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NEW WORLD CYBERBASE LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 276)

VERY SUBSTANTIAL ACQUISITION ACQUISITION OF A COAL MINE IN WESTERN MONGOLIA WITH AT LEAST 300 MILLION TONNES OF RESERVES (COMPRISING 200 MILLION TONNES OF PROVED AND 100 MILLION TONNES OF PROBABLE RESERVES) UPON COMPLETION

CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES BY GOLDEN INFINITY CO., LTD

SUBSCRIPTION OF NEW SHARES BY DRAGON NOBLE GROUP LIMITED AND CHOW TAI FOOK NOMINEE LIMITED

PLACING OF NEW SHARES

RESUMPTION OF TRADING

All capitalized terms are defined in the definitions section below.

ACQUISITION OF A COAL MINE IN WESTERN MONGOLIA

The Company is pleased to announce that on 30 January 2007, the Company and the Purchaser (a wholly owned subsidiary of the Company) entered into the Acquisition Agreement with the Guarantor and the Seller's Group (wholly owned by the Guarantor), under which, the Seller conditionally agreed to sell (through the Mining Company), and the Purchaser, conditionally agreed to purchase (from the Mining Company), the Coal Mine and the Mining Assets. The Coal Mine is located in Khovd province, western Mongolia.

The Coal Mine will have at least 300 million tonnes of Reserves upon Completion for Commercial Exploitation by the Company. Completion is to take place within 12 months of the Acquisition Agreement (unless extended with all parties' agreement under the Acquisition Agreement) for Exploration to demonstrate that there are at least 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves of the Coal Mine. The Purchaser will take actual ownership and possession of the Coal Mine upon Completion through the Purchaser's nominee (namely, a company established in Mongolia in accordance with the Minerals Law of Mongolia).

The Technical Adviser has based on the available geological information over 180 hectares of the Coal Mine and a site visit to this area, advised that this area as extended could have Resources of about 180 million tonnes comprising Inferred Resources of about 30 million tonnes and Reconnaissance Resources of about 150 million tonnes. The total area of the Coal Mine is over 34,000 hectares. The Technical Adviser recommended Exploration over the Coal Mine to determine the Reserves over the Coal Mine (which the Technical Adviser advises that there is an obvious, and quantifiable, coal resource).

EXPLORATION ACTIVITIES TO BE CARRIED OUT BY THE COMPANY

During the period from the Shareholders' approval (at the SGM) for the Acquisition, based on the advice of the Technical Adviser, to Completion, the Purchaser will conduct Exploration over the Coal Mine to confirm that there are at least 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves.

The Exploration Expenses (estimated at approximately HK\$80 million) up to the time of Completion will be incurred for the Mining Company's account. If Completion takes place, the Purchaser will waive any un-recouped Exploration Expenses. If not, the Mining Company is to repay to the Purchaser the Exploration Expenses along with Agreed Interest thereon less any recouped Exploration Expenses. As security, the Seller will pledge the Mining Licences and Exploration Licence (through the Pledge of the Holding Company) to the Purchaser and the Guarantor will act as guarantor of the obligations of the Mining Company (and the Seller's Group Member). The Company will fund to the Purchaser the Exploration Expenses from internal resources.

After Shareholders' approval (at the SGM) the Mining Company has authorized the Purchaser to conduct Commercial Exploitation over a limited area of the Coal Mine containing the Inferred Resources of about 30 million tonnes and after deducting the costs of such Commercial Exploitation, to retain any net profits to recoup part of the Exploration Expenses. The Purchaser intends prior to Completion to set up initially a 2 million tonnes mining operations within the area containing the Inferred Resources of about 30 million tonnes. The Shenyang Design Institute has indicated that such mining operations can be supported and will design an interphase for a 10 million tonnes mining operations upon further reserves being demonstrated under the Exploration. The timing for Commercial Exploitation is expected within 6 months from the date of Shareholders' approval (at the SGM).

Shareholders will be informed by way of announcements in the event that there is any delay in the Commercial Exploitation from within 6 months from the date of Shareholders' approval (at the SGM). The Directors consider that there is a prospect for the initial and eventual mining operations to be economically feasible given the steadily increasing demand from the PRC and worldwide for coal and coal products, but the ultimate economic feasibility will depend on a variety of factors including market price for coal and coal products, costs of production and delivery terms along with the risks factors set out below.

CONSIDERATION

As at Completion, the Company will pay the Seller HK\$1.2 billion, based on HK\$4.00 per tonne for the 300 million tonnes of Reserves (for procuring the Acquisition). The Company shall pay (i) HK\$270 million by Consideration Shares, (ii) HK\$142.5 million by the Convertible Bond (with a 3% per annum coupon rate with 3-year maturity), and (iii) HK\$787.5 million by the Loan Note (with a 5% per annum coupon rate with 3-year maturity) as deferred payment.

SELLER'S WINDFALL PAYMENT

By a letter dated 18 January 2007 from the Mining Institute under the Ministry of Trade and Industry of Mongolia to the Mining Company, the Mining Institute has confirmed that Russian expert's geological assessment of the Coal Mine area has Resources of 2.4 billion tonnes. By a letter dated 23 January 2007, the Ministry of Fuel and Energy of Mongolia has indicated that it supports the mining project which will bring power to the region of the mining operations.

After Completion, the Purchaser currently intends to continue Exploration of the Coal Mine belonging to the Purchaser. In case further reserves (in excess of the 300 million tonnes of Reserves for Completion) are demonstrated, the Purchaser shall then consider whether to exploit the further reserves (with the advice of the Technical Adviser and having regard to the then market conditions).

If the Purchaser, in its sole and absolute discretion decides to exploit the further reserves, the Company shall pay the Seller, the Seller's Windfall Payment of HK\$12 per tonne for the further reserves, as and when the Purchaser intends to put such further reserves into Commercial Exploitation (which is expected to be in integral multiples of 50 million tonnes of further reserves). For the avoidance of doubt, there is no actual or contingent obligation for the Purchaser to exploit the further reserves or to pay the Seller any Seller's Windfall Payment over the Coal Mine belonging to the Purchaser. There are currently no technical assessments on the quantity of further reserves subject to Seller's Windfall Payment.

Shareholders will be informed by way of announcements by the Company as and when the Purchaser decides to exploit such further reserves for Commercial Exploitation.

SUBSCRIPTIONS

On 30 January 2007, the Company entered into the Golden Subscription Agreement with Golden, pursuant to which Golden has agreed to subscribe for and the Company has agreed to issue 780,000,000 Golden Subscription Shares at the issue price of HK\$0.285 per share. The Golden Subscription Shares represent approximately 29.98% of the existing issued share capital of the Company and approximately 11.99% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price. As Golden is a substantial Shareholder and is wholly owned by Mr. Lo, the Chairman and an executive Director of the Company, the Golden Subscription constitutes a connected transaction for the Company under the Listing Rules. As such, the Golden Subscription will require Independent Shareholders' approval (at the SGM of the Company).

On 30 January 2007, the Company has also entered into the CTF Subscription Agreement and the Dragon Subscription Agreement with each of CTF and Dragon, pursuant to which each of CTF and Dragon has agreed to subscribe for and the Company has agreed to issue 200,000,000 CTF Subscription Shares and 200,000,000 Dragon Subscription Shares at the issue price of HK\$0.24 per share. The CTF Subscription Shares represents approximately 7.69% of the existing issued share capital of the Company and approximately 3.07% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at Initial Conversion Price. The Dragon Subscription Shares represent approximately 7.69% of the existing issued share capital of the Company and approximately 3.07% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price.

