

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.*

*This joint announcement is for information purpose only and does not constitute an offer to acquire, purchase or subscribe for shares in the Company.*

**ROSY LANE  
INTERNATIONAL LIMITED**

**盛途國際有限公司**

*(incorporated in the British Virgin Islands with limited liability)*

**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)**

**JOINT ANNOUNCEMENT**

**(1) COMPLETION OF ACQUISITION OF APPROXIMATELY 62.01 %  
INTEREST IN THE COMPANY BY THE OFFEROR**

**AND**

**(2) UNCONDITIONAL MANDATORY CASH OFFER BY**

 **KINGSTON SECURITIES**

**FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED  
SHARES IN THE COMPANY (OTHER THAN THOSE SHARES ALREADY  
OWNED OR TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING  
IN CONCERT WITH IT)**

**AND**

**(3) RESUMPTION OF TRADING**

**Financial adviser to the Offeror**

 **KINGSTON CORPORATE FINANCE**

## **COMPLETION OF ACQUISITION OF APPROXIMATELY 62.01% INTEREST IN THE COMPANY BY THE OFFEROR**

On 12 July 2017, the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor had agreed to sell and the Offeror had agreed to purchase the Sale Shares representing approximately 62.01% of the entire issued share capital of the Company as at the date of this joint announcement at a total consideration of HK\$300,000,000 (equivalent to approximately HK\$0.931 per Sale Share). Completion took place on the date of the Sale and Purchase Agreement. The Offeror had entered into the Deed of Set Off with Vendor and Bloom Dragon, pursuant to which the Offeror, the Vendor and Bloom Dragon have agreed that the Consideration shall be set off against the subscription amount payable by Bloom Dragon to the Offeror for the Series A Note under the Notes Subscription Agreement and the principal amount of loan owed by the Vendor to Bloom Dragon under the Loan Agreement in accordance with the terms of the Deed of Set Off.

## **UNCONDITIONAL MANDATORY CASH OFFER**

Immediately before the entering into of the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror and parties acting in concert with it own 322,326,500 Shares, representing approximately 62.01% of the entire issued share capital of the Company as at the date of this joint announcement. Pursuant to Rules 26.1 of the Takeovers Code, immediately following Completion, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all issued Shares (other than those Shares already owned or to be acquired by the Offeror and parties acting in concert with it). The Offer is unconditional in all respects.

Accordingly, Kingston Securities will, on behalf of the Offeror, make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or to be acquired by the Offeror and parties acting in concert with it) on terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on the following basis:

*The Offer*

**For each Offer Share . . . . . HK\$0.931**

The Offer Price of HK\$0.931 per Offer Share under the Offer is approximately equal to but not lower than the price per Share of HK\$0.931 at which the Sale Shares had been acquired by the Offeror pursuant to the Sale and Purchase Agreement. The principal terms of the Offer are set out under the section headed “**2. UNCONDITIONAL MANDATORY CASH OFFER**” in this joint announcement.

Based on the Offer Price for the Offer Shares as referred to in the paragraph headed “Principal terms of the Offer” in this joint announcement, on the assumption that the Offer will be accepted in full by the holders of the Offer Shares and there will be 197,450,500 Offer Shares, the maximum cash consideration payable by the Offeror under the Offer would be approximately HK\$183.8 million.

**The Offeror intends to maintain the listing of the Shares on the Stock Exchange and will undertake to the Stock Exchange to take appropriate steps following the close of the Offer to ensure that sufficient public float as required under the applicable Listing Rules exists in the Shares.**

**DESPATCH OF OFFER DOCUMENT AND THE OFFEREE BOARD CIRCULAR**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offer to the Shareholders within 21 days from the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. The Composite Offer Document would set out, among other matters, details of the Offer, accompanied by the form of acceptance and transfer of the Shares in respect of the Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser as to whether the terms of the Offer are fair and reasonable and as to acceptance.

Further announcement will be made when the Composite Offer Document is despatched.

**SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 am on 13 July 2017 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 am on 20 July 2017.

**WARNING**

**It is strongly recommended that Shareholders do not form a view on the Offer unless and until they have received and carefully read the Composite Offer Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice the independent financial adviser to the Independent Board Committee.**

## 1. COMPLETION OF ACQUISITION OF APPROXIMATELY 62.01% INTEREST IN THE COMPANY BY THE OFFEROR

On 12 July 2017, the Offeror entered into the Sale and Purchase Agreement with the Vendor relating to the sale and purchase of approximately 62.01% interest in the Company.

