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Company Announcement Office

Australian Securities Exchange Limited

By: eLodgement

Re: GoConnect, Priority One establish second beachhead into Greater China

Directors of GoConnect Ltd (“GCN”) and Priority One Network Group Ltd (“Priority One”) are pleased to advise that they have established a second beachhead into the Greater China region. The two companies have entered into a Shareholders Agreement with Novel Orient Ltd (“Novel Orient”), a company based in Hong Kong.

Under the Agreement, GoConnect Australia Pty Ltd, a wholly owned subsidiary of GCN, and Priority One, will each invest in a 40% interest in **Priority One GoConnect China Group Ltd (“Priority One GoConnect China”)**, with Novel Orient holding the balance of 20%. This Agreement establishes the corporate structure for a strategic partnership between GCN, Priority One and Novel Orient to market and implement the GCN IPTV technology as well as Priority One’s loyalty reward program and payment system into the Greater China region.

Novel Orient has established close relationships with a number of major retailers in the Greater China region including e-commerce portal **Caigouzhan** (www.caigouzhan.com), **Chow Tai Fook Jewellery** and **SaSa International**.

Caigouzhan is an online retail platform that specializes in the sale of luxury goods and cosmetics to the Chinese market and is the only authorized independent online retailer for Chow Tai Fook Jewellery and SaSa International for the China market. Caigouzhan is expected to be the first of these relationships to adopt the GCN IPTV technologies and Priority One’s loyalty reward program.

Chow Tai Fook Jewellery is the largest jewellery retailer in Greater China. The brand is popular in the Chinese speaking world. The company has retail outlets in several countries. Currently, Chow Tai Fook has more than 1,000 chain stores, including over 150 retail outlets in Mainland China. Chow Tai Fook Jewellery is currently seeking listing on the Hong Kong Stock Exchange for the raising of up to US\$4 billion. SaSa International is the leading cosmetic retailing and beauty services group in Asia, and is listed on the Stock Exchange of Hong Kong with a market capitalization of over US\$1.5 billion.

Under the Agreement, GCN will be responsible for providing its IPTV technologies under a free licence to Priority One GoConnect China, such technologies will be applied towards assisting in the promotion and marketing of the Priority One loyalty reward program and payment system including the introduction of an IPTV shopping channel in the People's Republic of China. Priority One will be responsible for licensing the Priority One loyalty reward program and payment system to Priority One GoConnect China and providing the relevant system support to Priority One GoConnect China.

China's Internet user population is the largest and fastest growing in the world. According to report from China Internet Network Information Centre, **China's online population soared to 485 million as of the end of June this year as use of mobile phones to surf the Web spreads.** The number of people who use mobile phones to access the Internet rose to 318 million, or about 65 % of the total mobile phone users. That was up 14.8 % from a year earlier. **In September this year, China reported that her Internet population exceeded 500 million users.**

China's growth rate in Internet commerce, however, is starting to outstrip that of the growth rate of her Internet population. Industry statistics show that in the year to June 2011, transaction volume of online payments in China reached RMB 830 billion (US\$129 billion), an increase of 112% over 2010. Conservative industry estimate indicates that transaction volume is expected to reach RMB 2,250 billion (US\$ 352 billion) by 2012. China should no longer be regarded as the last frontier for Western businesses, but instead should be regarded as the frontline for any businesses, particularly those with a strong focus on Internet and mobile commerce.

Priority One GoConnect China, together with Shanghai Reliance Technology (which GCN and Priority One have each taken a 40% interest, refer to ASX release 22 September 2011), will aim to replicate the success of Priority One in the Western world. The corporate structure is now in place for the GCN-Priority One partnership to secure substantial Chinese merchant interest, both online and offline, in adopting the Priority One payment system and loyalty reward program.

Shanghai Reliance Technology and Priority One GoConnect China will be executing the GCN-Priority One strategy for China. Both of these China companies will have access to GCN's commercialized IPTV and Priority One's loyalty reward technologies. Backed by strong local knowledge and established business relationships in China, these companies will be able to rapidly implement their business strategy, to introduce and promote the Priority One loyalty reward program and payment system to China, and more importantly, to empower GCN and Priority One to capitalize on the phenomenal growth in China's Internet and mobile commerce.