Each of the Subscription Agreements is inter-conditional with the Acquisition Agreement and the Placement Agreement (as mentioned below). The estimated net proceeds from the Subscriptions are approximately HK\$313 million. The estimated net proceeds will be used for the general working capital requirements of the Company, including funding the Purchaser the Exploration Expenses and the Commercial Exploitation after Completion.

PLACING

On 30 January 2007, the Company entered into the Placement Agreement with the Placing Agent in relation to the appointment of the Placing Agent for the placing of 1,100,000,000 Placing Shares at the issue price of HK\$0.24 per Share to not less than six Placees and their respective ultimate beneficial owners, who will be independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company. The Placing Shares represent approximately 42.28% of the existing issued share capital of the Company. The Placing Shares represent approximately 16.90% of the issued share capital of the Company as enlarged by the Placing, issue of Consideration Shares, the Subscriptions and conversion in full of the Convertible Bond at the Initial Conversion Price. The estimated net proceeds from the Placing of approximately HK\$253 million will be used for the general working capital requirements of the Company, including funding the Purchaser the Exploration Expenses and the Commercial Exploitation after Completion.

RISK FACTORS

There are several possible risk factors which may be faced by the Company: (i) investments in new business, (ii) cyclical nature of coal markets and fluctuations in coal prices, (iii) significant and continuous capital investment, (iv) policies and regulations, (v) country risk, and (vi) environmental protection issue, which are discussed below.

GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company pursuant to Rule 14.06 of the Listing Rules. The Acquisition, the Subscriptions and the Placing are inter-conditional to each other. The SGM will be convened at which resolutions will be proposed to seek the approval of, among other things, the Acquisition, the CTF Subscription, the Dragon Subscription and the Placing, by the Shareholders, and the Golden Subscription, by the Independent Shareholders by way of poll. Each of Golden and Dragon, its beneficial owners and their respective associates voluntarily agrees to abstain from voting in all resolutions in relation to the Acquisition, the Subscriptions and the Placing. In the event that each of CTF, its beneficial owners and their respective associates acquires shares in the Company prior to the SGM, each of CTF, its beneficial owners and their respective associates voluntarily agrees to abstain from voting in all resolutions in relation to the Acquisition, the Subscriptions and the Placing. Additionally, as the Acquisition involves the Exploration for natural resources, compliance with Rule 18.09 of the Listing Rules, is required, where applicable, including the incorporation in the circular to be despatched to the Shareholders the Technical Report of the Technical Adviser (which is qualified to issue the Technical Report under Rule 18.09 of the Listing Rules).

A circular containing, among other things, (i) further details of the Acquisition, the Subscriptions, the Placing; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Golden Subscription; (iii) the recommendation of the Independent Board Committee regarding the Golden Subscription to the Independent Shareholders; (iv) the notice of the SGM; and (v) other matters in compliance with Rule 18.09 of the Listing Rules, where applicable, will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9.30 a.m. on 26 January 2007. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 February 2007.

All capitalized terms are defined in the definitions section below.

A. THE ACQUISITION AGREEMENT**1. THE PARTIES AND THE DATE**

The Acquisition Agreement was entered into between the Company, the Purchaser (a wholly owned subsidiary of the Company), the Guarantor and the Seller's Group (wholly owned by the Guarantor), on 30 January 2007. The Purchaser will take actual ownership and possession of the Coal Mine upon Completion through the Purchaser's nominee (namely, a company established in Mongolia in accordance with the Minerals Law).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Guarantor and the Seller's Group Member is a third party independent of the Group and not connected persons of the Group.

2. ASSET TO BE ACQUIRED

The Coal Mine is located in Khovd province, western Mongolia approximately 1,500 km west-southwest of Ulaanbaatar (or Ulan Bator). As at the date of this announcement, as advised by the Mongolian legal counsel, the Seller owns the Mining Licences and Exploration Licence (through the Mining Company), granted by the Mongolian government (save and except for Mining Licence 1414A which the Seller has represented and warranted is being in the process of being transferred to the Seller prior to the issues of the circular to the Shareholders). The Purchaser will acquire the Coal Mine from the Seller by acquiring the Mining Licences and Exploration Licence (from the Mining Company) along with any Mining Assets. The details of the Mining Licences and Exploration Licence are summarized in the table below:

Licence (Licence no.)	Location	Mine Area (hectares)*	Licence date	Licence valid period
Mining Licence (11887A)	Dapbu, Kobg	203	August 14, 2006	60 years
Mining Licence (6525A)	Dapbu, Kobg	46	November 07, 2003	60 years
Mining Licence (4322A)	Dapbu, Kobg	54	April 23, 2002	60 years
Mining Licence (1640A)	Dapbu, Kobg	40	March 28, 2002	57 years and two months
Mining Licence (11888A)	Dapbu, Kobg	1,742	August 14, 2006	60 years
Mining Licence (1414A)	Dapbu, Kobg	28	In the process of being transferred to the Mining Company prior to the circular to Shareholders	Commensurate with other licences
Mining Licence (11889A)	Dapbu, Kobg	486	August 14, 2006	60 years
Mining Licence (11890A)	Dapbu, Kobg	28	August 14, 2006	60 years
Exploration Licence (11515X)	Dapbu, Kobg	31,638	March 20, 2006	3 years

** Based on confirmation from the Technical Adviser*

(Note: 1 hectare = 10,000 square metres. That is an area of 100m x 100m)

As advised by Mongolian legal counsel, there are no regulatory approvals required for any transfer of the Mining Licences and the Exploration Licence. Further, an exploration licence is initially granted for 3 years and extendable by two successive 3-year periods. This is to provide time prior to the grant of a mining licence for preliminary exploration work to be conducted to the satisfaction of the Mongolian Government prior to the grant of a mining licence.

3. SUMMARY OF THE ACQUISITION

Subject to the fulfillment of the Conditions Precedents described below and as and when the Reserves of the Coal Mine, as supported by the Technical Report, are demonstrated to be 300 million tonnes pursuant to the Exploration to be carried out by the Purchaser, comprising 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves, the Company has (through the Purchaser) agreed to acquire and the Seller has agreed to sell (through procuring the Mining Company) the Coal Mine for a total consideration of HK\$1.2 billion.

4. THE CONSIDERATION AND ITS BASIS

The Consideration for the Acquisition is HK\$1.2 billion and will be paid on Completion by the Company to the Seller. The amount of HK\$1.2 billion was arrived at based on HK\$4.00 per tonne for 300 million tonnes of Reserves as at Completion for procuring the Acquisition. The price of HK\$4.00 per tonne was arrived after commercial negotiations between the parties and taken into account the need of the Company to incur the Exploration Expenses.

The Consideration will be paid on Completion in the following manner: (i) HK\$270 million to be satisfied by the allotment and issue of the Consideration Shares, (ii) HK\$142.5 million by the Convertible Bond (with a 3% per annum coupon rate with 3-year maturity) and (iii) HK\$787.5 million by the Loan Note (with a 5% per annum coupon rate with 3-year maturity) as deferred payment.

