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HIGHLIGHT CHINA IOT INTERNATIONAL LIMITED
高 銳 中 國 物 聯 網 國 際 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1682)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

THE SUBSCRIPTION

The Board is pleased to announce that on 30 November 2017 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribed for, and the Company has conditionally agreed to allot and issue, a total of 103,950,000 Subscription Shares at the Subscription Price of HK$0.7 per Subscription Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Subscription Shares to be allotted and issued under the Subscription Agreement represent approximately 18.83% of the existing issued share capital of the Company; and approximately 15.85% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares.

The Subscription Shares will be allotted and issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

30 November 2017

Issuer

The Company

Subscriber

Mr. Ng Leung Ho

The Subscription

The Subscriber has conditionally agreed to subscriber for, and the Company has conditionally agreed to allot and issue, a total of 103,950,000 Subscription Shares at the Subscription Price of HK$0.7 per Subscription Share.

Background of the Subscriber

Mr. NG Leung Ho GBS, SBS, JP is a Honorary Chairman of Good Resources Holdings Limited. Mr. Ng has substantial experience in the field of apparel business and management experience in listed companies. He was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region (the "**Government of HKSAR**") in 2007 and awarded the Bronze Bauhinia Star (BBS), the Silver Bauhinia Star (SBS) and the Gold Bauhinia Star (GBS) by the Government of HKSAR in 2010, 2016 and 2017 respectively. He is a member of the Chinese People's Political Consultative Conference and holds the office of deputy officer of Subcommittee of Education, Science, Culture, Health and Sports of the Chinese People's Political Consultative Conference. He is currently the chairman of Hong Kong Federation of Fujian Associations.

As of the date of this announcement, Bloom Dragon Finance Limited has a security interest on 322,326,500 Shares as part of the security for the senior guaranteed secured 18% per annum note due 11 July 2018 of a principal amount of HK$300,000,000 issued by Rosy Lane International Limited. Bloom Dragon Finance Limited is owned as to 50% by Good Fellow Group Limited and 50% by Mr. Ng Chi Lung, who is the son of Mr. Ng Leung Ho. Good Fellow Group Limited is owned as to 99.9% by Hillbrow Securities Limited and 0.1% by Mr. Ng Leung Ho. Hillbrow Securities Limited is wholly owned by Mr. Ng Leung Ho.

Save for the aforesaid, to the best of knowledge, information and belief of the Company, the Subscriber is a third party independent of and not connected with the Company and its connected person.

Number of Subscription Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Subscription Shares to be allotted and issued under the Subscription Agreement represent approximately 18.83% of the existing issued share capital of the Company; and approximately 15.85% of the issued share capital of the Company as enlarged by the allotment and issue of Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK$1,039,500.

Conditions Precedent

Completion of the Subscription shall be subject to the following conditions being fulfilled:

(a) the Stock Exchange granting the approval for the listing of and permission to deal in the Subscription Shares; and

(b) compliance with all the applicable requirements under the Listing Rules and other regulatory bodies.

If any of the above conditions are not fulfilled on or before 20 December 2017 (or such other date as the Company and the Subscriber may agree), the Subscription Agreement will terminate and cease to have effect and none of the parties thereto shall have any claim against the others save for any antecedent breaches of the provisions thereof.

Completion

Completion shall take place within five business days from the date on which all the conditions referred to above have been fulfilled, which is expected to be no later than 21 days after the date of the Subscription Agreement.

Termination

The Subscriber is entitled to terminate the Subscription Agreement by notice in writing to the Company upon the occurrence of any of the force majeure events set out in the Subscription Agreement at any time between the date of the Subscription Agreement and the Completion Date.

Subscription Price

The Subscription Price of HK$0.7 per Subscription Share represents:

(a) a discount of approximately 5.41% to the closing price of HK$0.74 per Share as quoted on the Stock Exchange on 30 November 2017, being the date of the Subscription Agreement; and

(b) a discount of approximately 10.26% to the average closing price of HK$0.78 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 29 November 2017, being the trading day immediately preceding the date of the Subscription Agreement.

The net proceeds of the Subscription, after deducting the relevant expenses, are estimated to be approximately HK$72.52 million and the net price per Subscription Share is approximately HK$0.698. The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, amongst others, the prevailing market price and recent trading performance of the Shares. The Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The Subscriber shall pay to the Company the Subscription Price for the Subscription Shares upon Completion.

