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HONY GOLD HOLDINGS, L.P.

*(Established in the Cayman Islands
with limited liability)*

INTERNATIONAL ELITE LTD.

精英國際有限公司

*(Incorporated in the Cayman Islands
with limited liability)*

(Stock code: 1328)

JOINT ANNOUNCEMENT

(1) SALE AND PURCHASE OF SHARES IN INTERNATIONAL ELITE LTD.

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



SOMERLEY CAPITAL LIMITED

**FOR AND ON BEHALF OF HONY GOLD HOLDINGS, L.P. TO
ACQUIRE ALL THE ISSUED SHARES OF INTERNATIONAL ELITE LTD.**

**(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY HONY GOLD HOLDINGS, L.P. AND
PARTIES ACTING IN CONCERT WITH IT)**

**(3) AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF
THE COMPANY AND DISTRIBUTION IN SPECIE OF
THE GLOBAL LINK SHARES**

**(4) SPECIAL DEAL, CONNECTED TRANSACTIONS AND
POSSIBLE CONTINUING CONNECTED TRANSACTIONS**

**(5) ISSUE OF CONSIDERATION SHARES
PURSUANT TO SPECIFIC MANDATE**

AND

(6) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

**Financial Adviser to
HONY GOLD HOLDINGS, L.P.**



SOMERLEY CAPITAL LIMITED

**Financial Adviser to
International Elite Ltd.**



**中國銀河國際
CHINA GALAXY INTERNATIONAL**

THE SPA

On 30 July 2018 (after trading hours), the Sellers have entered into the SPA with the Offeror, pursuant to which the Sellers have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being an aggregate of 4,610,000,000 Shares, representing approximately 50.75% of the issued share capital of the Company as at the date of this joint announcement. The aggregate consideration payable by the Purchaser to the Sellers in respect of the Sale Shares shall be HK\$550,000,000, equivalent to approximately HK\$0.11931 per Sale Share. The SPA Completion, which is conditional upon the fulfilment (or, where applicable, waiver) of the conditions precedent to the SPA as set out in the section headed “A. The SPA and the Sell Down Agreements” of this joint announcement, shall take place contemporaneously with the completion of the Sell Down and the transactions contemplated under the Acquisition Agreement and the Disposal Agreement.

POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL OFFER TO ACQUIRE THE OFFER SHARES

As at the date of this joint announcement, the Offeror and parties acting in concert with it own 900,000,000 Shares, representing approximately 9.91% of the total issued share capital of the Company. Immediately following the SPA Completion and the issuance of the Consideration Shares (assuming no other changes to the issued share capital of the Company since the date of this joint announcement), the Offeror and parties acting in concert with it will own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares. Pursuant to Rule 26.1 of the Takeovers Code, immediately upon the SPA Completion, the Offeror is required to make a mandatory unconditional cash offer for 3,573,460,000 Shares, representing all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Subject to the SPA Completion, Somerley Capital Limited, as the financial adviser to the Offeror, will make the Offer, for and on behalf of the Offeror, in accordance with the Takeovers Code on the following terms:

Principal terms of the Offer

For each Offer Share HK\$0.11931 in cash

The Offer Price of HK\$0.11931 per Offer Share is approximately equal to but not lower than the purchase price per Sale Share as stipulated in the SPA. The Offer will be unconditional in all respects when made, and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Irrevocable Undertaking and New Investor Irrevocable Undertakings

Pursuant to the Irrevocable Undertaking, Ms. Kwok has unconditionally and irrevocably undertaken to the Offeror that (i) she shall reduce her shareholding by selling or a placing of the Sell Down Shares to New Investors at a price per Share not higher than the Offer Price upon the SPA Completion such that the Company will maintain sufficient public float as required under the Listing Rules immediately after the SPA Completion; (ii) she will not accept the Offer in respect of the Remaining Shares; (iii) she will not take other action to make the Remaining Shares available for acceptance of the Offer; and (iv) until close of the Offer, she will continue to hold the Remaining Shares, and will not sell, transfer, dispose of any Remaining Shares to the Offeror or any other third party or create encumbrance on the Remaining Shares, other than the transactions contemplated under the SPA and the Sell Down.

Each of the New Investors (being the Independent Third Parties and not being an existing Shareholder) has entered into the New Investor Irrevocable Undertakings, pursuant to which each New Investor has irrevocably undertaken to the Offeror that (i) it will not accept the Offer in respect of any of the Sell Down Shares; (ii) it will continue to hold the Sell Down Shares and will not take other action to make the Sell Down Shares available for acceptance of the Offer; and (iii) until close of the Offer, it will not sell, transfer, dispose of the Sell Down Shares to the Offeror or any other third party or create encumbrance on the Sell Down Shares.

Value of the Offer

Based on the Offer Price of HK\$0.11931 per Offer Share and on the basis of full acceptance of the Offer (excluding the Remaining Shares held by Ms. Kwok and the Sell Down Shares held by the New Investors which will not be tendered for acceptance of the Offer), the total consideration for the Offer will be approximately HK\$221.7 million.

Financial resources available to the Offeror

The Offeror intends to finance the aggregate consideration payable under the SPA and the Offer through (i) its internal resources; and (ii) the Bank Facility. Somerley Capital Limited, as financial adviser to the Offeror is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer (excluding (a) the Remaining Shares held by Ms. Kwok; and (b) the Sell Down Shares to be held by the New Investors, which will not be tendered for acceptance of the Offer).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY AND DISTRIBUTION IN SPECIE OF THE GLOBAL LINK SHARES

Amendments to the articles of association of the Company

The Board considered a special resolution at the EGM for the amendments to the articles of association of the Company in respect of the payment of interim and special dividends out of Share Premium Account (in addition to out of profit) in order to give greater flexibility to the Board to pay interim and special dividends.

Special dividend and the Distribution in Specie

The Board considered a special dividend out of Share Premium Account by way of the distribution in specie of the Relevant Shares to the Shareholders whose names appear on the register of members of the Company on the Record Date, on a pro-rata basis in proportion to their respective shareholding interests in the Company as follows:

For every 10,000 Shares held 961 Global Link Shares

Effects of payment of special dividend out of the Share Premium Account by way of the Distribution in Specie

The implementation of the payment of special dividend out of the Share Premium Account does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares. Following completion of the Distribution in Specie, Global Link will no longer be accounted for as a subsidiary of the Company. Therefore, the financial results of the Global Link Group will no longer be consolidated into the consolidated financial statements of the Company upon the completion of the Distribution in Specie.

SPECIAL DEAL, CONNECTED TRANSACTIONS AND POSSIBLE CONTINUING CONNECTED TRANSACTIONS

The Disposal Agreement

The Company and Mr. Li have entered into the Disposal Agreement, pursuant to which the Company conditionally agreed to sell and Mr. Li conditionally agreed to purchase the Disposal Shares, representing 100% of the issued share capital of MZone Network Limited and Sunward Telecom Limited, at a consideration of HK\$135,000,000 (subject to adjustment), which should be settled in cash in full at completion of the Disposal Agreement.

The Acquisition Agreement

The Company and the Goldstream Sellers have entered into the Acquisition Agreement, pursuant to which the Goldstream Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase the Capital Sale Shares and the Securities Sale Shares (representing 100% of the issued share capital of Goldstream Capital and Goldstream Securities, respectively) at a consideration of HK\$270 million, which shall be settled by the allotment and issuance of the Consideration Shares (being 2,263,012,321 Shares) by the Company at the issue price of HK\$0.11931 per Consideration Share.

The Consideration Shares represent (i) approximately 24.91% of the existing issued share capital of the Company as at the date of this joint announcement, and (ii) approximately 19.94% of the Company's issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under a specific mandate to be obtained by the Company at the EGM.

The Facility Agreement

The Company and Mr. Li have entered into the Facility Agreement, pursuant to which the Company may utilise the facility of up to HK\$215,000,000 during the period from and including the SPA Completion Date to and including the date which is the second anniversary of the SPA Completion Date, or in the event of an extension under mutual agreement of Mr. Li and the Company, the third anniversary of the SPA Completion Date.

Existing Continuing Transactions

Management Agreements

Pursuant to the Management Agreements, Goldstream Capital shall as an investment manager manage and invest the portfolio of the Funds.

Lease Agreement

Pursuant to the Lease Agreement, Hony Capital Limited has leased to Goldstream Capital and Goldstream Securities office areas for a term from 1 May 2017 and ending on 30 April 2020.

GENERAL INFORMATION AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Listing Rules Implications and Takeovers Code Implications

The Disposal

The Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Disposal constitutes a "special deal" under Note 4 to Rule 25 of the Takeovers Code. The Disposal will be conditional upon, among others, obtaining the consent of the Executive. The Executive will normally consent to the Special Deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the Special Deal is an arm's length transaction on normal commercial terms and that its terms are fair and reasonable, and (ii) it is approved by the Independent Shareholders at the EGM by way of poll. An application will be made to the Executive for its consent to the Special Deal pursuant to Note 4 to Rule 25 of the Takeovers Code.

The Acquisition

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company according to Rule 14A.28 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Facility Agreement

The transactions contemplated under the Facility Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As (i) the transactions contemplated by the Facility Agreement are on normal commercial terms or better; and (ii) the loan facility is not secured by the assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, the transactions contemplated under the Facility Agreement are fully exempt under Chapter 14A of the Listing Rules.