The principal terms of the Sale and Purchase Agreement are summarised below:

Date : 12 July 2017

Parties : (i) Unitech Enterprises Group Limited (卓科企業集團有限公司), as vendor of the Sale Shares

(ii) Rosy Lane International Limited (盛途國際有限公司), as purchaser of the Sale Shares

Immediately before the execution of the Sale and Purchase Agreement, the Offeror was (i) independent of and not connected with the Company or its subsidiaries, any of their respective directors, chief executive or substantial shareholders or associates of any of them; and (ii) not acting in concert with the Vendor or parties acting in concert with the Vendor.

Subject matter : The Vendor agreed to sell and the Offeror agreed to purchase, at Completion, the Sale Shares, free from all Encumbrances and together with all rights attaching to them on and after the date of Completion.

The Sale Shares being 322,326,500 Shares, represent approximately 62.01% of the entire issued share capital of the Company as at the date of this joint announcement.

Consideration : The Consideration under the Sale and Purchase Agreement amounted to HK\$300,000,000 (equivalent to approximately HK\$0.931 per Sale Share).

The Consideration was determined after arm's length negotiations between the Vendor and the Offeror taking into account factors including but not limited to the financial position of the Group and the listing status of the Company.

The Offeror had entered into the Deed of Set Off with Vendor and Bloom Dragon, pursuant to which the Offeror, the Vendor and Bloom Dragon have agreed that the Consideration shall be set off against the subscription amount payable by Bloom Dragon to the Offeror for the Series A Note under the Notes Subscription Agreement and the principal amount of loan owed by the Vendor to Bloom Dragon under the Loan Agreement in accordance with the terms of the Deed of Set Off.

Completion : Completion took place on the date of the Sale and Purchase Agreement.

## 2. UNCONDITIONAL MANDATORY CASH OFFER

Immediately before the execution of the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not own any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror and parties acting in concert with it own 322,326,500 Shares, representing approximately 62.01% of the entire issued share capital of the Company as at the date of this joint announcement.

Pursuant to Rules 26.1 of the Takeovers Code, immediately following Completion, the Offeror and parties acting in concert with it are required to make an unconditional mandatory cash offer for all issued Shares (other than those Shares already owned or to be acquired by the Offeror and parties acting in concert with it). The Offer is unconditional in all respects.

As at the date of this joint announcement, the Company does not have any outstanding warrants, options, derivatives or securities convertible into Shares and the Company has not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company.

Assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, 197,450,500 Shares will be subject to the Offer.

### Principal terms of the Offer

Kingston Securities will, on behalf of the Offeror, make an unconditional mandatory cash offer for all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on terms to be set out in the Composite Offer Document in accordance with the Takeovers Code on the following basis:

#### *The Offer*

**For each Offer Share ..... HK\$0.931**

The Offer Price of HK\$0.931 per Offer Share is approximately equal to but not lower than the price per Share of HK\$0.931 at which the Sale Shares have been acquired by the Offeror pursuant to the Sale and Purchase Agreement.

### Comparison of value

The Offer Price of HK\$0.931 per Offer Share represents:

- (i) a discount of 16.875% to the closing price of HK\$1.12 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 12.17% to the average closing price of HK\$1.06 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 9,210% to the audited consolidated net asset value attributable to Shareholders of the Company of approximately HK\$0.01 per Share (based on the number of issued Shares as at the date of this joint announcement) as at 31 March 2017, the date to which the latest audited financial results of the Group were made up.

## **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the date of this joint announcement were HK\$1.93 per Share on 16 February 2017 and HK\$0.90 per Share on 2 February 2017, respectively.

## **Total value of the Offer**

As at the date of this joint announcement, there are 519,777,000 Shares in issue.

Assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, there would be 519,777,000 Shares in issue. On the basis of the Offer Price at HK\$0.931 per Share, the entire issued share capital of the Company would be valued at approximately HK\$483.9 million.

Based on the Offer Price for the Offer Shares as referred to in the paragraph headed “Principal terms of the Offer” above, on the assumption that the Offer will be accepted in full by the holders of the Offer Shares and there will be 197,450,500 Offer Shares, the maximum cash consideration payable by the Offeror under the Offer would be approximately HK\$183.8 million.

