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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)**

## **(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION (2) REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION (3) RESUMPTION OF TRADING**

On 20 March 2015 (after trading hours), the Sellers and the Company entered into the Agreement, pursuant to which the parties agreed that the Sellers shall transfer to the Company the entire issued share capital of the Target Company and Unitech shall agree to the Loan Assignment to the Company at the total consideration of HK\$36,450,903,600, which shall be satisfied by the issue and allotment of the Consideration Shares by the Company to the Sellers at the issue price of HK\$2.87 per Share.

The Acquisition constitutes:

- (a) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Acquisition;
- (b) a connected transaction of the Company as Unitech is a connected person of the Company by virtue of it being a controlling Shareholder; and
- (c) a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and (ii) involves acquisition of assets from the controlling Shareholder within 24 months of gaining control (as defined under the Takeovers Code) of the Company.

Accordingly, the Acquisition is subject to reporting and announcement requirements and the approval of the Independent Shareholders at the SGM. In addition, the Company has been treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules. Accordingly, the Acquisition is also subject to the approval by the Listing Committee.

It should be noted that the Acquisition is subject to a number of conditions, which may or may not be fulfilled (or, if applicable, waived). In addition, the approval of the new listing application to be made by the Company may or may not be granted by the Stock Exchange. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing or contemplating dealing in the securities of the Company.

## **INTRODUCTION**

On 20 March 2015 (after trading hours), the Sellers and the Company entered into the Agreement, pursuant to which the parties agreed that the Sellers shall transfer to the Company the entire issued share capital of the Target Company and Unitech shall agree to the Loan Assignment to the Company at the total consideration of HK\$36,450,903,600, which shall be satisfied by the issue and allotment of the Consideration Shares by the Company to the Sellers at the issue price of HK\$2.87 per Share.

## **THE AGREEMENT**

Date: 20 March 2015

### **Parties**

- (a) Unitech, the Second Seller, the Third Seller, the Fourth Seller, the Fifth Seller, the Sixth Seller, the Seventh Seller, the Eighth Seller, the Ninth Seller, the Tenth Seller and the Eleventh Seller as sellers; and
- (b) the Company as purchaser.

### **The Acquisition**

Pursuant to the Agreement, each of the Sellers agreed to transfer to the Company its shares in the Target Company. Subject to the terms of the Deed of Assignment to be entered into at Closing, Unitech shall agree to the assignment of the First Loan and the Second Loan to the Company. The aggregate consideration of the Acquisition and the Loan Assignment shall be HK\$36,450,903,600, to be satisfied by the allotment and issue of 12,700,663,275 Shares by the Company at the issue price of HK\$2.87 per Share, as follows:

- (a) Unitech shall (i) transfer 30,789 shares in the Target Company to the Company (representing approximately 61.58% of the total issued share capital of the Target Company) at the consideration of HK\$21,511,829,828 and (ii) agree to the assignment of the First Loan and the Second Loan to the Company at the total consideration of HK\$1,517,760,000, to be satisfied by the issue of 8,024,247,327 Shares by the Company to Unitech;
- (b) the Second Seller shall transfer 5,000 shares in the Target Company to the Company (representing approximately 10.00% of the total issued share capital of the Target Company) at the consideration of HK\$3,493,314,361, to be satisfied by the issue of 1,217,182,704 Shares by the Company to the Second Seller;
- (c) the Third Seller shall transfer 3,200 shares in the Target Company to the Company (representing approximately 6.40% of the total issued share capital of the Target Company) at the consideration of HK\$2,235,721,189, to be satisfied by the issue of 778,996,930 Shares by the Company to the Third Seller;
- (d) the Fourth Seller shall transfer 2,400 shares in the Target Company to the Company (representing approximately 4.80% of the total issued share capital of the Target Company) at the consideration of HK\$1,676,790,893, to be satisfied by the issue of 584,247,698 Shares by the Company to the Fourth Seller;