Existing Continuing Transactions

Upon the SPA Completion and the Acquisition, the Existing Continuing Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Management Service Annual Caps are more than 5%, the transactions contemplated under the Management Agreements and the Management Service Annual Caps are subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Lease Annual Caps are more than 0.1% but below 5%, the transactions contemplated under the Lease Agreement are subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement.

The Management Agreements will expire on 31 December 2022 and have a duration longer than three years. Pursuant to Rule 14A.52 of the Listing Rules, the Independent Financial Adviser will explain why the Management Agreements require a longer period and whether it is normal business practice for agreements of this type to be of such duration.

EGM

EGM will be held for the purpose of considering and, if thought fit, approving, among others, the resolutions in respect of the Amendments to the Articles, the Distribution in Specie, the Disposal (which constitutes the Special Deal), the Acquisition, the transactions contemplated under the Management Agreements and the Management Service Annual Caps and the specific mandate to allot and issue the Consideration Shares by way of poll. Jovial Elite Limited, the Sellers, those Shareholders who are involved in and/or interested in the Acquisition and/or the Disposal, their respective associates and parties acting in concert with any of them will abstain from voting on the relevant resolution(s) at the EGM.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to make a recommendation to the Independent Shareholders regarding the Distribution in Specie, the Disposal (which constitutes the Special Deal), the Acquisition, the transactions contemplated under the Management Agreements, the Management Service Annual Caps and the Offer. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Distribution in Specie, the Disposal Agreement, the Acquisition Agreement, the transactions contemplated under the Management Agreements, the Management Service Annual Caps, the Offer, the Special Deal and the respective transactions contemplated thereunder (where appropriate). The appointment of Lego Corporate Finance Limited has been approved by the Independent Board Committee.

Waiver of Rule 8.2 of the Takeovers Code

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document which will contain among other things, (i) the terms and conditions of the Offer, (ii) a letter of recommendation from the Independent Board Committee to the Shareholders in relation to the Offer, and (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, together with the forms of acceptance and transfer of the Shares. As there are pre-conditions, i.e. the SPA Completion and the completion of the Distribution in Specie, the Disposal and the Acquisition, to the making of the Offer, an application will be made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days of the fulfillment of such pre-conditions (i.e. the SPA Completion and the completion of the Distribution in Specie, the Disposal and the Acquisition).

WARNING: THE OFFER IS A POSSIBILITY ONLY. AS THE OFFER WILL ONLY BE MADE IF THE SPA COMPLETION TAKES PLACE AND THE SPA COMPLETION IS CONDITIONAL UPON FULFILLMENT OR WAIVER (WHERE APPLICABLE) OF CERTAIN CONDITIONS UNDER THE SPA. ACCORDINGLY, THE OFFER MAY OR MAY NOT BE MADE. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

INTRODUCTION

The Company was informed that the Sellers have entered into the SPA with the Offeror, pursuant to which the Sellers have conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares. Upon the SPA Completion, the Offer will be made.

A. THE SPA AND THE SELL DOWN AGREEMENTS

The SPA

Date: 30 July 2018 (after trading hours)

Parties: (i) Mr. Li as one of the Sellers;
(ii) Ms. Kwok as one of the Sellers;
(iii) Ever Prosper as one of the Sellers; and
(iv) the Offeror as the Purchaser.

For further information on the Purchaser, please refer to the sub-section below headed “Information on the Purchaser”.

Subject of the SPA

Pursuant to the SPA, the Sellers, as the legal and beneficial owners, conditionally agreed to sell and the Purchaser conditionally agreed to purchase an aggregate of 4,610,000,000 Shares (being the Sale Shares), representing approximately 50.75% of the issued share capital of the Company as at the date of this joint announcement, free from all encumbrances and together with all rights and benefits attached or accruing to

them as of the SPA Completion Date (including but not limited to the right to receive all dividends, other distributions or any return of capital declared, made or paid in respect of the Sale Shares on or after the SPA Completion Date). The Sale Shares comprised:

- (i) 1,150,470,000 Shares held by Mr. Li, representing approximately 24.96% of the Sale Shares and approximately 12.67% of the total issued Shares as at the date of this joint announcement;
- (ii) 1,407,530,000 Shares held by Ms. Kwok, representing approximately 30.53% of the Sale Shares and approximately 15.49% of the total issued Shares as at the date of this joint announcement; and
- (iii) 2,052,000,000 Shares held by Ever Prosper, representing approximately 44.51% of the Sale Shares and approximately 22.59% of the total issued Shares as at the date of this joint announcement.

Consideration for the Sale Shares

The aggregate consideration payable by the Purchaser to the Sellers in respect of the Sale Shares shall be HK\$550,000,000, equivalent to approximately HK\$0.11931 per Sale Share, which shall be attributed as follows:

- (i) as to HK\$137,257,809 to Mr. Li;
- (ii) as to HK\$167,926,573 to Ms. Kwok; and
- (iii) as to HK\$244,815,618 to Ever Prosper.

The consideration was determined after arm's length negotiations between the Purchaser and the Sellers taking into account the following factors: (i) the historical operating and financial performance of the Group; (ii) the historical and recent trading prices of the Company; (iii) the Distribution in Specie; (iv) the Disposal; (v) the Acquisition; and (vi) the business performance of the Remaining Group. The consideration shall be payable by the Purchaser to the Sellers in immediately available funds to the respective bank account of each Seller, as designated by each Seller, on the SPA Completion Date.

Conditions precedent to the SPA

The SPA Completion is conditional upon the following conditions being fulfilled (or, where applicable, waived):

- (a) the passing by the Independent Shareholders (as required under the Listing Rules and/or the Takeovers Code) at the EGM of all resolutions required under the relevant applicable laws and regulations to effect the Distribution in Specie, the Acquisition Agreement, the Disposal Agreement, the Management Agreements and the Management Service Annual Caps;
- (b) each of the New Investors having executed its respective New Investor Irrevocable Undertaking;
- (c) all conditions precedent to the respective completion of the Sell Down and the transactions contemplated under the Facility Agreement, the Disposal Agreement and the Acquisition Agreement having been fulfilled or waived (as the case may be) (save for the condition requiring the SPA to become unconditional);
- (d) consummation of the Distribution in Specie;
- (e) up to the SPA Completion Date, the Shares remaining listed and traded on the Main Board of the Stock Exchange, and no notification or indication being received from the Stock Exchange or the SFC prior to the SPA Completion that the listing of the Shares on the Stock Exchange will or may be, for whatever reason, withdrawn or suspended for more than five (5) consecutive Business Days (excluding any suspension for the purpose of obtaining clearance from the Stock Exchange or the SFC for the joint announcement relating to the sale and purchase of the Sale Shares and any announcements relating to the transactions contemplated under the SPA);
- (f) each Sellers' warranties in the SPA being true, accurate, complete and not misleading as of the date of the SPA and the SPA Completion Date;
- (g) each Purchaser's warranties in the SPA being true, accurate, complete and not misleading as of the date of the SPA and the SPA Completion Date;
- (h) each Seller having performed and complied with all agreements, obligations and conditions contained in the SPA that are required to be performed or complied with by it on or before the SPA Completion Date;

- (i) the Purchaser having performed and complied with all agreements, obligations and conditions contained in the SPA that are required to be performed or complied with by it on or before the SPA Completion Date;
- (j) the transactions contemplated under the SPA, the Acquisition Agreement and the Disposal Agreement are together not being deemed as a reverse takeover (as defined in the Listing Rules) by relevant regulatory authorities (including but not limited to the Stock Exchange and the SFC);
- (k) all necessary approvals and consents by the government, regulatory authorities (including but not limited to the Stock Exchange and the SFC), banks, contractual counterparties and/or any other parties in respect of the SPA and the transactions contemplated thereunder having been obtained;
- (l) the granting of the waiver from the Executive to Mr. Li and his associates to dispense with the requirement to make a mandatory general offer on all the shares of Global Link not already beneficially owned or agreed to be acquired by Mr. Li, his associates and parties acting in concert with it pursuant to Note 6 to Rule 26.1 of the Takeovers Code in relation to the Distribution in Specie; and
- (m) there not having occurred any SPA Material Adverse Effect as set out in the SPA.

As of the date of this joint announcement, save for the internal approvals and consent of the Offeror and the relevant Sellers, no approval, license, consent, authorization, waiver, order or notice is required for the transaction contemplated under the SPA as mentioned in condition (k) above.

Condition (a) and (b) may not be waived in any event by any of the parties. Conditions (c) to (m) may only be waived by the Purchaser in writing except for conditions (g), (i) and (l) may only be waived by any of the Sellers in writing. As of the date of this joint announcement, save for condition (j) which has been fulfilled, none of conditions (c) to (m) has been waived, and such conditions are expected to be fulfilled upon SPA Completion.

In the event that the conditions precedent of the SPA as set out above are not fulfilled (or, in the case of the conditions (c) to (m), waived) on or before 29 January 2019 (or such later time or date as the Purchaser and Sellers may agree), the Purchaser and the Sellers may each have right, by notice in writing to the other party, to terminate the SPA. The SPA may, by notice given prior to or at the SPA Completion, be terminated, (i) by either the Purchaser or any of the Sellers upon material breach of any provisions by the other party to the SPA; (ii) by either the Purchaser or any of the Sellers if satisfaction of the conditions above is or becomes impossible and the Purchaser or Seller(s) (where applicable) has not waived such condition; or (iii) by consent of all of the parties to the SPA.