## **Financial resources available for the Offer**

The Offeror would finance the cash consideration for the Offer by the Series B Note issued by the Offeror to Bloom Dragon and the loan facility in the amount of HK\$100,100,000 granted by Kingston Securities pursuant to the Kingston Facility Agreement. Under the Kingston Facility Agreement and the Notes Subscription Agreement, the Offeror is required to deposit Pledged Shares as collaterals. The payment of interest on, repayment of or security for any liability (contingent or otherwise) for the Series A Note and the above debt instrument and loan will not depend to any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

As at the date of this joint announcement, save for the Pledged Shares, Kingston Securities and its associates does not have any interest in Shares and other related securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Given that (i) Kingston Securities is under the same control of Kingston Financial Group Limited as Kingston Corporate Finance, which is the financial adviser to the Offeror in respect of the Offer; and (ii) it is a person, other than an authorised institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) lending money in the ordinary course of business, providing finance or financial assistance of the Offeror in connection with the acquisition of the Offer Shares to be acquired by the Offeror under the Offer pursuant to the Kingston Facility Agreement, Kingston Securities is presumed to be acting in concert with the Offeror under the presumption in classes 5 and 9 of the definition of “acting in concert” under the Takeovers Code.

As at the date of this joint announcement, save for the Pledged Shares, Bloom Dragon and its associates does not have any interest in Shares and other related securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Given that Bloom Dragon is a person, other than an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) providing finance or financial assistance to the Offeror in connection with acquisition of the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer by way of subscription of the Notes issued by the Offeror, Bloom Dragon is presumed to be a party acting in concert with the Offeror under the presumption in class 9 of the definition of “acting in concert” under the Takeovers Code.

Given that Kingston Corporate Finance is a financial adviser to the Offeror in respect of the Offer, Kingston Corporate Finance is presumed to be acting in concert with the Offeror under the presumption in class 5 of the definition of “acting in concert” under the Takeovers Code.

### **Effect of accepting the Offer**

By validly accepting the Offer, Shareholders would sell their tendered Offer Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of posting of the Composite Offer Document.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

### **Payment**

Payment in cash in respect of acceptance of the Offer would be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror to render each such acceptance of any of the Offer complete and valid.

### **Stamp duty**

Seller’s ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers’ ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer’s ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

## Overseas Shareholders

As the Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdiction in which they are resident, overseas Shareholders whose addresses as shown in the registers of members of the Company are outside Hong Kong and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

**Any acceptance by any overseas Shareholder will be deemed to constitute a representation and warranty from such overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The overseas Shareholders should consult their professional advisers if in doubt.**

## Taxation advice

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

## Other arrangements

For the six months immediately prior to 19 July 2017, i.e. the date of this joint announcement, save for the entering into of the Sale and Purchase Agreement, the Loan Agreement, the Notes Subscription Agreement, the Kingston Facility Agreement and the Pledged Shares, the Offeror and parties acting in concert with it have not dealt in nor do they have any Shares, options, derivatives, warrants or other securities convertible into Shares.

The Offeror confirms that, as at the date of this joint announcement:

- (i) save for the Offeror's interest in the Sale Shares pursuant to the Sale and Purchase Agreement, none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it (including Kingston Securities and Bloom Dragon and their respective associates) owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has received any irrevocable commitment to accept the Offer;
- (iii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner or any person acting in concert with it;

- (iv) save for the Sale and Purchase Agreement, the Loan Agreement, the Notes Subscription Agreement, the Kingston Facility Agreement, the Pledged Shares and the Deed of Set Off, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (vi) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vii) Save for the Consideration under the Sale and Purchase Agreement, there is no other consideration in any form paid or payable by the Offeror or the parties acting in concert with it to the Vendor and its associates and the parties acting in concert with it; and
- (viii) there is no special deal between the Vendor and the parties in concert with it on the one hand and the Offeror and the parties acting in concert with it on the other hand.

### 3. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (based on information received by the Company and notified pursuant to Part XV of the SFO as at the date of this joint announcement) (i) immediately before Completion; and (ii) immediately after Completion and as at the date of this joint announcement:

Shareholders	Immediately before Completion		Immediately after Completion and as at the date of this joint announcement	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Offeror and parties acting in concert with it	–	–	322,326,500	62.01
Vendor and parties acting in concert with it ( <i>Note</i> )	322,326,500	62.01	–	–
Other Shareholders	197,450,500	37.99	197,450,500	37.99
<b>Total:</b>	<b>519,777,000</b>	<b>100</b>	<b>519,777,000</b>	<b>100</b>

*Note:*

For the six months immediately prior to 19 July 2017, i.e. the date of this joint announcement, save for entering into of the Sale and Purchase Agreement, the Vendor and parties acting in concert with it have not dealt in nor do they have any Shares, options derivatives, warrants or other securities convertible into Shares.