- (e) the Fifth Seller shall transfer 2,000 shares in the Target Company to the Company (representing approximately 4.00% of the total issued share capital of the Target Company) at the consideration of HK\$1,397,325,746, to be satisfied by the issue of 486,873,082 Shares by the Company to the Fifth Seller;
- (f) the Sixth Seller shall transfer 2,000 shares in the Target Company to the Company (representing approximately 4.00% of the total issued share capital of the Target Company) at the consideration of HK\$1,397,325,746, to be satisfied by the issue of 486,873,082 Shares by the Company to the Sixth Seller;
- (g) the Seventh Seller shall transfer 1,837 shares in the Target Company to the Company (representing approximately 3.67% of the total issued share capital of the Target Company) at the consideration of HK\$1,282,046,369, to be satisfied by the issue of 446,706,052 Shares by the Company to the Seventh Seller;
- (h) the Eighth Seller shall transfer 1,500 shares in the Target Company to the Company (representing approximately 3.00% of the total issued share capital of the Target Company) at the consideration of HK\$1,047,994,308, to be satisfied by the issue of 365,154,811 Shares by the Company to the Eighth Seller;
- (i) the Ninth Seller shall transfer 663 shares in the Target Company to the Company (representing approximately 1.33% of the total issued share capital of the Target Company) at the consideration of HK\$464,610,811, to be satisfied by the issue of 161,885,300 Shares by the Company to the Ninth Seller;
- (j) the Tenth Seller shall transfer 500 shares in the Target Company to the Company (representing approximately 1.00% of the total issued share capital of the Target Company) at the consideration of HK\$349,331,435, to be satisfied by the issue of 121,718,270 Shares by the Company to the Tenth Seller; and
- (k) the Eleventh Seller shall transfer 111 shares in the Target Company to the Company (representing approximately 0.22% of the total issued share capital of the Target Company) at the consideration of HK\$76,852,914, to be satisfied by the issue of 26,778,019 Shares by the Company to the Eleventh Seller.

The consideration for the Loan Assignment was determined with reference to the outstanding principal amount of the First Loan and the Second Loan (equivalent to approximately HK\$1,517,760,000). The consideration for the Acquisition and the issue price per Consideration Share of HK\$2.87 under the Agreement was determined after arm's length negotiations between the parties. The issue price per Consideration Share of HK\$2.87 represents:

- (a) a discount of approximately 30.17% to the closing price per Share of HK\$4.11 as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 15.84% to the average of the closing prices per Share of HK\$3.41 as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 12.50% to the average of the closing prices per Share of HK\$3.28 as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and

- (d) a discount of approximately 10.87% to the average of the closing prices per Share of HK\$3.22 as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day.

The Consideration Shares will be allotted and issued under a specific mandate proposed to be obtained at the SGM. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Agreement.

### **Conditions Precedent**

Closing of the Acquisition is conditional upon the satisfaction (or, if applicable, the waiver) of, inter alia, the following principal conditions precedent:

- (a) the approval of Independent Shareholders of the Agreement and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules having been obtained at the SGM and remaining in full force and effect;
- (b) the Company having completed its legal, financial and business due diligence on the Target Group and the results of such due diligence are satisfactory to the Company;
- (c) all necessary approvals and consents of, among others, (i) creditors of the Sellers, any Seller or its subsidiaries and/or any Target Group member, and (ii) shareholders (other than any Seller or its subsidiaries or any other Target Group member) of any Target Group member to the transactions under the Agreement having been obtained and remaining in full force and effect;
- (d) approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Consideration Shares on the Main Board of the Stock Exchange;
- (e) approval-in-principle having been obtained from the Listing Committee for the new listing application by the Company in relation to the transactions under the Agreement and not having been revoked or withdrawn;
- (f) the Deed of Assignment having been duly executed by the parties thereto;
- (g) the warranties under the Agreement remaining true and accurate and not misleading in any material respect if they were repeated at any time prior to Closing by reference to the facts and circumstances then existing;
- (h) there being no material adverse change to the Target Group since 31 December 2014; and
- (i) Grant Thornton Hong Kong Limited having completed the audit of and issued an unqualified opinion on the accountants' report of the Target Group in accordance with the requirements of the Listing Rules and the content and results of such audit being satisfactory to the Company.

Except for the conditions in clauses (a), (d), (e), (f) and (i), the conditions precedent may be waived by notice in writing from the Company.

As at the date of this announcement, none of the conditions precedent specified above have been fulfilled and the Company currently has no intention to waive any of the conditions precedent.