Completion

The SPA Completion shall be inter-conditional on and take place contemporaneously with the completion of the Sell Down and the transactions contemplated under the Acquisition Agreement and the Disposal Agreement. The SPA Completion shall take place on the third Business Day after the date on which the conditions precedent of the SPA are fulfilled (or waived, where applicable) or such other date as may be agreed between the parties in writing. Further announcement will be made as soon as practicable in relation to SPA Completion.

Information on the Group

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Company, through its subsidiaries, is a CRM outsourcing service provider which principally engages in the provision of inbound services and outbound services to companies in various service-oriented industries, the research and development, production and sales of RF-SIM products and licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau as well as the research and development and technology transfer of CA-SIM application right to customers. Through Global Link Group, the Company is also engaged in the provision of passenger information management system.

Financial Information of the Group

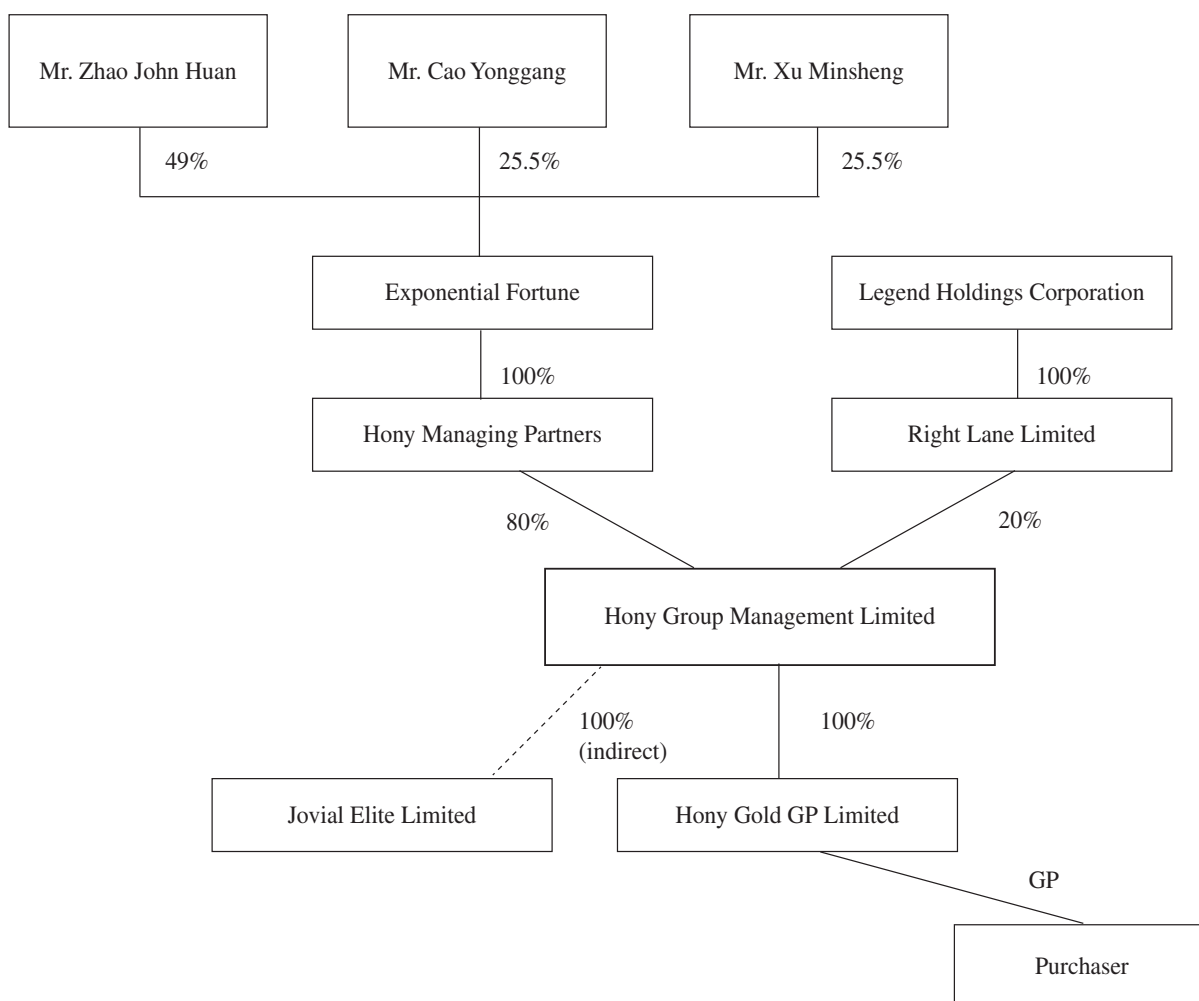
The following table is a summary of certain financial information of the Group for the two financial years ended 31 December 2016 and 2017 as extracted from the Company's annual report for the year ended 31 December 2017:

	Year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Revenue	328,670	295,489
Gross profit	16,173	27,321
Loss before income tax	(66,004)	(37,812)
Loss for the year attributable to the owners of the Company	(49,200)	(33,166)
	As at 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Capital and reserves attributable to equity owners of the Company	609,674	641,844

Information on the Purchaser – Hony Gold Holdings, L.P.

The Purchaser is an exempted limited partnership established under the laws of Cayman Islands on 3 August 2017 as an investment vehicle and its sole general partner is Hony Gold GP Limited, a company with limited liability and incorporated under the laws of Cayman Islands, who is the only party responsible for investment decision making of the Purchaser. The entire equity interest of Hony Gold GP Limited is held by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners, which in turn is wholly-owned by Exponential Fortune Group Limited (“**Exponential Fortune**”), and 20% equity interest of which is held by Right Lane Limited, a wholly-owned subsidiary of Legend Holdings Corporation whose H shares are listed on the Main Board of the Stock Exchange (stock code: 03396). Hony Group Management Limited indirectly holds entire equity interest in Jovial Elite Limited, a Shareholder holding approximately 9.91% of the issued share capital of the Company as at the date of this joint announcement. As at the date of this joint announcement, Exponential Fortune was held as to 49% by Mr. Zhao John Huan, and the remaining 51% was held by Mr. Cao Yonggang and Mr. Xu Minsheng equally. The series of private

equity investment funds, together with their respective management companies/general partners ultimately owned by Exponential Fortune (“**Hony Capital**”) was founded in 2003, specialises in buyout investment. Partnering with the world’s leading investors, it focuses on the development of China’s real economy with “Value creation, Price Realisation” as its investment philosophy. Hony Capital currently has US\$10 billion assets under management, with investors from China and the world’s leading investment institutions. Hony Capital puts China as its top market, with investments in over 100 companies in areas of pharmaceutical and healthcare, media and entertainment, consumer. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Hony Capital. The following illustrates the structure of the Purchaser and Hony Capital as at the date of this joint announcement:



The Sell Down Agreements

On 30 July 2018 (after trading hours), Ms. Kwok has entered into the Sell Down Agreements with the New Investors (namely Wang Shuang Yin (王雙寅) (“**Mr. Wang**”) and Sun Xiao Hong (孫曉紅) (“**Ms. Sun**”)), pursuant to which, Ms. Kwok has conditionally agreed to sell and Mr. Wang and Ms. Sun have conditionally agreed to purchase 530,000,000 and 500,000,000 Sell Down Shares respectively. Pursuant to the Sell Down Agreements, the Sell Down Shares (an aggregate of 1,030,000,000 Shares, representing approximately 11.34% of the issued share capital of the Company as at the date of this joint announcement) will be transferred free from all encumbrances and together with all rights and benefits attached or accruing to them as of the completion date of the Sell Down (including but not limited to the right to receive all dividends, other distributions or any return of capital declared, made or paid in respect of the Sell Down Shares on or after the completion date of the Sell Down). The terms and conditions of each the Sell Down Agreements are identical save for the parties to the agreements and the number of Sell Down Shares involved. The New Investors will be the beneficial owners of the Sell Down Shares and are not holding the Sell Down Shares as nominee of any other person.

Consideration for the Sell Down Shares

The aggregate consideration payable by the New Investors to Ms. Kwok in respect of the Sell Down Shares shall be HK\$122,889,300, equivalent to HK\$0.11931 per Sell Down Share, which will be settled in cash in full at completion of the Sell Down Agreements.

The consideration was determined after arm’s length negotiations between the parties taking into account the following factors: (i) the historical operating and financial performance of the Group; (ii) the historical and recent trading prices of the Company; and (iii) the purchase price per Sale Share and the Offer Price.