The Directors are of the opinion that the Consideration is fair and reasonable after taking into account that the international market price of coal, which depending on the type and grade of coal could range from between US\$50 to US\$150 per tonne, based on current market price and that the entering into of the Acquisition Agreement is in the interest of the Group and the Shareholders as a whole. The Exploration will determine the type and grade of coal the Coal Mine contains.

Further, the Company draws, as a commercial decision, a level of comfort, from the advice of the Technical Adviser that there could be Resources of about 180 million tonnes based on a part of the Coal Mine and the recommendation of the Technical Adviser to conduct further Exploration (which the Technical Adviser advises that there is an obvious, and quantifiable, coal resource). The Shenyang Design Institute's views that with the Inferred Resource of about 30 million tonnes identified by the Technical Adviser should be sufficient for an initial 2 million tonnes coal mining operations as a Commercial Exploitation as mining of this area with the Inferred Resources supports the decision of the Board to fund the Exploration Expenses to the Purchaser based on the pledge of the Mining Licences and the Exploration Licence constituting the Coal Mine (through the Pledge of the Holding Company).

(i) The Consideration Shares

The Consideration Shares will comprise 1,125,000,000 new Shares of the Company to be allotted and issued by the Company to the Seller at the Issue Price of HK\$0.24 per Consideration Share which represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.08% over the average closing price of HK\$0.2284 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 7.53% over the average closing price of HK\$0.2232 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 19.23% over the average closing price of approximately HK\$0.2013 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The Consideration Shares to be issued represent approximately 43.24% of the existing issued share capital of the Company and approximately 17.29% of the Company's issued share capital as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued on Completion, will rank *pari passu* in all respects with the existing Shares in issue.

(ii) *The Convertible Bond*

Approximately HK\$142.5 million of the Consideration is deferred and is to be satisfied by the Convertible Bond with 3% interest coupon per annum. The Convertible Bond will mature on the third anniversary from the date of the issue of the Convertible Bond.

The Convertible Bond will be convertible to 500,000,000 Shares of the Company to be allotted and issued by the Company to the Seller at the Initial Conversion Price of HK\$0.285 per Share which represents:

- (i) a premium of approximately 5.56% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.78% over the average closing price of HK\$0.2284 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 27.69% over the average closing price of HK\$0.2232 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 41.58% over the average closing price of approximately HK\$0.2013 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The Shares under the Convertible Bond, if fully converted, represent approximately 7.68% of the issued share capital as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price. The terms of the Convertible Bond to be issued as at Completion is set out under the Acquisition Agreement as follows:

- | | |
|---|--|
| 1. Issuer: | The Company |
| 2. Holder: | The Seller |
| 3. Purpose: | As deferred consideration to the Seller for part of the Consideration under the Acquisition, to be issued on Completion of the Acquisition. |
| 4. Type: | The Convertible Bond will be a Hong Kong dollar denominated non-transferable 3% convertible bond due three years from Completion. |
| 5. Shares to be issued upon exercise of the Convertible Bond: | Ordinary shares of in the capital of the Company. |
| 6. Issue size: | HK\$142.5 million in HK\$10,000,000 denominations. |
| 7. Coupon: | The coupon for the Convertible Bond is 3% per annum, payable upon Maturity (see below). |
| 8. Conditions precedent: | <ul style="list-style-type: none">(i) The Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares in the capital of the Company which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond.(ii) The Company having satisfied or obtained any and all relevant statutory and regulatory requirements, approvals and consents in relation to the issue of the Convertible Bond or the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond. |

- (iii) The Company having obtained approvals by its Shareholders, where necessary, in relation to the issue of the Convertible Bond or the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond.
 - (iv) The Company having obtained the consents of each holder of any outstanding convertible notes and/or promissory notes, or warrant instruments issued by the Company, where necessary, in relation to the issue of the Convertible Bond or the Shares which may fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond.
 - (v) The Company having completed the Acquisition, the Placing, the Subscriptions, and the Consideration Shares having been issued under the Acquisition.
9. Status of the Securities: The Convertible Bond constitutes senior, direct, unsubordinated and unconditional obligations of the Company.
10. Maturity date and redemption amount at maturity: Unless previously redeemed, repurchased and cancelled or converted, any outstanding Convertible Bond shall be redeemed on the date (the “**Maturity Date**”) falling on the third anniversary of the issue date of the Convertible Bond, for the outstanding principal amount of the Convertible Bond, plus any accrued and unpaid interest.
11. Early redemption: The Company has no right to make early redemption without the consent of the Seller.
12. Conversion: At any time from and including the issue date of the Convertible Bond to and including the Maturity Date, the Seller will have the right to convert all the Convertible Bond or part thereof into the Shares at the Initial Conversion Price of HK\$0.285 per Share (as adjusted by reasons of consolidation, merger or otherwise of the share capital base or on otherwise just and equitable basis).
13. Governing law: The laws of Hong Kong without regard to the conflicts of law principles thereof.

The Convertible Bond is non-transferrable (without the consent of the Company) and is not to be listed on the Stock Exchange or any other exchange and no application to list the Convertible Bond will be made to the Stock Exchange or any other exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon exercise of the Convertible Bond.

(iii) The Loan Note

Approximately HK\$787.5 million of the Consideration is to be satisfied by the issuance of the Loan Note with an interest rate of 5% per annum. The Loan Note will mature on the third anniversary from the date of Completion of the Acquisition.

The principal terms of the Loan Note are set out below:

- Principal amount: HK\$787.5 million.
- Maturity: The third anniversary from the date of Completion of the Acquisition.
- Transferability: The Loan Note is not transferable.
- Interest rate: A simple interest rate of 5% per annum.

Security: No security will be provided by the Company in respect of its obligations under the Loan Note.

Repayment: At the sole discretion of the Company, the Loan Note may be repaid earlier.

5. CONDITIONS PRECEDENT

Completion of the Acquisition is conditional upon:

- (i) the Mining Licences and the Exploration Licence which are lawfully held in the name of the Mining Company be transferred to the Purchaser's nominee, a company established in Mongolia;
- (ii) the Coal Mine having 300 million tonnes of Reserves, comprising 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves as certified by the Technical Adviser;
- (iii) the Shareholders' approval (at the SGM of the Company) in the form of passing of relevant resolutions at the SGM approving the Acquisition and the transactions contemplated under the Acquisition Agreement, including the issue of the Consideration Shares and the Convertible Bond;
- (iv) the Shareholders' approval (at the SGM of the Company) in the form of passing of relevant resolutions at the SGM approving the Subscriptions (other than the Golden Subscription) and the Placing, and the Independent Shareholders' approval in the case of the Golden Subscription;
- (v) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares, the Consideration Shares and new Shares under an exercise of the Convertible Bond;
- (vi) the Company having obtained the Technical Report as required under the Listing Rules, where applicable, and such further technical and/or feasibility study reports required by the Purchaser;
- (vii) all requisite consents and agreements as advised by the various legal counsels or otherwise required for the Acquisition are obtained including release of the Pledge;
- (viii) the transfer of the Mining Assets and related physical possession of the Coal Mine and the Mining Assets to the Purchaser;
- (ix) legal opinions to the satisfaction of the Purchaser from Mongolian, Hong Kong and British Virgin Islands legal counsels;
- (x) the Purchaser's due diligence on such matters relating to the Coal Mine and the Acquisition to its satisfaction in good faith; and
- (xi) such further documents and/or information required by the Purchaser by reasons of circumstances arising after the entry into the Acquisition Agreement and requested in writing three (3) Business Days prior to the Completion.