## Closing

Closing shall take place within three business days after the unconditional date (being the first business day on or by which all conditions precedent have been fulfilled (or waived in accordance with the Agreement) (the “**Unconditional Date**”). If the Unconditional Date has not occurred on or before 31 December 2015 (or such later date as the parties may agree in writing), the Agreement shall automatically lapse (other than in respect of certain surviving provisions).

## EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table summarises the shareholding of the Company as at the date of this announcement and immediately after Closing, assuming that there is no other change in the share capital of the Company:

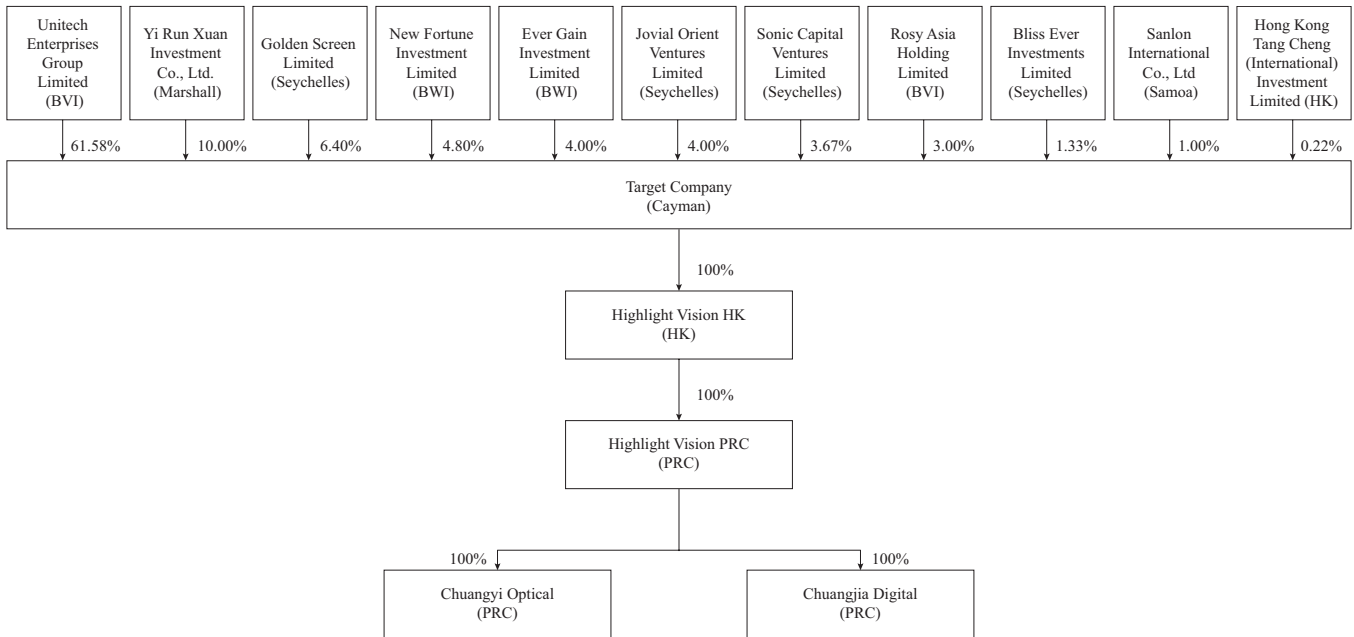
Shareholder	As at date of this announcement		Immediately after Closing (note 2)	
	Number of Shares	% (approximately)	Number of Shares	% (approximately)
Unitech (note 1)	322,326,500	62.01	8,346,573,827	63.13
Second Seller	—	—	1,217,182,704	9.21
Third Seller	—	—	778,996,930	5.89
Fourth Seller	—	—	584,247,698	4.42
Fifth Seller	—	—	486,873,082	3.68
Sixth Seller	—	—	486,873,082	3.68
Seventh Seller	—	—	446,706,052	3.38
Eighth Seller	—	—	365,154,811	2.76
Ninth Seller	—	—	161,885,300	1.22
Tenth Seller	—	—	121,718,270	0.92
Eleventh Seller	—	—	26,778,019	0.20
Other public shareholders	197,450,500	37.99	197,450,500	1.49
<b>Total</b>	<b>519,777,000</b>	<b>100</b>	<b>13,220,440,275</b>	<b>100</b>