#### **4. INFORMATION ON THE GROUP**

The Group is principally engaged in the garment sourcing business and its Shares have been listed on the Stock Exchange since 5 October 2010.

The audited consolidated loss and total comprehensive expenses attributable to Shareholders were approximately HK\$11.4 million and HK\$24.8 million respectively for the financial years ended 31 March 2017 and 31 March 2016. The audited consolidated equity attributable to Shareholders was approximately HK\$5.9 million and HK\$17.3 million respectively as at 31 March 2017 and 31 March 2016.

#### **5. INFORMATION ON THE OFFEROR**

##### **Background of the Offeror**

The Offeror is an investment holding company incorporated in the BVI on 9 May 2017. The Offeror has been wholly and ultimately and beneficially owned by Mr. Zhi Hua (支華先生) since 7 July 2017.

Mr. Zhi Hua has been conducting business or holding interest directly or indirectly in certain companies which are principally engaged in municipal and infrastructure construction, provision of investment management and advisory services, technology development, advisory and transfer on computer hardware, software and electronic products in the PRC.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Zhi Hua.

#### **6. INFORMATION OF BLOOM DRAGON**

Bloom Dragon is a money lender licensed in Hong Kong under the provisions of the MLO and is principally engaged in provision of money lender services and debt investment. Bloom Dragon provides financing to the Offeror in connection with the acquisition of Sales Shares and the Offer Shares to be acquired by the Offeror under the Offer by way of subscription of the Series A Note and the Series B Note issued by the Offeror respectively.

For the six months immediately prior to 19 July 2017, i.e. the date of this joint announcement, save for entering into of the Sale and Purchase Agreement, the Loan Agreement and the Notes Subscription Agreement and save for the Pledged Shares, Bloom Dragon and the parties acting in concert with it have not dealt in nor does it have any Shares, options, derivatives, warrants or other securities convertible into Shares.

As at the date of this joint announcement, Bloom Dragon is ultimately and beneficially owned as to 50% by Mr. Ng Chi Lung and 50% by Good Fellow Group Limited. Good Fellow Group Limited is owned as to 99.9% by Hillbrow Securities Limited and 0.1% by Mr. Ng Leung Ho, who is the father of Mr. Ng Chi Lung. Hillbrow Securities Limited is wholly owned by Mr. Ng Leung Ho. Each of Bloom Dragon and its beneficial owners is presumed to be acting in concert with the Offeror.

## **7. THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP**

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror would conduct a review on the financial position and the operations of the Group and would formulate long-term business plans and strategy of the Group, explore other business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification would be appropriate to enhance the long-term growth potential of the Group. The Offeror has no intention to (i) discontinue the employment of any employees of the Group (save for the change of Board composition as disclosed in the section headed "8. PROPOSED CHANGE OF BOARD COMPOSITION" below); or (ii) redeploy the fixed assets of the Group other than those in its ordinary and usual course of business.

## **8. PROPOSED CHANGE OF BOARD COMPOSITION**

As at the date of this joint announcement, the executive Directors are Mr. Gao Zhiyin, Mr. Gao Zhiping, Mr. Feng Chen, Mr. Lam Kai Yeung; the independent non-executive Directors are Mr. Lau Chi Kit, Mr. Ma Ming and Mr. Li Hui and the non-executive Director is Mr. Chan Kin.

Upon Completion, the Offeror becomes the controlling shareholder of the Company, being interested in approximately 62.01% of the entire issued share capital of the Company. Following Completion, it is intended that Mr. Gao Zhiyin and Mr. Gao Zhiping, will resign with effect upon the later of (i) the date immediately after the closing date of the Offer; and (ii) the earliest time permitted for resignation and appointment of directors under the Takeovers Code. The Offeror proposes to nominate new Directors to the Board subject to compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. As at the date of this joint announcement, the Offeror has not reached any final decision as to who will be nominated. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate. A further announcement for details of the change of the Board composition will be made as and when appropriate.

## **9. MAINTAINANCE OF THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

In the event that the public float of the Company falls below 25% following the close of the Offer, the proposed Directors who would be nominated by the Offeror and appointed as Directors and the then directors of the Offeror will undertake to the Stock Exchange that they would take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

**The Stock Exchange had stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:**

- (a) a false market exists or may exist in the trading of the Shares; or**
- (b) that there are insufficient Shares in public hands to maintain an orderly market,**

**it would consider exercising its discretion to suspend dealings in the Shares.**

In this connection, it should be noted that following the close of the Offer, there might be insufficient public float of the Shares and therefore, trading in the Shares might be suspended until sufficient public float exists in the Shares.

