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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

 **KINGSTON SECURITIES**

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 September 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis to currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 32,200,000 Placing Shares at the Placing Price of HK\$0.93 per Placing 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 of the Placing, the maximum of 32,200,000 Placing Shares represent (i) approximately 6.19% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.83% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The Placing Price of HK\$0.93 per Placing Share represents: (i) a discount of approximately 10.58% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on 20 September 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 13.41% to the average closing price of HK\$1.074 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Subject to the completion of the Placing and assuming the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$30 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.6 million, are estimated to be approximately HK\$29.4 million. The Company intends to apply the net proceeds from the Placing as general working capital.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 20 September 2017 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as agent of the Company, to procure on a best effort basis to currently expected to be not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 32,200,000 Placing Shares at the Placing Price of HK\$0.93 per Placing Share. Details of the Placing Agreement are set out below:

The Placing Agreement

Date: 20 September 2017

Parties: (i) the Company (as issuer); and
(ii) Kingston Securities Limited (as placing agent).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Pursuant to the terms of the Placing Agreement, the Placing Agent will receive a placing commission of 1.25% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing are fair and reasonable based on the current market conditions.

Placees

The Placing Shares will be placed to currently expected to be not less than six Placees who shall be professional, institutional or other investors independent of and not connected with the Company, the connected persons of the Company and their respective associates, and who and whose ultimate beneficial owners are Independent Third Parties. It is expected that none of the Placees will become substantial Shareholder immediately after completion of the Placing.

Number of Placing 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 of the Placing, the maximum of 32,200,000 Placing Shares represent (i) approximately 6.19% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.83% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares.

The aggregate nominal value of the maximum of 32,200,000 Placing Shares is HK\$322,000.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.93 per Placing Share represents: (i) a discount of approximately 10.58% to the closing price of HK\$1.04 per Share as quoted on the Stock Exchange on 20 September 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 13.41% to the average closing price of HK\$1.074 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, amongst others, the prevailing market price and the recent trading performance of the Shares. The Directors consider that the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

In the event that any of the above conditions is not fulfilled on or before 13 October 2017 (or such later date as may be agreed between the parties to the Placing Agreement in writing) (the “**Long Stop Date**”), all rights, obligations and liabilities of the parties to the Placing Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Placing Agreement prior to such termination.

Completion of the Placing

Completion of the Placing shall take place on a date falling within four Business Days after the day on which all the conditions set out in the Placing Agreement have been fulfilled (or such later date as may be agreed between the parties to the Placing Agreement in writing) (the “**Completion Date**”).

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 103,955,400 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to further Shareholders’ approval. The General Mandate will be utilised as to approximately 30.97% upon the allotment and issue of all the Placing Shares.

Termination

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing; (b) the Long Stop Date if the conditions as set out in the section headed "Conditions of the Placing" above have not been satisfied or waived (as the case may be) and (c) the termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (ii) The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investors or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investors) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

- (iii) If, at or prior to 9:00 a.m. on the Completion Date:
- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
 - (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements relating to the Placing; or
 - (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

- (iv) Upon giving of notice by the Placing Agent to terminate the Placing in accordance with the Placing Agreement, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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 Directors consider that the Placing not only broadens the Shareholders' base of the Company but also represents a good opportunity to broaden the Company's funding channels.

Subject to completion of the Placing and assuming the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$30 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing of approximately HK\$0.6 million, are estimated to be approximately HK\$29.4 million, representing a net issue price of approximately HK\$0.91 per Placing Share. The Company intends to apply the net proceeds from the Placing as general working capital.

The Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) 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 Placing (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 completion of the Placing) are as follows:

	As at the date of this announcement		Immediately after completion of the Placing (assuming the Placing Shares are fully placed)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder				
Rosy Lane International Limited (<i>Note</i>)	322,409,404	62.03	322,409,404	58.41
Other Shareholders				
The Placees	–	–	32,200,000	5.83
Other Shareholders	197,367,596	37.97	197,367,596	35.76
Total	<u>519,777,000</u>	<u>100</u>	<u>551,977,000</u>	<u>100</u>

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

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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
“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 23 September 2016 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
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement

“Placing”	the placing, on a best effort basis, of up to 32,200,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 20 September 2017 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.93 per Placing Share (exclusive of any brokerage, Securities and Futures Commission transaction levy and Stock Exchange trading fee as may be payable)
“Placing Shares”	a total of up to 32,200,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial Shareholder(s)”	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, 20 September 2017

As at the date of this announcement, the Board comprises Mr. Zhi Hua, Mr. Lam Kai Yeung and Mr. Feng Chen as executive Directors; Mr. Lau Chi Kit, Mr. Li Hui and Mr. Chau On Ta Yuen as independent non-executive Directors; and Mr. Chan Kin as non-executive Director.