Conditions precedent to the Sell Down Agreements

The completion of the Sell Down is conditional upon the following conditions being fulfilled (or, where applicable, waived):

- (a) all necessary approvals by the Independent Shareholders in general meeting in respect of the transactions contemplated under the Sell Down Agreements, the SPA, the Disposal Agreement and the Acquisition Agreement in a manner as required by the Stock Exchange or under the Listing Rules, the Takeovers Code, the articles of association of the Company and the applicable legislation have been obtained;

- (b) all conditions precedent to the respective completion of the SPA, the other Sell Down Agreement, the Disposal Agreement and the Acquisition Agreement having been fulfilled and/or waived in accordance with the relevant agreements (save for the condition requiring the respective Sell Down Agreement to become unconditional);
- (c) the New Investors having executed his/her respective New Investor Irrevocable Undertaking;
- (d) there not having occurred any material adverse effect (or change);
- (e) all necessary approvals and consents by government, regulatory authorities (including but not limited to the Stock Exchange and the SFC), banks, contractual counterparties and/or any other parties in respect of the Sell Down Agreements and the transactions contemplated hereunder having been obtained; and
- (f) the warranties under the Sell Down Agreements remaining true and accurate in all respects and not misleading in any respect.

Completion

The completion of the Sell Down shall be inter-conditional on and take place contemporaneously with the SPA Completion and the transactions contemplated under the Acquisition Agreement and the Disposal Agreement. The completion of the Sell Down shall take place on the third Business Day after the date on which the conditions precedent of the Sell Down Agreements are fulfilled (or waived, where applicable) or such other date as may be agreed between the parties in writing.

Information on the New Investors

Immediately before the completion of the Sell Down, each of the New Investors is Independent Third Party of the Company and not being an existing Shareholder.

B. POSSIBLE UNCONDITIONAL MANDATORY CASH GENERAL OFFER TO ACQUIRE THE OFFER SHARES

As at the date of this joint announcement, the Offeror and parties acting in concert with it own 900,000,000 Shares, representing approximately 9.91% of the total issued share capital of the Company. Immediately following the SPA Completion and the issuance of the Consideration Shares (assuming no other changes to the issued share capital of the Company since the date of this joint announcement), the Offeror and parties acting in concert with it will own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares. Pursuant to Rule 26.1 of the Takeovers Code, immediately upon the SPA Completion, the Offeror is required to make a mandatory unconditional cash offer for 3,573,460,000 Shares, representing all the issued Shares which are not already beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it.

As at the date of this joint announcement, the Company has 9,083,460,000 Shares in issue and the Company does not have any other outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company.

Principal terms of the Offer

Somerley Capital Limited, on behalf of the Offeror, will make the Offer to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.11931 in cash

The Offer Price of HK\$0.11931 per Offer Share is approximately equal to but not lower than the purchase price per Sale Share as stipulated in the SPA.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

The Offer will be unconditional in all respects when made, and will not be conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

Comparison of value

The Offer Price of HK\$0.11931 per Offer Share represents:

- (i) a discount of approximately 33.3% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 23.0% to the average of closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of HK\$0.155 per Share;
- (iii) a discount of approximately 18.8% to the average of closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of HK\$0.147 per Share;
- (iv) a discount of approximately 12.9% to the average of closing prices of the Shares as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day of HK\$0.137 per Share; and
- (v) a premium of approximately 70.4% over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.07 per Share (based on the number of issued Shares as at the date of this joint announcement) as at 31 December 2017, the date to which the latest audited consolidated financial results of the Group were made up.

Highest and lowest Share price

During the six-month period preceding the Last Trading Day:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.178 per Share on 31 January 2018; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.110 per Share on 11 July 2018.

The Irrevocable Undertaking and New Investor Irrevocable Undertaking(s)

As at the date of this joint announcement, Ms. Kwok, being one of the Sellers, is the legal and beneficial owner of 3,122,430,000 Shares, and pursuant to the SPA, Ms. Kwok agreed to sell 1,407,530,000 Shares to the Offeror. Pursuant to the Irrevocable Undertaking, Ms. Kwok has unconditionally and irrevocably undertaken to the Offeror that she shall reduce her shareholding by selling or a placing of the Sell Down Shares to New Investors at a price per Share not higher than the Offer Price upon the SPA Completion, such that the Company will maintain sufficient public float as required under the Listing Rules immediately after the SPA Completion. On 30 July 2018 (after trading hours), Ms. Kwok has entered into the Sell Down Agreements with the New Investors, pursuant to which, Ms. Kwok has conditionally agreed to sell and the New Investors have conditionally agreed to purchase the Sell Down Shares. The completion of the Sell Down shall take place contemporaneously with the completion of the SPA and the transactions contemplated under the Acquisition Agreement and the Disposal Agreement. Accordingly, upon the SPA Completion and the completion of the Sell Down, Mr. Li and Ever Prosper will no longer hold any beneficial interest in the Shares, and Ms. Kwok will be interested in the Remaining Shares, representing approximately 7.54% of the issued share capital of the Company as at the date of this joint announcement or approximately 6.04% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares.

Pursuant to the Irrevocable Undertaking, Ms. Kwok has also irrevocably undertaken to the Offeror and the Company that (i) she will not accept the Offer in respect of the Remaining Shares; (ii) she will not take other action to make the Remaining Shares available for acceptance of the Offer; and (iii) until close of the Offer, she will continue to hold the Remaining Shares, and will not sell, transfer, dispose of any Remaining Shares to the Offeror or any other third party or create encumbrance on the Remaining Shares, other than the transactions contemplated under the SPA and the Sell Down.

On 30 July 2018 (after trading hours), each of the New Investors (being the Independent Third Parties and not being an existing Shareholder) has entered into the New Investor Irrevocable Undertakings, pursuant to which each New Investor has irrevocably undertaken to the Offeror that (i) it will not accept the Offer in respect of any of the Sell Down Shares; (ii) it will continue to hold the Sell Down Shares, and will not take other action to make the Sell Down Shares available for acceptance of the Offer; and (iii) until close of the Offer, it will not sell, transfer, dispose of the Sell Down Shares to the Offeror or any other third party or create encumbrance on the Sell Down Shares.

As at the date of this joint announcement, apart from the Irrevocable Undertaking and the New Investor Irrevocable Undertaking(s), neither the Offeror nor any person acting in concert with it has received any indication or irrevocable commitment from any Shareholder to accept or reject the Offer.

Value of the Offer

As at the date of this joint announcement, the Company has 9,083,460,000 Shares in issue (of which the Offeror and parties acting in concert with it are interested in 900,000,000 Shares). The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company. SPA Completion will take place contemporaneously with, among other things, the completion of the Acquisition upon which 2,263,012,321 Consideration Shares will be issued. Assuming there is no change in the issued share capital of the Company prior to the close of the Offer other than the issuance of the Consideration Shares, there will be 11,346,472,321 Shares in issue (of which the Offeror and parties acting in concert with it will be interested in 7,773,012,321 Shares) upon the SPA Completion together with the issuance of the Consideration Shares. Pursuant to the Irrevocable Undertaking and the New Investor Irrevocable Undertakings, the Remaining Shares and the Sell Down Shares (being 1,714,900,000 Shares in aggregate to be held by Ms. Kwok and the New Investors) will not be tendered for acceptance of the Offer. Accordingly, 1,858,560,000 Shares will be subject to the Offer.

Based on the Offer Price of HK\$0.11931 per Offer Share and on the basis of full acceptance of the Offer (excluding the Remaining Shares held by Ms. Kwok and the Sell Down Shares held by the New Investors which will not be tendered for acceptance of the Offer), the total consideration for the Offer will be approximately HK\$221.7 million.

Financial resources available to the Offeror

The Offeror intends to finance the aggregate consideration payable under the SPA and the Offer through (i) its internal resources; and (ii) the Bank Facility. Somerley Capital Limited, as financial adviser to the Offeror is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer (excluding (a) the Remaining Shares held by Ms. Kwok which are subject to the Irrevocable Undertaking; and (b) the Sell Down Shares to be held by the New Investors which are subject to the New Investor Irrevocable Undertakings, which will not be tendered for acceptance of the Offer).

Effects of accepting the Offer

By validly accepting the Offer, the Shareholders will sell their tendered Shares to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the Shareholders or if higher, the market value of the Offer Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Somerley Capital Limited, China Galaxy International Securities (Hong Kong) Co., Ltd., the Independent Financial Adviser and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

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 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.

Other arrangements

Save for the 900,000,000 Shares held by Jovial Elite Limited, 80% of whose interests are indirectly held by Hony Managing Partners as at the date of this joint announcement, the SPA and the Acquisition Agreement, the Offeror, its ultimate beneficial owners and parties acting in concert with any of them have not dealt in nor do they have any shareholding interest in or control any Shares, convertible securities, warrants or options in the Company during the six months immediately prior to the date of the SPA and up to the date of this joint announcement.

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

- (i) save for Jovial Elite Limited's interest in 900,000,000 Shares and the Consideration Shares, and the Offeror's interest in the Sale Shares under the SPA, none of the Offeror nor parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives, of the Company;
- (ii) the Offeror and/or parties acting in concert with it have not 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 and/or any person acting in concert with it;

- (iv) save for the SPA, the Acquisition Agreement, the Irrevocable Undertaking and the New Investor Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (v) there is no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer and the Special Deal; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any party acting in concert with it has borrowed or lent.