6. COMPLETION OF ACQUISITION

Completion of the Acquisition shall take place when the Reserves of the Coal Mine are demonstrated to be 300 million tonnes under the Exploration, with 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves as certified by the Technical Adviser and the other Conditions Precedent are satisfied. Completion is to take place within 12 months of the Acquisition Agreement by the Latest Completion Date. The Company has no current plans to change any Board members or solely by reason of Completion of the Acquisition.

As regards the operation of the Coal Mine, the Company intends to rely on professionals, especially the Technical Adviser to advise it on carrying out the mining project including to serve as the interphase for all design and exploration aspects of the mining project under Exploration. Further, the Company has secured the appointment of senior management with a registered mining engineering degree who will assist in the mining project on the condition that the Acquisition is approved by the Shareholders.

7. GUARANTEE BY THE GUARANTOR

The Guarantor unconditionally and irrevocably guarantees to the Company the due and punctual payment and performance by the Seller's Group Member of its obligations under the Acquisition Agreement and the transaction documents and undertakes to indemnify and keep indemnified the Company against all losses, damages, costs and expenses of whatsoever nature which the Company may suffer or incur by reason of any default or delay on the part of each Seller's Group Member in the payment or performance of any of its obligations under the Acquisition Agreement and the transaction documents. The Guarantor further undertakes to the Company to procure each Seller's Group Member's performance of its obligations under the Acquisition Agreement and the transaction documents as and when they fall due and in case of default to assume the performance obligations of each Seller's Group Member.

8. PERFORMANCE GUARANTEE BY THE COMPANY

The Company undertakes to the Guarantor to procure each Group Member's performance of its obligations under the Acquisition Agreement and the transaction documents as and when they fall due and in case of default to assume the performance obligations of the each Group Member.

9. SELLER'S WINDFALL PAYMENT

By a letter dated 18 January 2007 from the Mining Institute under the Ministry of Trade and Industry of Mongolia to the Mining Company the Mining Institute has confirmed that Russian expert's geological assessment of the Coal Mine is that the Coal Mine has Resources of 2.4 billion tonnes. By a letter dated 23 January 2007, the Ministry of Fuel and Energy has indicated that it supports the mining project which will bring power to the region of the mining operations.

After Completion, the Purchaser currently intends to continue Exploration of the Coal Mine belonging to the Purchaser. In case further reserves (in excess of the 300 million tonnes of Reserves for Completion) are demonstrated, the Purchaser shall then consider whether to exploit the further reserves with the advice of the Technical Adviser and having regard to the then market conditions. If the Purchaser, in its sole and absolute discretion decides to do so, the Purchaser shall pay the Seller, the Seller's Windfall Payment of HK\$12 per tonne for the further reserves, as and when the Purchaser intends to put such further reserves into Commercial Exploitation (which is expected to be in integral multiples of 50 million tonnes of further reserves). For the avoidance of doubt, there is no actual or contingent obligation for the Purchaser to exploit the further reserves or to pay the Seller any Seller's Windfall Payment over the Coal Mine belonging to the Purchaser. There are currently no technical assessments on the quantity of further reserves subject to Seller's Windfall Payment.

Shareholders will be informed by way of announcements of the Company as and when the Purchaser decides to exploit such further reserves.

10. NON-COMPETITION

Each Seller's Group Member agrees that during the Non-Competition Period (of 5 years from the date of the Acquisition Agreement), it shall not directly or indirectly compete with the Company, the Purchaser or the Purchaser's nominee in relation to coal mining exploration and exploitation in Mongolia and the PRC which actually or potentially competes with any Group Member's Exploration and Commercial Exploitation activities at the Coal Mine.

B. THE SUBSCRIPTIONS

On 30 January 2007, the Company entered into the Subscription Agreements. The 1,180,000,000 Shares to be issued under the Subscriptions represent approximately 45.35% of the existing issued share capital of the Company and approximately 18.13 % of issued share capital as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price. The estimated net proceeds from the Subscriptions are approximately HK\$313 million, which will be used for the general working capital requirements of the Company, including funding the Purchaser for the Exploration Expenses and the Commercial Exploitation after Completion. The Board considers that the Subscriptions' prices set out below are fair and reasonable, including the above market price paid under the Golden Subscription by Mr. Lo, which was arrived at with a view to assisting the Company in its funding needs.

The Golden Subscription

On 30 January 2007, the Company entered into the Golden Subscription Agreement with Golden, pursuant to which Golden has agreed to subscribe for and the Company has agreed to issue 780,000,000 Golden Subscription Shares at the issue price of HK\$0.285 per share. The Golden Subscription Shares represent approximately 29.98% of the existing issued share capital of the Company and approximately 11.99% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price.

As Golden is a substantial Shareholder and is wholly owned by Mr. Lo, the Chairman and an executive Director, the Golden Subscription constitutes a connected transaction for the Company under the Listing Rules. As such, the Golden Subscription will require Independent Shareholders' approval (at the SGM of the Company).

The subscription price of the Golden Subscription represents:

- (i) a premium of approximately 5.56% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 24.78% over the average closing price of HK\$0.2284 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 27.69% over the average closing price of HK\$0.2232 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 41.58% over the average closing price of approximately HK\$0.2013 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The CTF Subscription and the Dragon Subscription

On 30 January 2007, the Company has also entered into the CTF Subscription Agreement and the Dragon Subscription Agreement with each of CTF and Dragon, pursuant to which each of CTF and Dragon has agreed to subscribe for and the Company has agreed to issue 200,000,000 CTF Subscription Shares and 200,000,000 Dragon Subscription Shares at the issue price of HK\$0.24 per share.

As at the date of this announcement, Dragon is interested in 112,500,000 Shares (representing approximately 4.32% of the existing issued share capital of the Company). Save for the above, each of CTF, Dragon and their ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company.

The CTF Subscription Shares represent approximately 7.69% of the existing issued share capital of the Company and approximately 3.07% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at Initial Conversion Price. The Dragon Subscription Shares represent approximately 7.69% of the existing issued share capital of the Company and approximately 3.07% of the issued share capital of the Company as enlarged by the Subscriptions, the Placing, the issue of Consideration Shares and full conversion of the Convertible Bond at the Initial Conversion Price.

Mr. Cheng Yu Tung and Dr. Cheng Kar Shun, the ultimate beneficial owner of CTF and Dragon respectively, are father-and-son.

The subscription price of the CTF Subscription and Dragon Subscription represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.08% over the average closing price of HK\$0.2284 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

- (iii) a premium of approximately 7.53% over the average closing price of HK\$0.2232 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 19.23% over the average closing price of approximately HK\$0.2013 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

Completion of the Subscriptions

The completion of each of the Subscriptions is conditional upon satisfaction of the following conditions precedent:

- (i) satisfaction of the Conditions Precedent under the Acquisition Agreement and Completion of the Acquisition or that the Completion thereof shall imminently take place;
- (ii) satisfaction of the conditions precedent under the Placement Agreement and completion of the Placing or that the completion thereof shall imminently take place;
- (iii) as the case may be, the Independent Shareholders' approval (at the SGM) in the form of passing of relevant resolutions at the SGM approving the Golden Subscription;
- (iv) as the case may be, the Shareholders' approval (at the SGM) in the form of passing of relevant resolutions at the SGM approving the CTF Subscription;
- (v) as the case may be, the Shareholders' approval (at the SGM) in the form of passing of relevant resolutions at the SGM approving the Dragon Subscription;
- (vi) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the new Shares under the Subscriptions; and
- (vii) all requisite consents and agreements as advised by the various legal counsels or otherwise required for the Subscriptions.