### Notes:

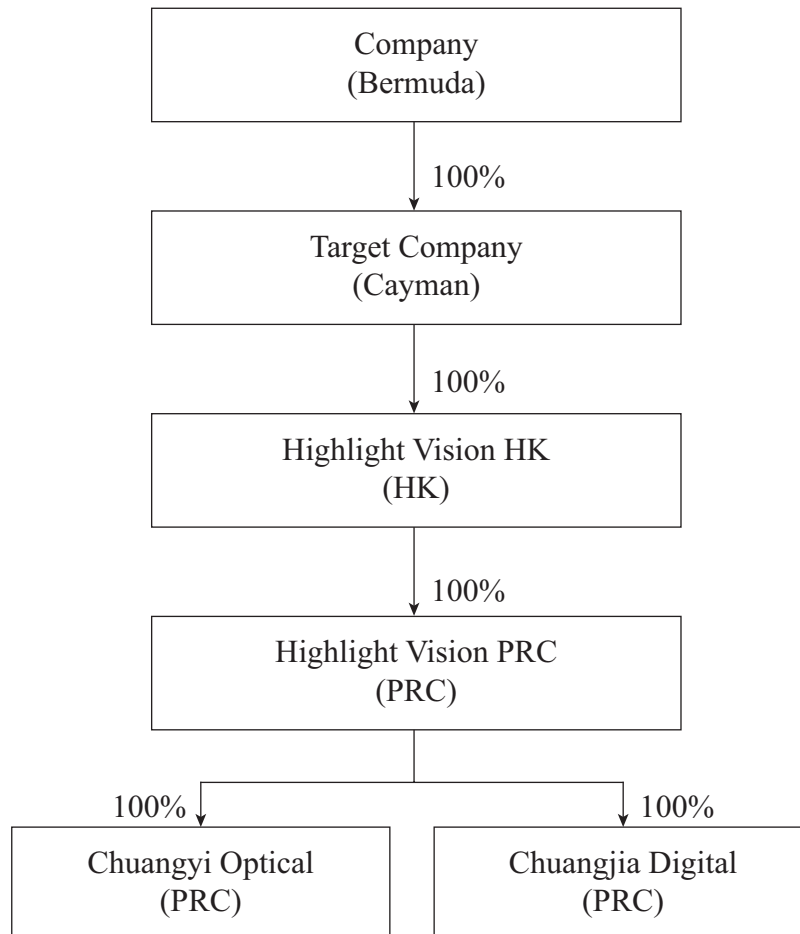
1. Unitech is directly and beneficially owned as to 60% by Mr. Gao Zhiyin and 40% by Mr. Gao Zhiping (both of whom are executive Directors).
2. Immediately after Closing, Unitech will remain the controlling shareholder of the Company and the Shares held by the Sellers (other than Unitech) and other public shareholders will represent approximately 36.87% of the total issued share capital of the Company. Therefore, the Company will be able to satisfy the minimum public float requirement under Rule 8.08 of the Listing Rules upon Closing.

## INFORMATION ON THE TARGET GROUP

### Shareholding structure of the Target Group immediately before Closing



### Shareholding structure of the Target Group immediately after Closing



## **Information on the Target Company**

The Target Company is a limited liability company incorporated in the Cayman Islands. It is principally engaged in investment holding. Upon Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Enlarged Group.

## **Business of the Target Group**

Established in 2002, the Target Group began developing and expanding its business in the last decade to become a provider of tri-network integration and IoT and smart city product solutions. The Target Group's business operations seek to provide a technological transformation of the CATV network so as to embody the functions of the telecom and Internet networks thereby providing multi-media services to end-users. The Target Group's tri-network integration solutions provides faster and more interactive connections through the upgrade of equipment, namely headend equipment, optical transmission equipment and network access equipment, thereby allowing two-way transmission. The tri-network system then provides the infrastructure for the Target Group's IoT and smart city platform, whereby the Target Group provides an interactive platform for users to connect to objects and services used in their daily lives. For instance, the Target Group's smart home platform provides a method for end users to control electronic appliances such as the air-conditioners or lighting in their home remotely through their TV, computer or mobile device, including mobile phones and tablets. In future, the Target Group's IoT and smart city services can also be used on a larger scale. For instance, IoT and smart city platforms can be used to connect public infrastructure in a city to provide for real time sensing. Leveraging on the PRC's rapid industrialization and urbanization and pursuant to Twelfth Five Year Plan for National Economy whereby "smart city" was deemed as a focus area, the Target Group hopes to expand its IoT and smart city line of business in future to capitalize on such growth.