#### **10. DESPATCH OF OFFER DOCUMENT AND THE OFFEREE BOARD CIRCULAR**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offer to the Shareholders within 21 days from the date of this joint announcement, or such later date as the Executive may approve.

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Offer Document. The Composite Offer Document would set out, among other matters, details of the Offer, accompanied by the form of acceptance and transfer of the Shares in respect of the Offer, and incorporating the respective letters of advice from the Independent Board Committee and the independent financial adviser as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

Further announcement will be made when the Composite Offer Document is despatched.

#### **11. INDEPENDENT BOARD COMMITTEE**

In accordance with Rule 2.1 of the Takeovers Code, the Company has established the Independent Board Committee comprising the non-executive Director and all the independent non-executive Directors, who have no direct or indirect interest in the Offer, to advise the Shareholders in respect of the Offer and make a recommendation as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

#### **12. INDEPENDENT FINANCIAL ADVISER**

An independent financial adviser will be appointed (with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code) to advise the Independent Board Committee in respect of the Offer. An announcement will be made by the Company as soon as possible after an independent financial adviser has been appointed.

#### **13. DEALINGS DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company and the Offeror respectively (including Shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Company) are hereby reminded to disclose their dealings in the relevant securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

## ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **14. SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 am on 13 July 2017 pending the publication of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 am on 20 July 2017.

**WARNING: It is strongly recommended that Shareholders do not form a view on the Offer unless and until they have received and carefully read the Composite Offer Document, including the recommendation of the Independent Board Committee in respect of the Offer and the letter of advice from the independent financial adviser to the Independent Board Committee.**

## **DEFINITIONS**

Unless the context requires otherwise, the following expressions shall have the following meanings in this joint announcement:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Takeovers Code
“Bloom Dragon”	Bloom Dragon Finance Limited (興龍財務有限公司), a company incorporated in Hong Kong with limited liability. Given that Bloom Dragon is a person, other than an authorized institution within the meaning of the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) providing finance or financial assistance to the Offeror in connection with acquisition of the Sale Shares and the Offer Shares to be acquired by the Offeror under the Offer by way of subscription of the Notes issued by the Offeror, Bloom Dragon is presumed to be a party acting in concert with the Offeror under the presumption in class 9 of the definition of “acting in concert” under the Takeovers Code.

“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“Company”	Highlight China IoT International Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1682)
“Completion”	the completion of the sale and the purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
“Composite Offer Document”	the document proposed to be jointly issued by and on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Offer, the form of acceptance and transfer of the Shares in respect of the Offer, the letter of advice of the independent financial adviser to the Independent Board Committee in respect of the Offer, and the letter of advice of the Independent Board Committee to the Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer
“Consideration”	the consideration for the Sale Shares
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Deed of Set Off”	the deed of set off dated 12 July 2017 entered into among the Offeror, the Vendor and Bloom Dragon in relation to the set off of the Consideration against the subscription amount payable by Bloom Dragon to the Offeror for the Series A Note under the Notes Subscription Agreement and the principal amount of loan owed by the Vendor to Bloom Dragon under the Loan Agreement
“Director(s)”	the director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation, priority of security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-lease back arrangement or similar encumbrance(s) over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facilities”	a loan facility of HK\$300,000,000 granted by Bloom Dragon to the Vendor for a term of 1 year from 8 June 2017, which was secured by, amongst other things, (i) the Shares held by the Vendor at that time and (ii) a charge over the securities account opened by the Vendor in the name of the Vendor

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising the non-executive Director and all the independent non-executive Directors which has been established in accordance with the Takeovers Code for the purpose of advising the Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
“Kingston Facility Agreement”	the loan facility agreement entered into between Kingston Securities as lender and the Offeror as borrower dated 12 July 2017 in relation to the loan facility granted by Kingston Securities for financing the Offer and unconditionally and irrevocably guaranteed by Mr. Zhi Hua by way of personal guarantee, and secured by the Kingston Share Charge
“Kingston Securities”	Kingston Securities Limited, a corporation licensed by the SFC to conduct Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror
“Kingston Share Charge”	the share charge entered into between the Offeror as chargor and Kingston Securities as chargee dated 12 July 2017 in relation to a charge over the Shares as may be purchased by the Offeror pursuant to the Offer
“Last Trading Day”	12 July 2017, being the last trading day prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 7 June 2017 entered into between the Vendor and Bloom Dragon in relation to the Facilities
“MLO”	the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Notes”	Series A Note and Series B Note
“Notes Subscription Agreement”	the notes subscription agreement dated 12 July 2017 entered into among the Offeror, Bloom Dragon and Mr. Zhi Hua in relation to issue of the Notes