The above conditions precedent are to be satisfied within 12 months of the Acquisition Agreement, failing which, the Subscriptions shall be cancelled (unless in relation to each Subscription Agreement extended with all parties' agreement under the relevant Subscription Agreement).

As set out under the conditions precedent for the Subscriptions, an application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued under the Subscriptions. The Subscription Shares, when issued on Completion, will rank *pari passu* in all respects with the existing Shares in issue.

C. THE PLACING

On 30 January 2007, the Company entered into the Placement Agreement with the Placing Agent in relation to the appointment of the Placing Agent for the placing of 1,100,000,000 Placing Shares at the issue price of HK\$0.24 per Share to not less than six Placees and their respective ultimate beneficial owners, who will be independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company. No Placing Shares will be placed to any of the Subscribers or their respective associates. The Placing Shares represent approximately 42.28% of the existing issued share capital of the Company. Assuming there will be no further change in the issued share capital of the Company, the Placing Shares represent approximately 16.90% of the issued share capital of the Company as enlarged by the Placing, issue of Consideration Shares, the Subscriptions and conversion in full of the Convertible Bond at the Initial Conversion Price.

Mr. Lo Lin Shing, Simon, is a substantial Shareholder, the Chairman and executive Director of the Company. Mr. Lo is also the deputy chairman and beneficially interested in approximately 13% of the issued share capital of the Taifook Securities Group Limited (“**TFSGL**”), the holding company of the Placing Agent, the shares of which are listed on the Stock Exchange. Save for the aforesaid, the Placing Agent is an independent third party not connected with the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company. The Placing Agent will receive a placing commission of 2.0% on the gross proceeds from the Placing, the commission of which will be payable by the Company upon Completion.. The Board considers that the Placing price and placing commission to be paid by the Placing Agent, based on a fully underwritten basis, are fair and reasonable.

The completion of the Placing is conditional upon satisfaction of the following conditions precedent:

- (i) satisfaction of the Conditions Precedent under the Acquisition Agreement and Completion of the Acquisition or that the Completion thereof shall imminently take place;
- (ii) satisfaction of the conditions precedent under the Subscriptions and completion of the Subscriptions or that the completion thereof shall imminently take place;
- (iii) the Shareholders’ approval (at the SGM) in the form of passing of relevant resolutions at the SGM approving the Placing;
- (iv) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the new Shares under the Placing; and
- (v) all requisite consents and agreements as advised by the various legal counsels or otherwise required for the Placing.

The above conditions precedent are to be satisfied within 12 months of the Acquisition Agreement, failing which, the Placing shall be cancelled (unless extended with all parties’ agreement under the Placement Agreement).

The estimated net proceeds from the Placing are approximately HK\$253 million, will be used for the general working capital requirements of the Company, including for funding the Purchaser for Exploration and Commercial Exploitation after Completion.

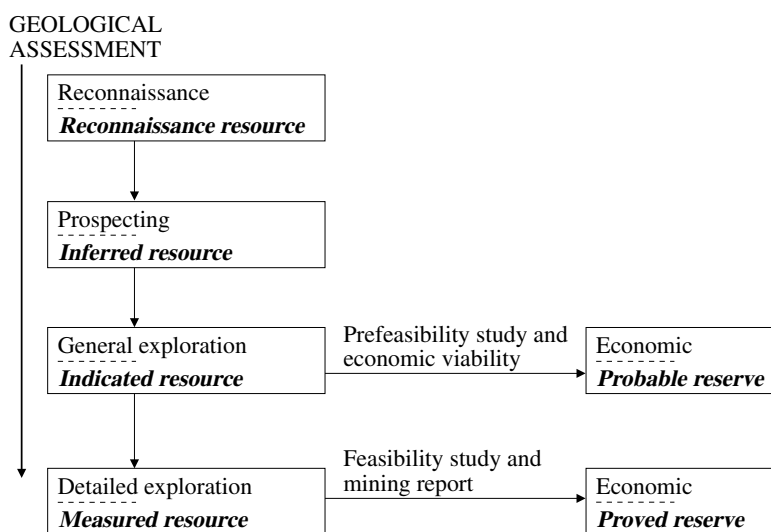
As set out under the conditions precedent for the Placing, an application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued under the Placing. The Placing Shares, when issued on Completion, will rank pari passu in all respects with the existing Shares in issue.

D. EXPLORATION TO BE CARRIED OUT BY THE COMPANY

The Technical Adviser has based on the available geological information over 180 hectares of the Coal Mine and a site visit to this area, advised that this area as extended could have Resources of about 180 million tonnes comprising Inferred Resources of about 30 million tonnes and Reconnaissance Resources of about 150 million tonnes. The total area of the Coal Mine is over 34,000 hectares. The Technical Adviser recommended Exploration over the Coal Mine to determine the Reserves over the Coal Mine (which the Technical Adviser advises that there is an obvious, and quantifiable, coal resource).

Based on the prospectus of China Shenhua Energy Company Limited (“**China Shenhua**”) dated 2 June 2005, the Technical Adviser was the technical adviser for China Shenhua’s global offering in 2005. The Technical Adviser has also provided technical advice since 1943 in over 50 countries and, as advised by the Technical Adviser, its senior geologist for the site visit to the site area of the Coal Mine has worked for 33 years in field exploration including in Mongolia for coal, metals, uranium, industrial minerals and oil shale.

In the Board's views, the risks relating to the Acquisition prior to Completion are manageable as Completion will not take place until 300 million tonnes of Reserves are demonstrated. The Shenyang Design Institute has advised that the operations of the Coal Mine should be mined as an open pit mine and thus no significant safety concerns as with underground mines. In addition, all environmental impact has been assessed prior to the grant of the Mining Licences. The following diagram illustrates the process of Exploration, under International Standards as advised by the Technical Adviser, for identifying the relationship between resources of the Coal Mine, comprising Reconnaissance Resources and Inferred Resources; and reserves of the Coal Mine, comprising Probable Reserves and Proved Reserves for Commercial Exploitation:



Key: Simplified diagram to show the inter-relationship between Reconnaissance Resource, Inferred Resource, Probable Reserves and Proved Reserves based on the International Standards, namely Guideline to the United Nations International Framework Classification for Reserves/Resources adopted by UN ECE Committee on Sustainable Energy, Eleventh session, 21-22 November 2001.

Pursuant to the Acquisition Agreement, any un-recouped Exploration Expenses (estimated at approximately HK\$80 million) incurred during the period between the Shareholders' approval (at the SGM) and Completion will be waived by the Purchaser when Completion takes place. If not, the Mining Company is to repay the Purchaser the Exploration Expenses along with the Agreed Interest thereon less any recouped Exploration Expenses. As security, the Seller will pledge the Mining Licences and Exploration Licence constituting the Coal Mine (through the Pledge of the Holding Company) to the Purchaser and the Guarantor will act as guarantor of the obligations of the Mining Company (and the Seller's Group Members). The Company will fund to the Purchaser the Exploration Expenses from internal resources.