Ranking of Subscription Shares

The Subscription Shares under the Subscription will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

General Mandate

The Subscription Shares will be allotted and issued under the General Mandate, which has not been used since granted. Accordingly, the General Mandate is sufficient for the issue and allotment of the Subscription Shares and the Subscription are not subject to the Shareholders' approval.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

USE OF PROCEEDS AND REASON FOR AND BENEFIT OF THE SUBSCRIPTION

The Group is principally engaged in the garment sourcing business and its Shares have been listed on the Stock Exchange since 5 October 2010. As the Subscriber is experienced in the management of apparel manufacturing and trading business, the Directors consider that through the Subscription the Group can establish sustainable strategic cooperation with the Subscriber and create more commercial value for the Group.

Subject to Completion and assuming the Subscription Shares are fully placed, the gross proceeds from the Subscription will be approximately HK$72.77 million. The net proceeds, after deduction of all relevant expenses (including but not limited to legal expenses and disbursements) incidental to the Subscription of approximately HK$0.25 million, are estimated to be approximately HK$72.52 million, representing a net issue price of approximately HK$0.698 per Subscription Share. The Company intends to apply the net proceeds from the Subscription as general working capital.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Subscription (assuming that there are no other changes in the issued share capital of the Company from the date of this announcement up to and immediately after the Completion) are as follows:

	As at the date of this announcement		**Immediately after the Completion (assuming the Subscription Shares are fully placed)**	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
Substantial Shareholder				
Rosy Lane International Limited *(Note 1)*	322,409,404	58.41	322,409,404	49.15
Ng Tsze Lun *(Note 2)*	50,173,000	9.09	50,173,000	7.65
The Subscriber	–	–	103,950,000	15.85
Other Shareholders				
Other Shareholders	179,394,596	32.50	179,394,596	27.35
Total	551,977,000	100	655,927,000	100

Notes:

1. Rosy Lane International Limited is wholly and ultimately and beneficially owned by Mr. Zhi Hua, being a Director.

2. Ms. Yau Yuk Chun Carole is the wife of Mr. Ng Tsze Lun. Under the SFO, Ms. Yau Yuk Chun Carole is deemed to be interested in the 50,173,000 Shares held by Mr. Ng Tsze Lun.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Apart from the fund raising activity mentioned below, the Company has not carried out other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
20 September 2017	placing of 32,200,000 new Shares under a general mandate	HK$29.4 million	general working capital	used as intended

Shareholders and potential investors should note that the Completion is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Board"	the board of Directors
"Company"	Highlight China IoT International Limited, a company incorporated in the Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Subscription
"Completion Date"	the date on which the Completion take place and such day shall be within five business days from the date on which all the conditions set out in the Subscription Agreement have been fulfilled, which is expected to be no later than 21 days after the date of the Subscription Agreement
"connected person(s)"	has the meaning as ascribed to it in the Listing Rules
"Director(s)"	the director(s) of the Company

"General Mandate"	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 29 September 2017 to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of such resolution, pursuant to which a maximum of 103,955,400 new Shares may fall to be allotted and issued as at the date of this announcement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	the subscriber of the Subscription Shares under the Subscription Agreement
"Subscription"	the subscription of the aggregate of 103,950,000 Subscription Shares at the Subscription Price pursuant to the terms and conditions of the Subscription Agreement
"Subscription Agreement"	the subscription agreement dated 30 November 2017 entered into between the Company and the Subscriber in relation to the Subscription
"Subscription Price"	the subscription price of HK$0.7 per Subscription Share

"Subscription Shares"	an aggregate of 103,950,000 new Shares to be allotted and issued upon Completion of the Subscription
"substantial shareholder"	has the meaning as ascribed to it in the Listing Rules
"%"	per cent

By Order of the Board
Highlight China IoT International Limited
Zhi Hua
Chairman

Hong Kong, 30 November 2017

As at the date of this announcement, the Board comprises Mr. Zhi Hua, Mr. Lam Kai Yeung and Mr. Ma Jun as executive Directors; Mr. Li Hui, Mr. Chau On Ta Yuen and Mr. Lam Lee G. as independent non-executive Directors; and Mr. Chan Kin as a non-executive Director.