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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)

INSIDE INFORMATION

(1) COOPERATION AGREEMENT

AND

(2) DEVELOPMENT OF NEW BUSINESS ACTIVITY

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE COOPERATION AGREEMENT

The Company is pleased to announce that on 18 May 2017 (after trading hours), Hangzhou Haoyu (an indirect wholly-owned subsidiary of the Company) and Jiangxi Broadcasting entered into the Cooperation Agreement, pursuant to which the Parties have agreed to cooperate to develop and operate the Integrated Information Service Platform on the network of Jiangxi Broadcasting.

Scope of cooperation

Pursuant to the Cooperation Agreement, the Parties have agreed that the Integrated Information Service Platform shall engage in the following businesses including, smart city, smart government services, smart village, smart community, social comprehensive governance and road surveillance, safe city, family security, visual telephone, internet insurance, internet lottery, cloud games, internet finance, smart education, smart travel, smart medical treatment, smart health, smart elevator, rural e-commerce, etc., in the areas covered by network of Jiangxi

Broadcasting including, Xinzhou District, Guangfeng District, Yushan County, Wuyuan County, Dexing City, Wannian County, Yugan County, Poyang County, Geyang County, Qianshan County, Shangrao County and Hengfeng County.

The cooperation between the Parties pursuant to the Cooperation Agreement in respect of the Integrated Information Service Platform shall be exclusive.

The Parties may enter into further cooperation agreements for the cooperation of establishing and developing other information service platform.

Term

The term of the cooperation pursuant to the Cooperation Agreement shall be 30 years.

Obligations of the Parties

Pursuant to the Cooperation Agreement, Hangzhou Haoyu has agreed to, among other things:

1. provide investments for the establishment and development of various platform systems, surveillance video terminal and routing facilities for the Integrated Information Service Platform; and
2. establish the Operating Company in the place of registration of Jiangxi Broadcasting, which shall operate the Integrated Information Service Platform.

Pursuant to the Cooperation Agreement, Jiangxi Broadcasting has agreed to, among other things:

1. procure that the Operating Company would enjoy relevant national, provincial, municipal and prefectural tax concession and exemption policies regarding broadcasting, telecommunication and e-commerce industries; concession and exemption policies in connection with investment invitation from various governmental levels; relevant policies of PPP mode; and the supports from national, provincial, municipal and prefectural guiding funds, developing funds, grant fund, supporting funds, interest-free or low-interest loans and special construction funds for relevant industries including broadcasting industry,

cultural industry, public facilities, e-business, big data integration and key industrial projects and;

2. during the term of the Cooperation Agreement, promote the Integrated Information Service Platform to each level of governmental authorities and relevant departments and procure that such governmental authorities and departments use and pay for the services of the Integrated Information Service Platform.

Service fee

Jiangxi Broadcasting shall receive a service fee for the provision of promotion and marketing services to the Operating Company, details of which shall be subject to definitive agreement(s) being entered into between the Parties.

Definitive Agreement

The Cooperation Agreement is a framework agreement for the strategic cooperation of the Parties. The specific details of the cooperation shall be subject to definitive agreement(s) being entered into between the Parties.

DEVELOPMENT OF NEW BUSINESS ACTIVITY

The Group is principally engaged in garment sourcing business. The Group has been looking for new business opportunities to develop a sustainable corporate strategy to broaden the Group's income stream, which may include rebalancing the resources of the Group with an aim to enhancing financial performance of the Group and achieving better return for the Shareholders.

The terms of the Cooperation Agreement were agreed after arm's length negotiations between the Parties. The Board considers that the transactions contemplated under the Cooperation Agreement present an ideal opportunity for the Group to expand its principal business activities to include the operation and provision of information technology related services in the PRC. The Group will also be able to leverage on the network of Jiangxi Broadcasting and promote the use of the Integrated Information Service Platform to relevant governmental authorities and departments.

China's television and broadcasting industry is developing rapidly, with its scale increasingly enlarged. Up to now, breakthroughs have been made in aspects of digitization, high-definition, two-way network focused transformation of analog TV, tri-network integration and etc. The actual use of wired two-way network shows a growth trend. Penetration has been completed towards about one-third of the users under the coverage of network upgrade, which means there is a huge potential market for wired two-way network. The Directors believe that the construction of the project is in line with the national industrial policies and industrial supervisory policies, the construction scale is appropriate, the business content and operation mode can be adapted to the market demands and changes, and will lay a solid foundation for the long-term development of the Company and the maximization of shareholders' interests.

Accordingly, the Board is of the view that the terms of the Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, and the cooperation is in the interests of the Company and the Shareholders.

GENERAL

Hangzhou Haoyu is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in relevant software and hardware development and design of smart city and smart community; advanced technology of operation and design of structure construction plan of relevant internet information platforms for smart city and smart community.

Jiangxi Broadcasting is a branch office of Jiangxi Province Broadcasting and Television Network Communication Co. Ltd.^{*}, which is established under the laws of the PRC with limited liability. It is principally engaged in design, construction and operation of cable television network in the area of Shangrao, Jiangxi Province.

The transactions contemplated under the Cooperation Agreement are subject to definitive agreement(s) being entered into and may or may not proceed, Shareholders should exercise caution when dealing in the securities

of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Company”	Highlight China IoT International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1682)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Haoyu”	Hangzhou Haoyu Yunshi Network and Technology Co. Ltd.*(杭州浩毓云势网络科技有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Integrated Information Service Platform”	the integrated information service platform to be developed by the Parties pursuant to the Cooperation Agreement
“Jiangxi Broadcasting”	Shangrao branch of Jiangxi Province Broadcasting and Television Network Communication Co. Ltd.*(江西省廣播電視網絡傳輸有限公司), a company established under the laws of the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Operating Company”	the wholly-owned subsidiary of the Company to be established for the purpose of operating the Integrated Information Service Platform pursuant to the

Cooperation Agreement

“Parties”	collectively, Hangzhou Haoyu and Jiangxi Broadcasting
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

On behalf of the Board
Highlight China IoT International Limited
Gao Zhiyin
Chairman

Hong Kong, 18 May 2017

As at the date of this announcement, the Board comprises Mr. Gao Zhiyin, Mr. Gao Zhiping and Mr. Shi Jiguo as executive directors; Mr. Lau Chi Kit, Mr. Ma Ming and Mr. Li Hui as independent non-executive directors; and Mr. Shum Ngok Wa as non-executive director.

* *For identification purposes only*