After Shareholders' approval (at the SGM) the Seller has authorized the Purchaser to conduct Commercial Exploitation over a limited area of the Coal Mine containing the Inferred Resources of about 30 million tonnes and after deducting the costs of such Commercial Exploitation, to retain any net profits to recoup part of the Exploration Expenses. The Company intends prior to Completion to set up initially a 2 million tonnes mining operations within the area containing the Inferred Resources of about 30 million tonnes. The exact timing for Commercial Exploitation is uncertain. The Shenyang Design Institute has indicated that such mining operations can be supported and will design an interphase for a 10 million tonnes mining operations upon further reserves being demonstrated under the Exploration. The exact timing for Commercial Exploitation is expected within 6 months from the date of Shareholders' approval (at the SGM).

Shareholders will be informed by way of announcements in the event that there are any delays in the Commercial Exploitation from within 6 months from the date of Shareholders' approval (at the SGM). The Directors consider that there is a prospect for the initial and eventual mining operations to be economically feasible given the steadily increasing demand from the PRC and worldwide for coal and coal products, but the ultimate economic feasibility will depend on a variety of factors including market price for coal and coal products, costs of production and delivery terms along with the risk factors set out below.

E. THE INFORMATION ABOUT THE COMPANY, THE SELLER'S GROUP AND THE COAL MINE

1. PRINCIPAL ACTIVITIES OF THE COMPANY

The Group is principally engaged in property investments in Hong Kong and aircraft charter services which the Company will continue to engage in after Completion of the Acquisition. The Acquisition represents a new business activity in the field of mining and exploring natural resources of the Company but the Company will continue with its existing operation and there should not be any change in business. The Company, in the circular to be issued to the Shareholders in relation to the Acquisition, the Subscriptions and the Placing and the notice of the SGM, shall include further details of the Acquisition as required under Rule 18.09 of the Listing Rules, where applicable, and Chapter 14 of the Listing Rules.

2. PRINCIPAL ACTIVITIES OF THE SELLER'S GROUP

The Guarantor wholly owns the Seller's Group. The Guarantor is further acting as guarantor of the obligations of the Seller's Group under the Acquisition Agreement as set out in A7 above. The Guarantor is a private business person based in Beijing, PRC and spends most of his time living in Beijing. The Guarantor previously acquired control of undeveloped real estate in various locations in the PRC, including in Shenyang, and intended to become a joint venture party with an appropriate developer partner. However, the Guarantor came across through his contacts, the present mining project approximately 2 years ago and from that point in time, the Guarantor's attention and focus has been on this mining project and he has not pursued any other significant business opportunities. The other Seller's Group Members are passive holding companies owned by the Guarantor as the ultimate beneficial shareholder.

The Seller is a holding company incorporated by the Guarantor in the British Virgin Islands with limited liability and whose activities are limited to holding of the Holding Company. The Holding Company is a passive holding company incorporated in the British Virgin Islands with limited liability whose activities are limited to holding of the Mining Company. The Mining Company is a passive holding company incorporated in Mongolia with limited liability and whose activities are limited to acquiring and holding the Mining Licences and Exploration Licence.

F. REASONS FOR THE ACQUISITION

The Directors have been seeking investment opportunities to broaden the Group's source of income. The search for sources of energy amongst nations and enterprises is a global phenomenon. With coal, aside from the energy prospects, there is the further opportunity to extract various other by-products as international commodities. The PRC market is a global consumer of coal and for which there is a shortage of this irreplaceable form of energy. For example, prices for coal and coal products have been rising in the PRC. In view of the continued economic growth and accelerated industrialization and urbanization in the PRC and the development of the global economy, coal and other natural resources will have its sustained demand. The Directors consider that the Company's growth momentum will be maintained by diversifying into the natural resources area, including in acquiring coal resources and reserves. The Coal Mine area with the initial 2 million tonnes mining operations is around 200 km to the nearest point of the Chinese border and can be reached by existing road from the port-of-entry of Baytag-Uliastay, at the Chinese border, approximately 310 km to the south. In view of the prospects relating to natural resources generally and the PRC specifically, the Company believes that the acquisition of the Coal Mine will be a successful strategy for the Company's business. It is the Company's intention for the Purchaser to sell the coal mined from the Coal Mine to the PRC and other markets.

Further, the Company draws, as a commercial decision, a level of comfort, from the advice of the Technical Adviser that there could be Resources of about 180 million tonnes based on a part of the Coal Mine and the recommendation of the Technical Adviser to conduct further Exploration (which the Technical Adviser advises that there is an obvious, and quantifiable, coal resource). The Shenyang Design Institute's views that with the Inferred Resource of about 30 million tonnes identified by the Technical Adviser should be sufficient for an initial 2 million tonnes coal mining operations as a Commercial Exploitation supports the decision of the Board to fund the Exploration Expenses to the Purchaser based on the pledge of the Mining Licences and the Exploration Licence constituting the Coal Mine (through the Pledge of the Holding Company).

In view of the above, the Board considers the Acquisition of the Company and the entering into of the Acquisition Agreement is in the interest and to the benefits of the Group and the Shareholders as a whole. The Board also considers the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable.

G. CHANGES IN SHAREHOLDING STRUCTURE

The following table illustrates the Company's shareholding structure, assuming there is no further change to the share capital of the Company: (i) as at the date of this announcement (ii) immediately upon Completion of the Subscriptions, the Placing, the issue of Consideration Shares (assuming that there is no change from the current shareholding structure) and (iii) after full conversion of the Convertible Bond at the Initial Conversion Price:

Shareholders	As at the date of this announcement		Immediately upon Completion of the Subscriptions, the Placing and the issue of the Consideration Shares		Upon full conversion of the Conversion Bond at the Initial Conversion Price	
	Number of Shares	% (approximately)	Number of Shares	% (approximately)	Number of Shares	% (approximately)
Substantial Shareholder						
Golden (<i>Note 1</i>)	375,072,301	14.42%	1,155,072,301	19.23%	1,155,072,301	17.75%
Other Director						
Lau Wai Piu	1,200	0.00%	1,200	0.00%	1,200	0.00%
CTF	–	–	200,000,000	3.33%	200,000,000	3.07%
Dragon	112,500,000	4.32%	312,500,000	5.20%	312,500,000	4.80%
The Seller	–	–	1,125,000,000	18.73%	1,625,000,000	24.97%
Placees (<i>Note 2</i>)	–	–	1,100,000,000	18.31%	1,100,000,000	16.90%
Public Shareholders	2,114,383,862	81.26%	2,114,383,862	35.20%	2,114,383,862	32.50%
Total	<u>2,601,957,363</u>	<u>100%</u>	<u>6,006,957,363</u>	<u>100.00%</u>	<u>6,506,957,363</u>	<u>100.00%</u>

Notes:

1. Golden is wholly owned by Mr. Lo who is the Chairman and an executive Director.
2. The Placing Shares will be placed to not less than six Placees, who together with their respective ultimate beneficial owners, will be independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company. In addition, the Placing Agent has sub-underwritten its entire commitment of 1,100,000,000 Placing Shares.

H. RISK FACTORS

Possible risk factors which may be faced by the Company are as follows:

Investments in new business

The Acquisition constitutes an investment in the new business sector, including mine exploration and coal production. The new business, coupled with the regulatory environment, may pose significant challenges to the company's administrative, financial and operational resources. Since the Company does not have significant experience in the new business, it is not in a position to assure the timing and amount of any return or benefits that may be received from the new business. If any exploration and mining projects, in which the Company attempts to develop does not progress as planned, the Company may not recover the funds and resources it has spent, and this may affect the Company.

