unsecured and unlisted natures of the Convertible Notes; and (iii) the prevailing market price of the Shares. Accordingly, the Directors (excluding the independent non-executive Directors whose opinion will be provided after consideration of the advice from the independent financial adviser) consider that the terms of the Convertible Notes are fair and reasonable.

Conversion Price

The Conversion Price of HK\$0.42 per Conversion Share (subject to adjustments) was arrived at after arm's length negotiations among Trade Bloom and the Vendors and represents:

- (i) a premium of approximately 13.5% over the closing price of HK\$0.370 per Share as quoted on the Stock Exchange on 3 June 2010, being the Last Trading Day;
- (ii) a premium of approximately 17.3% over the average closing price per Share of HK\$0.358 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 20.3% over the average closing price per Share of HK\$0.349 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 36.8% over the unaudited consolidated net assets value per Share of approximately HK\$0.307 as at 31 December 2009 (based on the total equity attributable to the Shareholders of approximately HK\$959.8 million as at 31 December 2009 divided by 3,128,303,340 Shares outstanding as at the date of this announcement).

Assuming the exercise of the conversion rights attaching to the Convertible Notes in full at the initial Conversion Price of HK\$0.42 per Conversion Share, the Company will allot and issue an aggregate of 332,943,252 new Shares, representing:

- (i) approximately 10.6% of the existing issued share capital of the Company; and
- (ii) approximately 6.1% of the issued share capital of the Company as enlarged by the issue of new Shares upon completions of the Hongzhuang Gold Mine Acquisition and the Subscription and the exercise of the conversion rights attaching to the Convertible Notes in full.

The Conversion Shares will be issued under a specific mandate to be considered at the EGM. The Conversion Shares, when issued and allotted, will rank pari passu in all respects with all the Shares then in issue.

The Directors (excluding the independent non-executive Directors whose opinion will be provided after consideration of the advice from the independent financial adviser) consider that the terms of the issue of the Conversion Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Hongzhuang Gold Mine Acquisition and the Subscription; (iii) immediately upon Completion and before conversion of any Convertible Notes; and (iv) immediately upon full conversion of the Convertible Notes.

	As at the date of this announcement		Immediately upon completions of the Hongzhuang Gold Mine Acquisition and the Subscription		Immediately upon Completion and before conversion of any Convertible Notes		Immediately upon full conversion of the Convertible Notes	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Tamar Investments	1,588,163,030	50.8%	3,352,868,910	65.6%	3,352,868,910	65.6%	3,352,868,910	61.6%
Chan Wai Lap, Victor	2,700,000	0.1%	2,700,000	0.1%	2,700,000	0.1%	2,700,000	0.1%
Famous Key	–	0.0%	–	0.0%	–	0.0%	138,498,813	2.5%
Dr. Chan and his associates	1,590,863,030	50.9%	3,355,568,910	65.7%	3,355,568,910	65.7%	3,494,067,723	64.2%
Chan Ping Kuen, Derek, a Director	200,000	0.0%	200,000	0.0%	200,000	0.0%	200,000	0.0%
Subscriber of the Subscription	–	0.0%	217,647,050	4.2%	217,647,050	4.2%	217,647,050	4.0%
MMCL	–	0.0%	–	0.0%	–	0.0%	194,444,439	3.6%
Other Shareholders	1,537,240,310	49.1%	1,537,240,310	30.1%	1,537,240,310	30.1%	1,537,240,310	28.2%
Total	3,128,303,340	100.0%	5,110,656,270	100.0%	5,110,656,270	100.0%	5,443,599,522	100.0%

REASONS FOR THE ACQUISITIONS

The Group's principal business is in the manufacturing, exporting and marketing of fine jewellery and diamonds. Over the recent years, the Board and management has been actively diversifying the Company's portfolio in various investments. In light of a strong worldwide demand for natural resources and commodities, the Group foresees a continuous potential and attractive opportunities in the mining segments around the world. As announced by the Company on 30 November 2009, the Group entered

into a conditional acquisition agreement for the Hongzhuang Gold Mine Acquisition involving 100% interest in a gold mine in Henan Province, PRC. The Company further announced on 25 February 2010 that a shareholders agreement was entered into with, inter alia, MMCL regarding the formation of and the principal terms governing a joint venture company with principal business of trading in mineral ores. As such, the Group is in the process of stepping into the mining industry. The Directors consider that the Acquisitions offer the Group a good business opportunity to further invest in the mining industry.

Upon Completion, the Company will hold 18.09% interest in MMS and it has no current intention to directly involve in management and operations of MMS. The Company considers its interest in MMS a long-term investment and will be accounted for “Available-for-sale financial assets” as a non-current asset of the Group.

LISTING RULES IMPLICATIONS

As certain percentage ratios under the Listing Rules are more than 5% but all of them are less than 25%, the MMCL Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. Dr. Chan is a Director and controlling Shareholder who, through Tamar Investments, holds approximately 50.8% of the issued share capital of the Company as at the date of this announcement. Accordingly, Famous Key, being a company owned by Dr. Chan, is a connected person of the Company. As certain percentage ratios under the Listing Rules are more than 5% but all of them are less than 25%, the Famous Key Acquisition constitutes a discloseable and connected transaction for the Company under the Listing Rules. Since the Famous Key Acquisition involves issue of new Shares, the Famous Key Acquisition is subject to the approval of the Independent Shareholders at the EGM by way of poll. The MMCL Acquisition Agreement is inter-conditional with the Famous Key Acquisition Agreement.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement, and the respective transactions contemplated thereunder. Athens Capital Limited, the independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

MMCL, Famous Key, Dr. Chan and their respective associates will abstain from voting at the EGM. The votes of the Independent Shareholders regarding the resolution(s) for approvals of the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement and the respective transactions contemplated thereunder will be taken by way of poll at the EGM.