The Offer will only be made if the SPA Completion takes place and the SPA Completion is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the SPA. Accordingly, the Offer may or may not be made. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

C. OFFEROR'S INTENTION ON THE COMPANY

Business

After the close of the Offer, the Offeror intends to continue the CRM business, which is the existing principal business of the Group, and to develop the asset management and securities businesses currently engaged by Goldstream Capital and Goldstream Securities. The Offeror will conduct a review of the business operations and financial position of the Group with a view to formulating a long term strategy and business plan and will explore other business opportunities for the Group. Save as the proposed changes to the Board as mentioned below, the Offeror has no intention to make material changes to the existing operating and management structure of the Group or to terminate the employment of any employee of the Group.

Based on the current plan, the Offeror intends to continue the development of the existing CRM business of the Remaining Group in three ways, namely (i) improvement of infrastructure for existing CRM business; (ii) development of business with existing customers; and (iii) possible development of CRM business with new customers

introduced by the Offeror. In particular, the Offeror plans to facilitate the Group in securing new customers for the CRM business in different industries, which may include (i) food and beverage; (ii) healthcare; (iii) media; (iv) tourism; (v) insurance; and (vi) retail. However, the detailed business plan will only be formulated after the review of the business operations and financial position of the Group and any actual developments will be subject to negotiations between the relevant parties.

Proposed change to Board composition

The Board is currently made up of seven Directors, comprising four executive Directors and three independent non-executive Directors. It is expected that all executive Directors (except for Ms. Li Yin) will resign from the Board with effect from the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code, i.e. the day immediately after the first closing date of the Offer. Ms. Li is currently responsible for the Group's overall management, corporate planning and business development, especially the CRM business. Ms. Li has joined the Group since 2000 and has accumulated over 18 years of experience in the CRM industry. After close of the Offer, Ms. Li will continue to act as the general manager and manage the day-to-day operation of the CRM business.

It is intended that the Offeror will nominate four new executive Directors to the Board with effect from a date no earlier than the date of the Composite Document or at a date as permitted under the Takeovers Code.

As at the date of this joint announcement, the Offeror is still in the process of identifying potential new executive Directors to be nominated to the Board. Any change to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

Maintaining the listing status of the Company

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

In the event that after the completion of the Offer, the public float of the Company falls below 25%, the Offeror and the Company undertake to the Stock Exchange that they will 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 has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

D. AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY AND DISTRIBUTION IN SPECIE OF THE GLOBAL LINK SHARES

Amendments to the Articles of Association of the Company

The Board considered a special resolution at the EGM for the amendments to the articles of association of the Company in respect of the payment of interim and special dividends out of Share Premium Account (in addition to out of profit) in order to give greater flexibility to the Board to pay interim and special dividends.

Special dividend and the Distribution in Specie

The Board considered a special dividend out of Share Premium Account by way of the distribution in specie of the Relevant Shares, being 873,683,120 Global Link Shares currently held by the Company (directly and indirectly through its direct wholly-owned subsidiary namely Honor Crest Holdings Limited), to the Shareholders whose names appear on the register of members of the Company on the Record Date, on a pro-rata basis in proportion to their respective shareholding interests in the Company as follows:

For every 10,000 Shares held 961 Global Link Shares

The above basis of Distribution in Specie is determined after taking into account the number of existing issued Shares, the number of the Relevant Shares held by the Company, and that the Qualifying Shareholder needs to hold at least 10,000 Shares in order that he/she/it can have at least 961 Relevant Shares distributed to him/her/it, and with entitlements to the Relevant Shares being rounded down to the nearest whole number. A Qualifying Shareholder holding less than an integral multiple of 10,000 Shares will be entitled to a pro-rata number of Global Link Shares, being rounded down to the nearest whole number of Global Link Shares.

As at 31 December 2017, based on the audited consolidated financial statements of the Company, the amount standing to the credit of the Share Premium Account was approximately HK\$1,481,785,000. Based on the closing price of HK\$0.109 per Global Link Share as traded on the Stock Exchange as at the date of this joint announcement, the Board will use an amount of approximately HK\$95,231,460 standing to the credit of the Share Premium Account for the payment of the special dividend (assuming the number of issued Shares remains unchanged from the date of this joint announcement to the date of settlement of the Distribution in Specie). The actual amount standing to the credit of the Share Premium Account to be used for the payment of the special dividend will depend on the closing price of the Global Link Shares as at the date of settlement of the Distribution in Specie.

As at the date of this joint announcement, the Company, directly and indirectly owned an aggregate of 873,683,120 Global Link Shares, representing approximately 41.83% of the issued share capital of Global Link. The Relevant Shares represent approximately 41.83% of the total number of issued Global Link Shares as at the date of this joint announcement. The Relevant Shares to be distributed under the Distribution in Specie will rank *pari passu* in all respects with each other and with the remaining Global Link Shares then in issue, save for any dividends or distributions declared, paid or made by Global Link prior to the Record Date. No fraction of a Global Link Share will be distributed. Fractional entitlements to the Relevant Shares pursuant to the Distribution in Specie will not be transferred under the Distribution in Specie but will be retained by the Company immediately after the Distribution in Specie for sale in the market. The net proceeds derived therefrom will be retained for the benefit of the Company.

Qualifying Shareholders and Non-Qualifying Shareholders

For the purpose of the Distribution in Specie, the Qualifying Shareholders, whose names appear on the register of members of the Company on the Record Date, are entitled to participate in the Distribution in Specie.

No documents relating to the Distribution in Specie will be registered or filed under the securities legislation of any jurisdiction. Based on the register of members of the Company as at 27 July 2018, there was one Shareholder with registered address outside Hong Kong in the PRC. The Board has made enquiries as to the applicable securities legislation and the requirements of any relevant regulatory body or stock exchange for the Distribution in Specie applicable to the PRC. The Company has been advised that the Distribution in Specie to that Qualifying Shareholder will not give rise to the requirement for a prospectus or other requirements under local securities laws which may be unduly onerous or burdensome. The Distribution in Specie will therefore be made to that Qualifying Shareholder in the PRC.

In the event that after the Record Date but before the Distribution in Specie, there are changes to the applicable securities legislation of the relevant overseas jurisdiction or the requirements of any relevant regulatory body or stock exchange applicable to the Distribution in Specie to the Overseas Shareholders and, based on the advice provided by foreign legal counsel, the Directors are of the view that it would be unduly onerous or burdensome to make the Distribution in Specie to such Overseas Shareholders, then the Board may, at its sole discretion, determine not to extend the Distribution in Specie to such Overseas Shareholders, such Overseas Shareholders will become Non-Qualifying Shareholders. Accordingly, such Non-Qualifying Shareholders (if any) will not receive Global Link Shares pursuant to the Distribution in Specie. In view of the foregoing, arrangements will then be made for the Global Link Shares which would otherwise have been transferred to such Non-Qualifying Shareholders to be sold in the market as soon as possible after the Distribution in Specie, and any net proceeds of sale, after deduction of expenses and duties, will be distributed in Hong Kong dollars to the relevant Non-Qualifying Shareholders at their own risk, except that any net proceeds amount of less than HK\$100 will be retained for the benefit of the Company.

Odd lots matching service for the Relevant Shares

The Company will appoint an agent to provide matching service for sale and purchase of odd lots of the Relevant Shares, on a best effort basis, to those entitled to the Distribution in Specie who wish to acquire odd lots of the Relevant Shares to make up a full board lot, or to dispose of their odd lots of the Relevant Shares.

Conditions precedent

It is intended that the payment of the special dividend out of the Share Premium Account by the Distribution in Specie will be conditional upon, inter alia, the following being fulfilled:

- (a) the passing of a special resolution by the Independent Shareholders to approve the Amendment of the Articles in relation to the payment of interim or special dividend out of the Share Premium Account (in addition to out of profit);
- (b) the passing of an ordinary resolution by the Independent Shareholders to approve the payment of the special dividend out of the Share Premium Account by way of the Distribution in Specie;

- (c) the granting of the waiver from the Executive to Mr. Li and his associates to dispense with the requirement to make a mandatory general offer on all the shares of Global Link not already beneficially owned or agreed to be acquired by Mr. Li, his associates and parties acting in concert with it pursuant to Note 6 to Rule 26.1 of the Takeovers Code in relation to the Distribution in Specie; and
- (d) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, or immediately after the special dividend is paid will be, unable to pay its debts as they fall due in the ordinary course of business.

Global Link Group

Global Link is an investment holding company incorporated in the Cayman Islands, the shares of which are listed on the GEM of the Stock Exchange. Through its subsidiaries, Global Link is principally engaged in provision of passenger information management systems, and development of various community mobile internet applications and related services through the licensed utilization of the CA-SIM patented technology.