Cyclical nature of coal markets and fluctuations in coal prices

As a significant percentage of the revenue of the new business is derived from coal and coal-related operations, part of the Company's future business and results of operations may dependent on the international supply of and demand for coal. The fluctuations in supply and demand are caused by numerous factors beyond the Company's control, which include, but not limited to:

- (i) Global and domestic economic and political conditions and competition from other energy sources; and
- (ii) The rate of growth and expansion in industries with high coal demand, such as steel and power industries.

There is no assurance that the international demand for coal and coal-related products will continue to grow, or that the international demand for coal and coal-related products will not experience excess supply.

Significant and continuous capital investment

The coal business requires significant and continuous capital investment; the major mine exploration and coal production projects may not be completed as planned, may exceed the original budgets and may not achieve the intended economic results or commercial viability. Actual capital expenditures for the new business may significantly exceed the Company's budgets because of various factors beyond the Company's control, which in turn may affect the Company's financial condition.

Policies and regulations

The new business is subject to extensive governmental regulations, policies and controls. There can be no assurance that the relevant government will not change such laws and regulations or impose additional or more stringent laws or regulations. Failure to comply with the relevant laws and regulations in the mine development and coal production projects may adversely affect the Company.

Country risk

The Company is entering a new business in Mongolia, which the Company does not have any business in. There can be a risk relates to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in Mongolia. The change of political and economic conditions in Mongolia may adversely affect the Company.

Environmental protection policies

The mining and exploration business is subject to Mongolian environmental protection law and regulations. If the Company fails to comply with existing or future environmental laws and regulations, the Company may be required to take remedial measures, which could have a material adverse effect on our business, operations, financial condition and results of operations

I. GENERAL

The Acquisition constitutes a very substantial acquisition on the part of the Company under Rule 14.06 of the Listing Rules. The Acquisition, Subscriptions and Placing are inter-conditional to each other. The SGM will be convened at which resolutions will be proposed to seek the Shareholders' approval of, among other things, the Acquisition, the CTF Subscription, the Dragon Subscription and the Placing, and Independent Shareholders' approval of the Golden Subscription by way of poll. Each of Golden and Dragon, its beneficial owners and their respective associates voluntarily agrees to abstain from voting in all resolutions in relation to the Acquisition, the Subscriptions and the Placing. In the event that each of CTF, its beneficial owners and their respective associates acquires shares in the Company prior to the SGM, each of CTF, its beneficial owners and their respective associates voluntarily agrees to abstain from voting in all resolutions in relation to the Acquisition, the Subscriptions and the Placing. Additionally, as the Acquisition involves the Exploration for natural resources, compliance with Rule 18.09 of the Listing Rules, is required, where applicable, including the incorporation in the circular to be despatched to the Shareholders the Technical Report of the Technical Adviser, which is qualified to issue the Technical Report under Rule 18.09 of the Listing Rules.

A circular containing, among other things, (i) further details of the Acquisition, the Subscriptions, the Placing; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Golden Subscription; (iii) the recommendation of the Independent Board Committee regarding the Golden Subscription to the Independent Shareholders; (iv) the notice of the SGM; and (v) other matters in compliance with Rule 18.09 of the Listing Rules, where applicable, will be dispatched to the Shareholders as soon as practicable.

J. SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 26 January 2007. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 February 2007.

H. RECENT NEWS PUBLICATION

The Company noticed that in certain Chinese newspaper publications of 7 February 2007, there were commentaries on, inter alia, (1) the relationship between the Company and each of Dragon, CTF and their respective ultimate owners; (2) the shareholding interests in the Company held by Dragon, CTF and their respective ultimate owners; and (3) the Company proposed disposal of its property located at Bank of America. The Directors would like to clarify that despite the fact the Dragon holds 112,500,000 Shares (representing approximately 4.32% of the existing share capital of the Company), each of Dragon, CTF, their ultimate beneficial owners is not a connected person of the Company. Details of the shareholding structure of the Company is set out in the section headed “G”. As regards the proposed disposal the property located in Bank of America, the Company has issued an announcement on 11 October 2006 in this respect.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Acquisition”	means the acquisition by the Company of the Coal Mine constituted under the Mining Licences and the Exploration Licence pursuant to the Acquisition Agreement along with any Mining Assets
“Acquisition Agreement”	means the Acquisition Agreement dated 30 January 2007 entered into between the Company, the Purchaser, the Guarantor and the Seller’s Group in relation to the Acquisition
“Agreed Interest”	means a simple interest rate of 5% per annum based on the actual number days elapsed in a 365-day year basis
“associates”	has the meaning ascribed to it under the Listing Rules as modified by Chapter 14A in respect of the Golden Subscription
“Board”	means the board of Directors of the Company
“Business Day”	means a day (other than a Saturday, Sunday and public holiday) on which banks are open for business in Hong Kong during their normal business hours
“Coal Mine”	means the coal mine located in Khovd province in Mongolia as delineated by the Mining Licences and Exploration Licence
“Commercial Exploitation”	means the commercial exploitation of the Mining Rights of the Coal Mine
“Company”	means New World CyberBase Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	means completion of the Acquisition when the Coal Mine’s Reserves are demonstrated under Exploration to be at least 300 million tonnes of Reserves comprising 200 million tonnes of Proved Reserves and 100 million tonnes of Probable Reserves and upon satisfaction of the other Conditions Precedent
“Conditions Precedent”	means the conditions precedent to Completion of the Acquisition as set out under the Acquisition Agreement
“Consideration”	means the sum of HK\$1.2 billion to be satisfied as to (i) HK\$270 million by allotment and issue of Consideration Shares, (ii) HK\$142.5 million by the Convertible Bond (with a 3% per annum coupon rate with 3-year maturity) and (iii) HK\$787.5 million by the Loan Note (with a 5% per annum coupon rate with 3-year maturity)) as deferred payment

“Consideration Shares”	means 1,125,000,000 new Shares to be allotted and issued to the Seller for the partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement
“Convertible Bond”	means the convertible bond for the partial settlement of the Consideration pursuant to the terms of the Acquisition Agreement
“CTF”	Chow Tai Fook Nominee Limited, a company incorporated in Hong Kong with limited liability and wholly owned by Mr. Cheng Yu Tung
“CTF Subscription”	means the subscription of CTF Subscription Shares by CTF contemplated under the CTF Subscription Agreement
“CTF Subscription Agreement”	means the subscription agreement entered on 30 January 2007 between the Company and CTF for subscription of the CTF Subscription Shares by CTF
“CTF Subscription Shares”	means 200,000,000 new Shares to be allotted to CTF under the CTF Subscription Agreement
“Directors”	means directors of the Company
“Dragon”	means Dragon Noble Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Dr. Cheng Kar Shun
“Dragon Subscription”	means the subscription of Dragon Subscription Shares by Dragon contemplated under the Dragon Subscription Agreement
“Dragon Subscription Agreement”	means the subscription agreement entered on 30 January 2007 between the Company and Dragon for the subscription of the Dragon Subscription Shares by Dragon
“Dragon Subscription Shares”	means 200,000,000 new Shares to be allotted to Dragon under the Dragon Subscription Agreement
“Exploration”	means the exploration activities over the Coal Mine in accordance with the advice of the Technical Adviser
“Exploration Expenses”	means the expenses incurred by the Company in the carrying out the Exploration
“Exploration Licence”	means the current exploration licence of the Mining Company and related Exploration Rights
“Exploration Rights”	includes all exploration and related rights under the Exploration Licence and the Minerals Law including without limitation the right to conduct exploration for Coal Resource relating to the relevant part of the Coal Mine and which Exploration Rights will eventually be converted to Mining Rights upon compliance with the Mineral Laws
“Golden”	Golden Infinity Co., Ltd, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Lo
“Golden Subscription”	means the subscription of Golden Subscription Shares by Golden contemplated under the Golden Subscription Agreement