A circular containing, among other things, further information on the Acquisitions and MMS, the advice of the independent financial adviser, the recommendation of the Independent Board Committee, the notice convening the EGM and a proxy form is expected to be despatched to the Shareholders by no later than 25 June 2010.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisitions”	the MMCL Acquisition and the Famous Key Acquisition
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Continental Holdings Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Completion”	completion of the transactions contemplated under the MMCL Acquisition Agreement and/or the Famous Key Acquisition Agreement, as the case may be
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	HK\$139,836,166.19, being the total consideration payable by Trade Bloom for the Acquisitions
“Conversion Price”	HK\$0.42 per Share, subject to adjustment pursuant to the terms of the Convertible Notes
“Conversion Share(s)”	the Shares to be issued by the Company upon conversion of Convertible Notes
“Convertible Notes”	the MMCL Convertible Note and the Famous Key Convertible Note
“C\$”	Canadian dollars, the lawful currency of Canada from time to time
“Director(s)”	the director(s) of the Company
“Dr. Chan”	Dr. Chan Sing Chuk, Charles, BBS, JP, the Chairman and a Director
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, amongst other things, the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement, and the respective transactions contemplated thereunder, including issuance of the Convertible Notes

“Famous Key”	Famous Key Holdings Limited, a limited liability company incorporated in BVI and wholly-owned by Dr. Chan
“Famous Key Acquisition”	the acquisitions by Trade Bloom of 2,239,873 MMS Shares pursuant and subject to the terms and conditions of the Famous Key Acquisition Agreement
“Famous Key Acquisition Agreement”	the sale and purchase agreement entered into on 3 June 2010 between, inter alia, Famous Key as vendor and Trade Bloom as purchaser in relation to the sale and purchase of 2,239,873 MMS Shares
“Famous Key Convertible Note”	the convertible note in the principal amount of HK\$58,169,501.81 convertible into new Shares at the price of HK\$0.42 per new Share (subject to adjustments) to be issued by the Company upon Completion to settle the consideration for the Famous Key Acquisition Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongzhuang Gold Mine Acquisition”	the sale and purchase of the entire issued share capital of Big Bonus Limited between, inter alia, Benefit Well Investments Limited as the vendor and the Company as the purchaser which was announced by the Company on 30 November 2009 and approved by the independent Shareholders on 11 February 2010
“Independent Board Committee”	the independent board committee of the Company, formed by all the independent non-executive Directors, to advise the Independent Shareholders on the terms of the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement, and the respective transactions contemplated thereunder
“Independent Shareholders”	Shareholders (other than MMCL, Famous Key, Dr. Chan and their respective associates) who are not required to abstain from voting at the EGM in relation to the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement, and the respective transactions contemplated thereunder
“km”	kilometers
“km ² ”	square kilometers

“Last Trading Day”	3 June 2010, being the last trading day immediately before signing of the MMCL Acquisition Agreement and the Famous Key Acquisition Agreement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“MMCL”	MinMetals Mining Corporation Limited, a limited liability company incorporated in Hong Kong
“MMCL Acquisition”	the acquisitions by Trade Bloom of 3,144,654 MMS Shares pursuant and subject to the terms and conditions of the MMCL Acquisition Agreement
“MMCL Acquisition Agreement”	the sale and purchase agreement entered into on 3 June 2010 between, inter alia, MMCL as vendor and Trade Bloom as purchaser in relation to the sale and purchase of 3,144,654 MMS Shares
“MMCL Convertible Note”	the convertible note in the principal amount of HK\$81,666,664.38 convertible into new Shares at the price of HK\$0.42 per new Share (subject to adjustments) to be issued by the Company upon Completion to settle the consideration for the MMCL Acquisition Agreement
“MMS”	Macarthur Minerals Limited, a public company incorporated in Australia with limited liability and the securities of which are listed on the TSX Venture Exchange in Canada
“MMS Group”	MMS and its subsidiaries
“MMS Shares”	the shares in the share capital of MMS
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 217,647,050 new Shares by All Max Holdings Limited pursuant to the subscription agreement entered into between the Company as issuer and All Max Holdings Limited as the subscriber on 23 November 2009, which was announced by the Company on 30 November 2009
“Tamar Investments”	Tamar Investments Group Limited, a company incorporated in BVI with limited liability and wholly owned by Dr. Chan and Ms. Cheng Siu Yin, Shirley, a Director

“Trade Bloom”	Trade Bloom Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Vendors”	MMCL and Famous Key
“%”	per cent.

By Order of the Board
Chan Sing Chuk, Charles
Chairman

Hong Kong, 3 June 2010

As at the date of this announcement, Dr. Chan Sing Chuk, Charles BBS, JP, Ms. Cheng Siu Yin, Shirley, Ms. Chan Wai Kei, Vicki and Mr. Chan Wai Lap, Victor are executive Directors, Mr. Cao Kuangyu is a non-executive Director, Mr. Yu Shiu Tin, Paul BBS, MBE, JP, Mr. Chan Ping Kuen, Derek, Mr. Sze Irons and Mr. Cheung Chi Fai, Frank are independent non-executive Directors.

For the purposes of this announcement, unless otherwise specified, conversions C\$ into HK\$ are based on the approximate exchange rate of C\$1.00 to HK\$7.42. The exchange rate is for the purpose of illustration only and no representation is made that any amount in C\$ or HK\$ could have been or could be converted at the above rate or at any other rates.