Reasons for and benefits of the payment of the special dividend out of the Share Premium Account by way of the Distribution in Specie

The following matters had been taken into account by the Board when considering the Distribution in Specie:

1. the Distribution in Specie is one of the conditions precedent to SPA. It is the intention of the Offeror that the Group will only comprise core assets relating to the CRM business and the newly injected asset management and securities businesses upon the SPA Completion. Therefore, the Distribution in Specie will facilitate the SPA Completion and accordingly, the Offer;
2. the Distribution in Specie will provide the Qualifying Shareholders with an opportunity to directly participate in the investment of and enjoy returns from Global Link. The Distribution in Specie will also provide the Qualifying Shareholders the flexibility to determine the level of their participation in investment in Global Link at their own discretion;
3. as Global Link is listed on the GEM of the Stock Exchange, the Distribution in Specie will allow the Qualifying Shareholders to have an efficient mean to dispose of the Global Link Shares to be received under the Distribution in Specie on the market;

4. the expected synergy of acquiring control in Global Link so that the Company can leverage its knowledge on CA-SIM technology to further improve and develop the “Smart City” business of Global Link was not as significant as initially expected and did not contribute much to the business and financial performance of Global Link. In addition, as one of the conditions precedent to SPA, the Company will dispose of the Sunward Group to Mr. Li and the Company will no longer own the CA-SIM related intellectual properties after completion of the aforementioned disposal. Therefore, the expected synergy between the Company and Global Link will no longer in place after completion of the disposal of the Sunward Group; and
5. since Global Link has become a subsidiary of the Company in April 2016, it continued to record net loss. According to the annual report of Global Link for the year ended 31 March 2018, it recorded total comprehensive loss attributable to equity shareholders of Global Link of approximately HK\$21.9 million and HK\$4.8 million for the years ended 31 March 2017 and 31 March 2018, respectively. As the Company will not have any interest in Global Link after the Distribution in Specie, the financial results of the Company will no longer be affected by Global Link as a result of the Distribution in Specie.

In light of the above, the Board considered that the Distribution in Specie was in the interests of both the Company and the Shareholders. The Distribution in Specie will be decided by the Board in a subsequent Board meeting and relevant announcement will be made in accordance with the Listing Rules. Mr. Li and Ms. Li Yin, who are considered to have material interest in the Distribution in Specie, together with the independent non-executive Directors, will abstain from voting at the Board meeting to be held deciding the Distribution in Specie.

Effects of payment of special dividend out of the Share Premium Account by way of the Distribution in Specie

The implementation of the payment of special dividend out of the Share Premium Account does not involve any reduction in the authorized or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares.

Following completion of the Distribution in Specie, the financial results of the Global Link Group will no longer be consolidated into the consolidated financial statements of the Company because the Company will no longer hold any Global Link Shares and Global Link will cease to be a subsidiary of the Company. The total equity of the Group will be reduced by the book carrying amount of consolidated net assets of the Global Link Group attributable to the Group. Based on the annual report of Global Link for the year ended 31 March 2018, its audited consolidated net asset value attributable to equity shareholders of Global Link as at 31 March 2018 amounted to approximately HK\$110.0 million. As at the date of this joint announcement, the Company was ultimately interested in an aggregate of 873,683,120 Global Link Shares, representing approximately 41.83% of the total issued share capital of Global Link. The actual profit and loss implications on the Group, if any, as a result of the Distribution in Specie upon completion may only be ascertained following the date of settlement of the Distribution in Specie. The Group will monitor the implications and relevant disclosures will be made in the next financial results announcement of the Company if necessary.

Waiver from compliance with Rule 26 of the Takeovers Code

As a result of the Distribution in Specie, the voting rights in Global Link of Mr. Li and his associates will increase from less than 30% to more than 30%. Accordingly, in the absence of a waiver, the Distribution in Specie would have triggered a mandatory general offer obligation pursuant to Rule 26.1 of the Takeovers Code, with Mr. Li and parties acting in concert with him being required to extend an offer in terms of Rule 26 to all shareholders of Global Link. In this regard, an application has been made by Mr. Li and his associates for a waiver from the Executive to dispense with the requirement to make a mandatory general offer pursuant to Note 6 to Rule 26.1 of the Takeovers Code in relation to the Distribution in Specie (the “**Rule 26.1 Waiver**”). As the Distribution in Specie is conditional to the granting of the Rule 26.1 Waiver from the Executive, the Distribution in Specie will not proceed if Mr. Li and his associates fail to obtain such Rule 26.1 Waiver.

E. SPECIAL DEAL AND CONNECTED TRANSACTIONS

The Disposal Agreement

Date: 30 July 2018 (after trading hours)

Parties: (i) the Company as the seller; and
(ii) Mr. Li as the buyer.

Subject

Pursuant to the Disposal Agreement, the Company conditionally agreed to sell and Mr. Li conditionally agreed to purchase the Disposal Shares, free from all encumbrances and together with all rights and benefits attached or accruing to them. The Disposal Shares represent 100% of the issued share capital of MZone Network Limited and Sunward Telecom Limited.

Consideration

The consideration for the sale and purchase of the Disposal Shares shall be HK\$135,000,000 (subject to adjustment as stated below), which should be settled in cash in full at completion of the Disposal Agreement.

In the event that the aggregated unaudited consolidated net asset value of the Sunward Group and the MZone Group as contained in their respective unaudited consolidated statement of financial position as at the Disposal Completion Date as adjusted by the elimination of any inter-company balances between the Sunward Group and the MZone Group (the “**Completion NAV**”) shall be higher than HK\$135,000,000, the consideration of the Disposal Agreement shall be adjusted to the balance of the Completion NAV.

The consideration for the sale and purchase of the Disposal Shares has been determined after arm’s length negotiations between the Company and Mr. Li with reference to the aggregated unaudited consolidated net assets value of the Sunward Group and the MZone Group as at 31 December 2017 as adjusted by the elimination of any inter-company balances between the Sunward Group and the MZone Group.

Conditions precedent

Completion of the Disposal Agreement is conditional upon the following conditions having been fulfilled:

- (a) all necessary approvals by the Independent Shareholders at the EGM;
- (b) the consent of the Executive in relation to the Disposal Agreement and the transactions contemplated thereunder having been obtained and not having been revoked;
- (c) there not having occurred any Disposal Material Adverse Effect;
- (d) the warranties given by the Company remaining true and accurate in all respects and not misleading in any respect;
- (e) no notice, order, judgment, action or proceeding of any Authority having been served, issued or made which restrains, prohibits or makes unlawful any transaction contemplated by the Disposal Agreement or which is reasonably likely to materially and adversely affect the right of Mr. Li to own the legal and beneficial title to the Disposal Shares, free from encumbrances; and
- (f) all conditions precedent to the respective completion of the SPA and the Acquisition Agreement having been fulfilled and/or waived in accordance with the relevant agreements (save for the condition requiring the Disposal Agreement to become unconditional).

If any of the above conditions is not satisfied or waived (except (a), (b) and (f) which are not waivable) on or before 29 January 2019 or such later date as may be agreed between the parties in writing, the Disposal Agreement shall thereupon terminate. As of the date of this joint announcement, none of conditions (c) to (e) has been waived, and such conditions are expected to be fulfilled upon completion of the Disposal Agreement.

Completion

Completion of the transactions contemplated under the Disposal Agreement shall take place on the third Business Day from and excluding the day on which the last date of the conditions as set out in the section above have been fulfilled or waived (as the case may be) in accordance with the terms of the Disposal Agreement, or such other date as the parties may agree in writing. In any event, completion of the Disposal Agreement shall be inter-conditional on and take place contemporaneously with the completion of the transactions contemplated under the SPA and the Acquisition Agreement.

Information on the Disposal Groups

The Disposal Groups comprise the Sunward Group and the MZone Group.

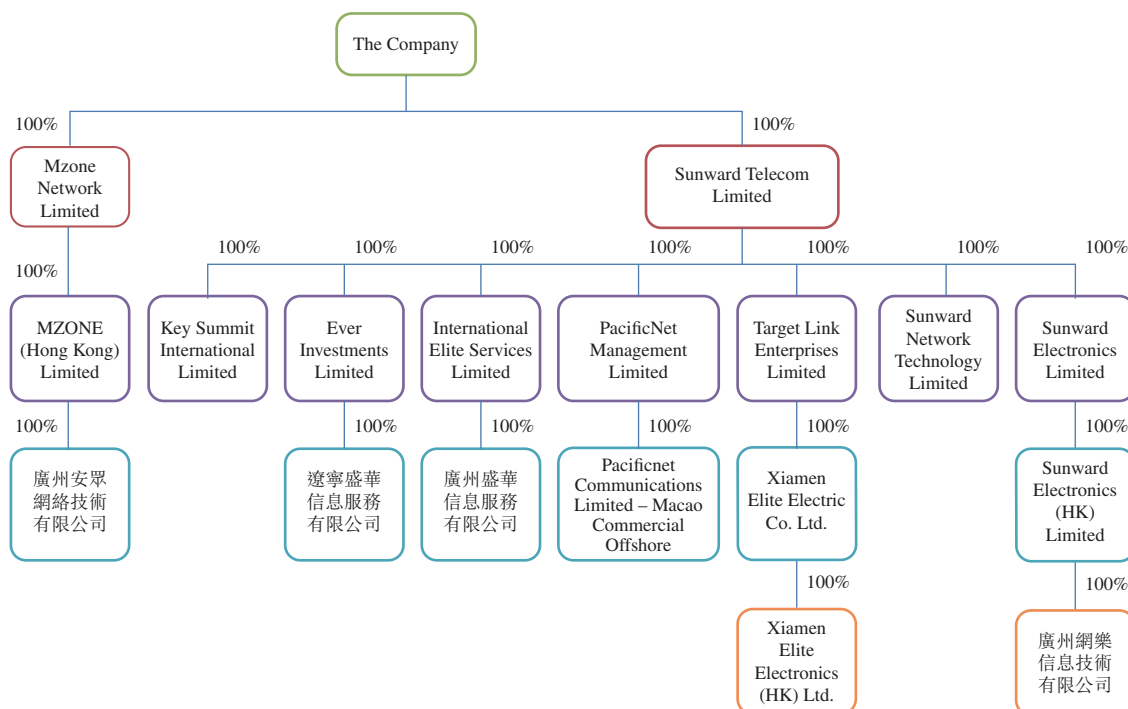
Sunward Group

Sunward Telecom Limited is a limited liability company incorporated in the British Virgin Islands on 22 December 2005 and its entire share capital was acquired by the Company in September 2010. It is directly wholly owned by the Company and is an investment holding company. Sunward Telecom Limited, through its subsidiaries, is principally engaged in RF-SIM business. RF-SIM is a technology of proprietary intellectual property right that embeds a special-made radio frequency module into a mobile SIM card that complies with GSM specifications. The RF-SIM card is a combination of ordinary mobile phone subscriber identity module card and contactless smartcard. RF-SIM business includes (i) research and development, production and sales of RF-SIM products; (ii) licensing of the RF-SIM operation rights in markets other than Hong Kong and Macau; and (iii) research and development and technology transfer of CA-SIM application rights to customers.