“Offer”	the unconditional mandatory cash offer to be made by Kingston Securities for and on behalf of the Offeror for all the Offer Shares in accordance with the Takeovers Code
“Offer Price”	HK\$0.931 per Offer Share payable in cash by the Offeror to the Shareholders under the Offer
“Offer Share(s)”	the Shares in issue, other than those already owned or to be acquired by the Offeror and parties acting in concert with it
“Offeror”	Rosy Lane International Limited (盛途國際有限公司), a company incorporated in the BVI with limited liability, being the purchaser of the Sale Shares under the Sale and Purchase Agreement and the Offeror for the Offer. The Offeror has been wholly and ultimately and beneficially owned by Mr. Zhi Hua (支華先生) since 7 July 2017
“Parties”	the parties to the Sale and Purchase Agreement, being the Vendor and the Offeror
“Pledged Shares”	(i) the Sale Shares previously mortgaged to Bloom Dragon under the Loan Agreement prior to Completion; and (ii) the Sale Shares mortgaged to Bloom Dragon and the Offer Shares to be acquired by the Offeror under the Offer, mortgaged to Bloom Dragon and Kingston Securities under the Notes Subscription Agreement and the Kingston Share Charge respectively following Completion
“PRC”	the People’s Republic of China (for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 July 2017 entered into between the Vendor and the Offeror in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	322,326,500 Shares (representing approximately 62.01% of the issued share capital of the Company as at the date of this joint announcement), legally and beneficially owned by the Vendor before Completion and deposited in Securities Account A and mortgaged to Bloom Dragon pursuant to a charge over the Securities Accounts
“Securities Account A”	the securities account opened by the Offeror in the name of the Offeror with Kingston Securities in which the Offeror deposited the Sale Shares
“Securities Account B”	the securities account opened by the Offeror in the name of the Offeror with Kingston Securities in which the Offeror shall deposit the Offer Shares to be acquired by the Offeror under the Offer

“Securities Accounts”	Securities Account A and Securities Account B. The Offeror is the ultimate beneficial owner of the Shares held in the Securities Accounts and the Offeror has sole control over these Shares
“Series A Note”	the senior guaranteed secured 18% per annum note due 11 July 2018 of a principal amount of HK\$300,000,000 issued by the Offeror and unconditionally and irrevocably guaranteed by Mr. Zhi Hua by way of personal guarantee, and secured by (i) the Sale Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement and all other Shares as may be purchased by the Offeror pursuant to the Offer and (ii) a charge over the Securities Accounts
“Series B Note”	the senior guaranteed secured 1.3% per month note due 11 October 2017 of a principal amount of HK\$84,000,000 issued by the Offeror and unconditionally and irrevocably guaranteed by Mr. Zhi Hua by way of personal guarantee, and secured by (i) the Sale Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement and all other Shares as may be purchased by the Offeror pursuant to the Offer and (ii) a charge over the Securities Accounts
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Unitech Enterprises Group Limited (卓科企業集團有限公司), a company incorporated in the BVI with limited liability, which is owned as to 40% by Mr. Gao Zhiping and 60% by Mr. Gao Zhiyin, who are the executive Directors. It was the legal and beneficial owner of the Sale Shares before Completion
“%”	per cent.

By order of the board of director  
**Rosy Lane**  
**International Limited**  
**Zhi Hua**  
*Director*

By order of the Board  
**Highlight China IoT**  
**International Limited**  
**Gao Zhiyin**  
*Chairman*

Hong Kong, 19 July 2017

*As at the date of this joint announcement, the Board comprises Mr. Gao Zhiyin, Mr. Gao Zhiping, Mr. Feng Chen and Mr. Lam Kai Yeung as executive Directors; Mr. Lau Chi Kit, Mr. Ma Ming and Mr. Li Hui as independent non-executive Directors; and Mr. Chan Kin as non-executive Director.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror, the director of the Offeror, their associates and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Offeror, the directors of the Offeror, their associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the director of the Offeror is Mr. Zhi Hua.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group, the Vendor, their respective associates and parties acting in concert with any of them) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than opinions expressed by the Group, the Vendor, their respective associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*