“Golden Subscription Agreement”	means the subscription agreement entered on 30 January 2007 between the Company and Golden for subscription of the Golden Subscription Shares by Golden
“Golden Subscription Shares”	means 780,000,000 new Shares to be allotted to Golden under the Golden Subscription Agreement
“Group”	means the Company and its subsidiaries
“Group Members”	means any or all of the members of the Group
“Guarantor”	means Mr. Liu Cheng Lin, as the sole beneficial owner of the Seller’s Group
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Holding Company”	means Mongolian Natural Resources Investment Group (Hong Kong) Company Limited, a company incorporated in Hong Kong and wholly owned by the Seller
“Hong Kong”	means Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	means the independent board committee of the Company formed by the Company to advise the Independent Shareholders as to whether the terms of the Golden Subscription are fair and reasonable in the interests of the company and the Shareholders as a whole
“Independent Shareholders”	means Shareholders other than Golden, Mr. Lo and their respective associates
“Initial Conversion Price”	HK\$0.285 (subject to adjustments)
“Inferred Resources”	means in accordance with International Standards, the prospecting based on site inferred resources of the Coal Mine as advised by the Technical Adviser
“International Standards”	means the Guidelines to the United Nation International Framework Classification for Reserves/Resources adopted by UN ECE Committee on Sustainable Energy, Eleventh session, 21-22 November, 2001 as modified from time to time
“Issue Price”	means HK\$0.24 per Share, being the issue price of the Consideration Shares pursuant to the terms of the Acquisition Agreement
“Last Trading Day”	means 25 January, 2007, being the last trading day before the issue of this announcement
“Latest Completion Date”	means twelve (12) months from the date of the Acquisition Agreement, that is 30 January 2008 (unless extended with all parties’ agreement under the Acquisition Agreement)
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Note”	the loan note with principal amount of HK\$787.5 million to be issued with three years maturity from the date of Completion of the Acquisition and an interest rate of 5% per annum for the partial settlement of the Consideration pursuant to the terms of the Agreement
“Minerals Law”	means the Minerals Law of Mongolia adopted on 8 July 2006 as amended, modified or replaced, from time to time

“Mining Assets”	all tangible assets and property relating to the Coal Mine owned by the Mining Company
“Mining Company”	means Mongolian Natural Resources Investment Group (MNRIG LLC), a company incorporated in Mongolia with limited liability and a wholly-owned subsidiary of the Holding Company
“Mining Period”	means the period which the Coal Mine can be mined under the Mining Licences which is in excess of 50 years
“Mining Rights”	includes all mining and related rights under the Mining Licences and the Minerals Law including without limitation the (a) right to mine the relevant Resources and Reserves relating to the Coal Mine and (b) the right to sell the mined Resources and Reserves and products at international market price, at international markets
“Mining Licences”	means the current mining licences of the Mining Company and related Mining Rights
“Mr. Lo”	Mr. Lo Lin Shing, Simon, the Chairman, an executive Director and a substantial Shareholder
“New Shares”	means a total of 2,280,000,000 new Shares to be allotted to under the Subscription Agreements and the Placement Agreement to raise fund for the payment of the Exploration Expenses and Commercial Exploitation after Completion
“Non-Competition Period”	means a period of 5 year from the date of the Acquisition Agreement
“Percentage” and “%”	means per cent.
“Placees”	means the placees pursuant to placement under the Placement Agreement
“Placement Agreement”	means the placing agreement entered on 30 January 2007 between the Company with the Placing Agent for the placing of the Placing Shares to Placees
“Placing”	means the placing of the Placing Shares by the Placing Agent under the Placement Agreement
“Placing Agent”	means Taifook Securities Company Limited, the placing agent specified in the Placement Agreement
“Placing Shares”	means 1,100,000,000 new Shares to be allotted to the Placees under the Placement Agreement
“Pledge”	means the pledge over the Mining Licences and the Exploration Licence constituting the Coal Mine though a pledge of the shares of the Holding Company by the Seller in favour of the Purchaser, containing a share charge
“PRC”	means the People’s Republic of China
“Probable Reserves”	means in accordance with International Standards, the general exploration based probable reserves of the Coal Mine following prefeasibility study and economic viability analysis as advised by the Technical Adviser

“Proved Reserves”	means in accordance with International Standards, the detailed exploration based proved reserves of the Coal Mine following feasibility study and mining report as advised by the Technical Adviser
“Purchaser”	means Winning Mind Holdings Limited a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Reconnaissance Resources”	means in accordance with International Standards, the reconnaissance based on site reconnaissance resources of the Coal Mine as advised by the Technical Adviser
“Reserves”	means the Proved Reserves and the Probable Reserves
“Resources”	means the Inferred Resources and the Reconnaissance Resources
“SGM”	means the special general meeting of Company to be convened to consider and, if thought fit, approve, among other things, the Acquisition, the Subscriptions and the Placing
“Seller”	means Puraway Holdings Limited a company incorporated in the British Virgin Islands with limited liability and wholly owned by the Guarantor
“Seller’s Group”	means the Seller, the Holding Company and the Mining Company which Seller wholly owns the Holding Company and the Holding Company wholly owns the Mining Company and the Seller’s Group being wholly owned by the Guarantor
“Seller’s Group Members”	means any or all members of the Seller’s Group
“Seller’s Windfall Payment”	means a windfall payment by the Company to the Seller where the Company in its sole and absolute discretion determines to engage in Commercial Exploitation of any further resources, aside from the 300 million tonnes of Reserves for Completion of Acquisition of the Coal Mine
“Share(s)”	means ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of the Share(s)
“Shenyang Design Institute”	means The Shenyang Design Institute of China, which provides the design and schematics for mining operations design to be appointed upon Shareholders’ approval for the Acquisition (at the SGM of the Company)
“Subscribers”	means CTF, Dragon and Golden
“Subscription Shares”	means the new shares to be issued under the Subscriptions
“Subscriptions”	means the CTF Subscription, the Dragon Subscription and the Golden Subscription
“Subscription Agreements”	means CTF Subscription Agreement, Dragon Subscription Agreement and Golden Subscription Agreement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Technical Adviser”	means John T. Boyd and Company, a company with the appropriate qualification to provide the technical advice for the Acquisition

“Technical Report”

means the technical report to be prepared by the Technical Adviser to be dispatched with the circular to the Shareholders

By the order of the Board of
New World CyberBase Limited
Tang Chi Kei
Company Secretary

Hong Kong, 7 February 2007

As at the date of this announcement, the Board comprises Mr. Lo Lin Shing, Simon and Ms. Yvette Ong are executive Directors, and Mr. To Hin Tsun, Gerald is a non-executive director and Mr. Peter Pun, OBE, JP, Mr. Tsui Hing Chuen William, JP and Mr. Lau Wai Piu are independent non-executive Directors.

Please also refer to the published version of this announcement in South China Morning Post and China Daily.