MZone Group

MZone Network Limited is a limited liability company incorporated in the British Virgin Islands by the Company on 14 June 2012 and is directly wholly owned by the Company. MZone Network Limited, as well as its subsidiaries, are principally engaged in investment holding with no material business operation.

The following illustrates the shareholding structure of the Disposal Groups as at the date of this joint announcement:



Set out below is the financial summary of the Sunward Group and the MZone Group extracted from their respective unaudited management accounts for the two financial years ended 31 December 2016 and 2017:

	For the year ended	
	31 December	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sunward Group		
Revenue	12,348	6,103
Loss before taxation	(24,830)	(20,073)
Loss after taxation	(22,155)	(19,479)
MZone Group		
Revenue	–	–
Loss before taxation	(369)	(31)
Loss after taxation	(369)	(31)

Set out below are the unaudited consolidated net asset value/liabilities of the Sunward Group and the MZone Group as at 31 December 2017:

	As at 31 December 2017 (Unaudited) <i>HK\$'000</i>
Consolidated net asset value of the Sunward Group	130,735
Deduct: Amount due from the MZone Group	(35,542)
Consolidated net liabilities of the MZone Group	(7,479)
Add: Amount due to the Sunward Group	35,542
Aggregated unaudited consolidated net asset value of the Sunward Group and the MZone Group as adjusted by the elimination of inter-company balances	123,256

It is expected that the disposal of the Disposal Groups will result in the estimated gain on disposal of approximately HK\$86.5 million with reference to the initial consideration of the Disposal, the estimated transaction costs in relation to the Disposal, the unaudited net asset value of the Disposal Groups as at 31 December 2017, relevant intangible assets and reserves related to the Disposal Groups recorded by the Group as at 31 December 2017. Shareholders should note that the exact amount of gain on the disposal of the Disposal Groups will be calculated based on the final consideration, the actual direct expenses incurred, the unaudited net asset value of the Disposal Groups as at the Disposal Completion Date, the relevant intangible assets and the amount of reserves to be released. Therefore, the actual gain on the disposal of the Disposal Groups may be different from the amount disclosed above. Upon completion of the Disposal, both the Sunward Group and the MZone Group will cease to be subsidiaries of the Company.

Pursuant to Rule 10 of the Takeovers Code, the unaudited revenue and net losses (before and after taxation) of the Sunward Group and the MZone Group, the aggregated unaudited consolidated net asset value of the Sunward Group and the MZone Group as adjusted by the elimination of inter-company balances and the estimated gain from the Disposal as set out above, which are required to be disclosed pursuant to Rule 14.58 and Rule 14.60 of the Listing Rules (“**Required Financial Information**”) constitute a profit forecast and must be reported on by the Company’s financial adviser and its auditor or accountants in accordance with the Takeovers Code and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code.

As additional time is required for the Independent Financial Adviser and the Company's auditor to report on the Required Financial Information in compliance with the requirements of Rule 10 of the Takeovers Code, the Required Financial Information disclosed in this joint announcement does not meet the standard and has not been prepared as required by Rule 10 of the Takeovers Code. According to practice note 2 to the Takeovers Code on issues relating to profit forecasts under Rule 10 of the Takeovers Code dated 31 March 2015, as the only reason for the disclosure of these unaudited figures is the requirement of the Listing Rules, the Executive is prepared to permit publication of the Required Financial Information in this joint announcement without full compliance with Rule 10 of the Takeovers Code. Shareholders and potential investors should, however, exercise caution in placing reliance on the Required Financial Information in assessing the merits and demerits of the Disposal. The Required Financial Information will be reported on as soon as possible and the relevant reports will be contained in the next document to be sent to the Shareholders (i.e. the Circular) and in compliance with the requirements of Rule 10 of the Takeovers Code.

Information on Mr. Li

As at the date of this joint announcement, Mr. Li is the chairman, executive Director and chief executive officer of the Company. Mr. Li, together with Ms. Kwok and Ever Prosper, are beneficially interested in an aggregate of 6,324,900,000 Shares, representing approximately 69.63% of the issued share capital of the Company as at the date of this joint announcement. Therefore, Mr. Li is also a controlling Shareholder.

Reasons for and benefits of the Disposal

Similar to the Distribution in Specie, the Disposal is one of the conditions precedent to SPA. It is the intention of the Offeror that the Group will only comprise core assets relating to the CRM business and the newly injected asset management and securities businesses upon the SPA Completion. Therefore, the Disposal will facilitate the SPA Completion and accordingly, the Offer.

As discussed in the paragraph headed "Information on the Disposal Groups" above, the Sunward Group recorded net loss for the two years ended 31 December 2016 and 2017. According to the Company's annual report for the year ended 31 December 2016, sales of RF-SIM products continued to decline, while CA-SIM products yet to achieve volume sales. The situation was caused by several factors. Firstly, there was a trend that mobile operators were steering to other competing technologies (e.g. WeChat Pay, AliPay, etc.) from RF-SIM under the influence of banks and the payment industry, this resulted in the decline of sales of RF-SIM products. For instance, one of the mobile operators had stopped purchasing RF-SIM products from the Group's customer, a SIM

card vendor in 2016. Secondly, CA-SIM deployment to the mass market with applications including eID was not realized yet to contribute significant revenue to the Group. As a result, the Group encountered significant decline in revenue and suffered from net loss for its RF-SIM business. The RF-SIM business of the Group had not been improved in 2017. According to the Company's annual report for the year ended 31 December 2017, sales volume increment of RF-SIM products was far below expectation due to (i) the limitation in deployment of RF-SIM products by the choice of mobile network operators; (ii) strong competition from alternative or newer technologies and solutions; and (iii) wide adoption of Quick Response code technology by the payment industry over the past few years. Although the Group attempted to promote RF-SIM products to non-payment markets including application like e-ID certification during the year ended 31 December 2017, the new initiative was yet to achieve adoption by mass and was yet to bring substantial improvement to the sales of the RF-SIM products. After the Disposal, the Company will not have any interest in Sunward Group and therefore the financial results of the Company will no longer be affected by the Sunward Group.

The MZone Group is principally engaged in investment holding. It did not have any material contribution to the business and financial performance of the Group since its establishment. Therefore, the Directors are of the view that the disposal of the MZone Group will not have any material impact on the operation of the Group, but rather, will benefit the Group to streamline its operation and structure.

The consideration of the Disposal is determined with reference to the aggregated unaudited consolidated net asset value of the Sunward Group and the MZone Group as at 31 December 2017 as adjusted by the elimination of any inter-company balances between the Sunward Group and the MZone Group. As discussed in the paragraph headed "Information on the Disposal Groups" above, it is expected that the Disposal will result in the estimated gain on the disposal of approximately HK\$86.5 million based on the consideration of the Disposal, the estimated transaction costs in relation to the Disposal, the unaudited net asset value of the Disposal Groups as at 31 December 2017, relevant intangible assets and reserves related to the Disposal Groups.

Based on the above, the Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms and conditions of the Disposal Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Mr. Li and Ms. Li Yin, who are considered to have material interest in the Disposal, together with the independent non-executive Directors, have abstained from voting at the Board meeting regarding the Disposal.

Use of proceeds from the Disposal

The net proceeds (after deducting the estimated expenses for the Disposal) to be generated from the Disposal are estimated to be approximately HK\$133.0 million. The Company intends to use the net proceeds from the Disposal for general working capital and funding future business development opportunities of the Group.

The Acquisition Agreement

Date: 30 July 2018 (after trading hours)

Parties: (i) HCG, as one of the Goldstream Sellers;

(ii) Expand Ocean Limited as one of the Goldstream Sellers; and

(iii) the Company as buyer.

As of the date of this joint announcement, each of Goldstream Capital and Goldstream Securities is directly wholly-owned by HCG and Expand Ocean Limited, respectively. Expand Ocean Limited is in turn directly wholly-owned by HCG. For further information, please refer to the sub-section below headed “Information on the parties to the Acquisition Agreement”.

Subject of the Acquisition Agreement

Pursuant to the Acquisition Agreement, the Goldstream Sellers conditionally agreed to sell, and the Company conditionally agreed to purchase, the Capital Sale Shares and the Securities Sale Shares (representing 100% of the issued share capital of Goldstream Capital and Goldstream Securities, respectively).