As of the date of this announcement, the Target Group has a production centre in Kaihua, Zhejiang province, with an aggregate gross floor area of approximately 6,945.4 square metres.

## **Financial Information of the Target Group**

For the two years ended December 31, 2013 and 2014, based on the unaudited consolidated management accounts of the Target Company prepared in accordance with IFRS, the unaudited net profit (before taxation) of the Target Company was RMB603,937,000 and RMB725,772,000, respectively, and the unaudited net profit (after taxation) of the Target Company was RMB504,834,000 and RMB619,621,000, respectively. The unaudited net asset value of the Target Company as at 31 December 2014 was RMB513,212,000.

## **INFORMATION ON THE GROUP**

The Company was incorporated in Bermuda on 3 March 2010 and its Shares are listed on the Main Board of the Stock Exchange. Currently, the Group is principally engaged in garment sourcing business. After Closing, the Enlarged Group will be mainly engaged in providing solutions for tri-network integration and integrated solutions for IoT and smart city in the PRC, while continuing to operate some of, but not expand, its existing business.

## **INFORMATION ON THE SELLERS**

Unitech is an investment holding company with limited liability incorporated in BVI on 5 January 2010, which is directly and beneficially owned as to 60% by Mr. Gao Zhiyin and 40% by Mr. Gao Zhiping (both of whom are executive Directors). As at the date of this announcement, Unitech holds 322,326,500 Shares, representing approximately 62.01% of the total issued share capital of the Company.

To the best knowledge, information and belief of the Directors and after making all reasonable enquiries, other than Unitech (i) each of the Sellers and their ultimate beneficial owners is independent of the Company and its connected persons (ii) each of the Sellers and its respective ultimate beneficial owner is independent of each other; and (iii) each of the Sellers is an investment holding company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The consideration for the Acquisition and the issue price per Consideration Share of HK\$2.87 under the Agreement was determined after arm's length negotiations between the parties based on (i) the unaudited net profit of the Target Group for the year ended 31 December 2014 as shown in its unaudited consolidated management accounts; (ii) the price-earnings ratios of listed companies in the IT industry; (iii) the implied price-earnings ratios of certain recent acquisitions of companies in the PRC engaged in the provision of smart city integration solutions; and (iv) the closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days prior to the Last Trading Date.

The Directors (excluding the independent non-executive Directors who will provide their opinion after considering the advice of the Independent Financial Adviser) consider that the consideration for the Acquisition and the issue price per Consideration Share to be fair and reasonable.

The Directors (excluding the independent non-executive Directors who will provide their opinion after considering the advice of the Independent Financial Adviser) further consider the Acquisition to be in the interests of the Company and the Shareholders as a whole for the following reasons:

- (a) Through the Acquisition, the Company can acquire the well-established businesses of the Target Group in the PRC, which has a proven track record and experienced management team in providing solutions tri-network integration to CATV operators in various parts of the PRC.
- (b) The scope of business of the Group will be expanded through the Acquisition. The quality assets proposed to be acquired belong to a rising industry with significant development potential in the next five years and which has been actively promoted by the PRC government. Substantial value can be generated to the Shareholders as a whole through the Acquisition.
- (c) The garment sourcing business presently carried on by the Group is subject to various challenges and uncertainties in the current global macro-economic environment. For the six months ended 30 September 2014, the Group recorded revenue of approximately HK\$203.1 million and a loss attributable to the owners of the Company of approximately HK\$2.2 million from its garment sourcing business. Through the Acquisition, the Group's revenue and income generation would be improved significantly, thus enhancing value to the Shareholders as a whole.
- (d) Despite the dilution to Shareholders' interest in the Company, the settlement of the consideration under the Agreement through the issue of Consideration Shares allows the Company to minimize its funding costs.

## **IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES**

The Acquisition constitutes:

- (a) a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100% for the Company in relation to the Acquisition;
- (b) a connected transaction of the Company as Unitech is a connected person of the Company by virtue of it being a controlling Shareholder; and
- (c) a reverse takeover for the Company under Rule 14.06(6)(b) of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and (ii) involves acquisition of assets from the controlling Shareholder within 24 months of gaining control (as defined under the Takeovers Code) of the Company.

Accordingly, the Acquisition is subject to the reporting and announcement requirements and the approval of the Independent Shareholders at the SGM. Unitech (being one of the Sellers) and its associates are required to abstain from voting on the relevant resolutions to be proposed at the SGM to approve, among other things, the Acquisition and the grant of the specific mandate to issue the Consideration Shares. To the best of the Directors' knowledge, other than Unitech, none of the Shareholders has material interest in the Acquisition and, accordingly, no Shareholder (except Unitech) is required to abstain from voting at the SGM.

In addition, the Company has been treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules. The Enlarged Group must be able to meet the basic listing eligibility requirements of the Listing Rules. The Company must also comply with the procedures and requirements for new listing applicants as set out in Chapter 9 of the Listing Rules. Accordingly, the Acquisition is also subject to the approval by the Listing Committee.

### **SOLE SPONSOR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

V Baron Global Financial Services Limited has been appointed as the sole sponsor to the listing application to be made by the Company in relation to the Acquisition.

An independent board committee of the Company comprising Mr. Lau Chi Kit, Dr. Chen Yifan and Mr. Lam Kai Yeung, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Acquisition.

The Company has, with the approval of the Independent Board Committee, appointed Quam Capital Limited as an independent financial adviser in accordance with the requirements under the Listing Rules to advise the Independent Board Committee and the Independent Shareholders on matters in relation to the Acquisition.

## **DESPATCH OF CIRCULAR**

The Company will despatch a circular containing, among other things, (i) further information on the Acquisition, the grant of specific mandate to issue the Consideration Shares and the increase in authorized share capital of the Company; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition; (iv) financial information on the Target Group; and (v) notice of the SGM.

The circular is subject to review and comments by the Stock Exchange and will be despatched to the Shareholders as soon as practicable after the Company has obtained the approval-in-principle from the Listing Committee with respect to the new listing application. In view of the process required in connection with the new listing application by the Company, the Company expects that the circular will be despatched more than 15 business days after the date of this announcement. The Company will make a further announcement for the expected date of despatch of the circular. Shareholders and potential investors should refer to the circular for further details of the Acquisition and the transactions contemplated under the Agreement.

## **WARNING**

It should be noted that the Acquisition is subject to a number of conditions, which may or may not be fulfilled (or, if applicable, waived). In addition, the approval of the new listing application to be made by the Company may or may not be granted by the Stock Exchange. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing or contemplating dealing in the securities of the Company.

## **RESUMPTION OF TRADING IN THE SHARES**

Trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 23 March 2015 at the request of the Company pending the publication of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 March 2015.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the proposed transfer of the entire issued share capital of the Target Company from the Sellers to the Company pursuant to the terms of the Agreement
“Agreement”	the share purchase agreement dated 20 March 2015 entered into amongst the Company and the Sellers in respect of the Acquisition
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BWI”	the British West Indies

“CATV”	cable television
“Chuangjia Digital”	Zhejiang Chuangjia Digital Co., Ltd.* (浙江創佳數字技術有限公司) (formerly known as Zhejiang Tongfang Digital TV Equipment Co., Ltd.* (浙江同方數字電視設備有限公司)), a limited liability company incorporated under the laws of the PRC
“Chuangyi Optical”	Zhejiang Chuangyi Optical Transmission Co., Ltd.* (浙江創億光電設備有限公司) (formerly known as Zhejiang Quzhou Chuangyi Optical Transmission Co., Ltd.* (浙江衢州創億光電設備有限公司)), a limited liability company incorporated under the laws of the PRC
“Closing”	the closing of the Acquisition pursuant to the terms of the Agreement
“Company”	Highlight China IoT International Limited (高銳中國物聯網國際有限公司), a company incorporated in Bermuda with limited liability on 3 March 2010, and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682)
“Consideration Shares”	12,700,663,275 new Shares to be allotted and issued by the Company to the Sellers as consideration for the Acquisition under the Agreement and the Loan Assignment
“Deed of Assignment”	the deed of assignment in the form as set out in the schedule to the Agreement proposed to be entered into at Closing by and among Unitech, the Target Company, Highlight Vision HK and the Company in respect of the Loan Assignment
“Director(s)”	director(s) of the Company
“Eighth Seller”	Rosy Asia Holdings Limited, a company incorporated in BVI with limited liability
“Eleventh Seller”	Hong Kong Tang Cheng (International) Investment Limited, a company incorporated in Hong Kong with limited liability
“Enlarged Group”	the Group and the Target Group
“Fifth Seller”	Ever Gain Investment Limited, a company incorporated in the British West Indies with limited liability
“First Loan”	the debt owed by the Target Company to Unitech as at the date of the Agreement in the amount of US\$153,032,153.03
“Fourth Seller”	New Fortune Investment Limited, a company incorporated in the British West Indies with limited liability
“Group”	the Company and its subsidiaries

“Highlight Vision HK”	Highlight Vision Limited 高銳視訊有限公司, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Target Company
“Highlight Vision PRC”	Highlight Vision Limited* (高銳視訊有限公司) (formerly known as Zhejiang Chuangyi Technology Co., Ltd.* (浙江創億科技有限公司)), a limited liability company incorporated under the laws of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising Mr. Lau Chi Kit, Dr. Chen Yifan and Mr. Lam Kai Yeung, being all the independent non-executive Directors to advise the Independent Shareholders in relation to the Acquisition
“Independent Financial Adviser”	Quam Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders, other than Unitech, its respective associates and other persons with material interests in the Agreement, who are required to abstain from voting at the SGM to be convened to approve the Acquisition and matters relating to it
“IoT”	Internet of Things, a computing concept that describes a future where everyday physical objects will be connected to the Internet and be able to identify themselves to other devices
“Last Trading Day”	20 March 2015, being the last trading day for the Shares before the date of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Assignment”	the assignment of the First Loan and the Second Loan by Unitech to the Company pursuant to the Deed of Assignment
“Ninth Seller”	Bliss Ever Investments Limited, a company incorporated in Seychelles with limited liability

“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan”	the debt owed by Highlight Vision HK to Unitech as at the date of the Agreement in the amount of US\$44,480,508.83
“Second Seller”	Yi Run Xuan Investment Co., Ltd., a company incorporated in the Marshall Islands with limited liability
“Sellers”	Unitech, the Second Seller, the Third Seller, the Fourth Seller, the Fifth Seller, the Sixth Seller, the Seventh Seller, the Eighth Seller, the Ninth Seller, the Tenth Seller and the Eleventh Seller
“Seventh Seller”	Sonic Capital Ventures Limited, a company incorporated in Seychelles with limited liability
“SGM”	the special general meeting of the Company to be held to approve, inter alia, the Acquisition, the grant of specific mandate to issue the Consideration Shares and increase of authorized share capital of the Company
“Sixth Seller”	Jovial Orient Ventures Limited, a company incorporated in Seychelles with limited liability
“Shareholder(s)”	holder(s) of the Shares in issue
“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
“Takeovers Code”	the Code on Takeovers and Mergers of the Securities and Future Commission of Hong Kong
“Target Company”	Highlight Holding Limited (高銳控股有限公司), a company incorporated in the Cayman Islands with limited liability

“Target Group”	the Target Company and its subsidiaries
“Tenth Seller”	Sanlon International Co., Ltd, a company incorporated in Samoa with limited liability
“Third Seller”	Golden Screen Limited, a company incorporated in Seychelles with limited liability
“Unitech”	Unitech Enterprises Group Limited (卓科企業集團有限公司), a company incorporated in BVI with limited liability and a controlling Shareholder
“%”	per cent.

\* *for identification purposes only*

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

Hong Kong, 25 March 2015

*As at the date of this announcement, the Board comprises Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo as executive Directors; and Mr. Lau Chi Kit, Dr. Chen Yifan and Mr. Lam Kai Yeung as independent non-executive Directors.*