Upon completion of the Acquisition, Goldstream Capital and Goldstream Securities will become wholly-owned subsidiaries of the Company.

Consideration for the Capital Sale Shares and the Securities Sale Shares

The aggregate consideration for the Capital Sale Shares and the Securities Sale Shares under the Acquisition Agreement is HK\$270 million, which shall be settled by the allotment and issuance of the Consideration Shares (being 2,263,012,321 Shares) by the Company at the issue price of HK\$0.11931 per Consideration Share to the Offeror upon completion of the Acquisition.

The aggregate consideration of HK\$270 million was determined based on arm's length negotiations between the parties, with reference to (i) financial information and capital contribution of Goldstream Capital and Goldstream Securities, including audited net assets attributable to equity holders of Goldstream Capital as at 31 December 2017 of approximately HK\$52.4 million, audited net assets attributable to equity holders of Goldstream Securities as at 31 December 2017 of approximately HK\$7.8 million, and aggregated share capital of Goldstream Capital and Goldstream Securities as at 31 December 2017 of approximately HK\$41.4 million; (ii) development plan and future prospects of the asset management business and securities business carried out by Goldstream Capital and Goldstream Securities respectively; and (iii) AUM of the asset management business of approximately US\$233 million as at 31 May 2018. In order for the Independent Shareholders to make a properly informed decision, the Board will engage an independent valuer to perform an independent valuation on Goldstream Capital, details of which will be contained in the Circular.

The Consideration Shares represent (i) approximately 24.91% of the existing issued share capital of the Company as at the date of this joint announcement, and (ii) approximately 19.94% of the Company's issued share capital as enlarged by the issue of the Consideration Shares. The Consideration Shares will be allotted and issued under a specific mandate to be obtained by the Company at the EGM. The Consideration Shares, when issued, will rank *pari passu* in all respects with the then existing Shares in issue.

The issue price of HK\$0.11931 per Consideration Share was equal to the Offer Price. Comparison of the Offer Price to closing market prices of the Shares are set out in the section headed "B. Possible unconditional mandatory cash general offer to acquire the Offer Shares" of this joint announcement.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.

Conditions precedent

Completion of the Acquisition is conditional upon the following conditions having been fulfilled:

- (a) the passing by the Independent Shareholders at the EGM all resolutions required under the relevant applicable laws and regulations to effect, amongst others, the Acquisition Agreement, the transactions contemplated under the Management Agreements and the Management Service Annual Caps;
- (b) the existing licences and approvals for the carry-on of their respective business by Goldstream Capital and Goldstream Securities remain valid and subsisting and not having been revoked or terminated by the relevant governmental entity(ies);
- (c) listing approval for the trading of the Consideration Shares has been granted by the Listing Committee of the Stock Exchange and such approval has not been revoked by the Stock Exchange;
- (d) the obtaining of the approval by the licensing division of SFC for the Company (or its nominee) to become a substantial shareholder of each of Goldstream Capital and Goldstream Securities;
- (e) all conditions precedent to the respective completion of the Sell Down and the transactions contemplated under the Disposal Agreement and the SPA having been fulfilled or waived (as the case may be) (save for the condition requiring the Acquisition Agreement to become unconditional); and
- (f) there not having occurred any Acquisition Material Adverse Effect.

Conditions (a), (c) and (d) above may not be waived in any event by any of the parties to the Acquisition Agreement. Condition (e) above may only be waived by HCG in writing. Conditions (b) and (f) may only be waived by the Company in writing. As of the date of this joint announcement, none of conditions (b), (e) or (f) has been waived, and such conditions are expected to be fulfilled upon completion of the Acquisition. The Acquisition Agreement shall be terminated, (i) upon material breach of any provisions by the other party of the Acquisition Agreement; (ii) upon mutual agreement by the parties to the Acquisition Agreement; or (iii) if the conditions above are not fulfilled on or before the Acquisition Long Stop Date.

Completion of the Acquisition Agreement

Completion of the transactions contemplated under the Acquisition Agreement shall take place on the third Business Day from and excluding the day on which the last date of the conditions as set out in the section above have been fulfilled or waived (as the case may be) in accordance with the terms of the Acquisition Agreement, or such other date as the parties may agree in writing. In any event, completion of the Acquisition Agreement shall be inter-conditional on and take place contemporaneously with the completion of the Sell Down and the transactions contemplated under the SPA and the Disposal Agreement.

Information on the Acquisition Group

Goldstream Capital is incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO. It is principally engaged in provision of advisory services on securities and the asset management business. As at 31 May 2018, AUM of Goldstream Capital has amounted to approximately US\$233 million.

Set out below is the financial summary of Goldstream Capital extracted from its audited financial statements for the two financial years ended 31 December 2016 and 2017 prepared in accordance with HKFRSs:

	For the financial year ended 31 December	
	2017	2016
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	7,449	(6,755)
Profit/(loss) after taxation	7,449	(6,755)

The audited total assets and net assets attributable to equity holders of Goldstream Capital as at 31 December 2017 were approximately HK\$63.8 million and approximately HK\$52.4 million respectively. Goldstream Capital was acquired by HCG in 2014 at a consideration of HK\$2,650,000.

Goldstream Securities is incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage, subject to certain conditions, in Type 1 (dealing in securities) regulated activity as defined under the SFO. It is principally engaged in securities trading.

Set out below is the financial summary of Goldstream Securities extracted from its audited financial statements for the financial year ended 31 December 2017 and the period from 3 July 2015 (date of incorporation) to 31 December 2016 prepared in accordance with HKFRSs:

	For the financial year ended 31 December 2017	For the period from 3 July 2015 (date of incorporation) to 31 December 2016
	(audited)	(audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	(78)	(129)
Loss after taxation	(78)	(129)

The audited total assets and net assets attributable to equity holders of Goldstream Securities as at 31 December 2017 were approximately HK\$7.8 million and approximately HK\$7.8 million respectively. Goldstream Securities was established by HCG on 3 July 2015 with capital contribution of HK\$1.

Information on the parties to the Acquisition Agreement

Expand Ocean Limited is a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in investments. Expand Ocean Limited is a wholly-owned subsidiary of HCG.

HCG is an exempted limited partnership established under the laws of the Cayman Islands, and is principally engaged in investments across a broad range of sectors including healthcare, consumer products, media and entertainment, financial services and high-end manufacturing. HCG is managed by Hony Group Management Limited (as general partner), 80% equity interest of which is held by Hony Managing Partners. Hony Managing Partners indirectly holds 80% of interests in Jovial Elite Limited, a Shareholder holding approximately 9.91% of the issued share capital of the Company as at the date of this joint announcement.

Reasons for and benefits of the Acquisition

The Board has been from time to time exploring and identifying new business opportunities with an aim to broaden the Group's income stream and enhance the Shareholders' value. The Acquisition Group has licences to carry out Type 1 (dealing in securities) (subject to certain conditions), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. As at 31 May 2018, AUM of Goldstream Capital amounted to approximately US\$233 million. The Group, through the Acquisition, will have instant access to a readily available financial business platform which enables the Group to tap into the financial services sector.

The Acquisition is conditional on, among other things, fulfillment and/or waiver of all conditions precedent to the SPA Completion (save for the condition requiring the Acquisition Agreement to become unconditional). Upon SPA Completion, the Offeror will become the controlling shareholder of the Company. The Offeror is managed by Hony Gold GP Limited. The entire equity interest in Hony Gold GP Limited is held by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners, which in turn is wholly-owned by Exponential Fortune. Hony Capital was founded in 2003 and sponsored by Legend Holdings, specialises in buyout investment. Partnering with the world's leading investors, it focuses on the development of China's real economy with "Value creation, Price Realisation" as its investment philosophy. Hony Capital currently has US\$10 billion assets under management, with investors from China and the world's leading investment institutions. Hony Capital puts China as its top market, with investments in over 100 companies in areas of pharmaceutical and healthcare, media and entertainment, consumer. The aggregate consideration for the Acquisition will be settled by the allotment and issuance of the Consideration Shares. Accordingly, there will be no immediate cash outlays for the Group as a result of the Acquisition.

Taken into account the above, the Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) are of the view that the terms and conditions of the Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Mr. Li and Ms. Li Yin, who are considered to have material interest in the Acquisition, together with the independent non-executive Directors, have abstained from voting at the Board meeting regarding the Acquisition.

Specific mandate and application for listing of the Consideration Shares

The Consideration Shares will be allotted and issued under a specific mandate to be obtained from the Shareholders at the EGM by an ordinary resolution. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares to be allotted and issued pursuant to the Acquisition Agreement.

The Facility Agreement

- Date:** 30 July 2018 (after trading hours)
- Lender:** Mr. Li
- Borrower:** the Company
- Facility:** an unsecured Hong Kong Dollars non-revolving term loan facility of a total principal amount of up to HK\$215,000,000 (the “**Facility**”).
- Availability Period:** the period from and including the SPA Completion Date to and including the date which is the second anniversary of the SPA Completion Date, or in the event of an extension under mutual agreement of Mr. Li and the Company, the third anniversary of the SPA Completion Date (the “**Availability Period**”)
- Repayment Date:** the last day of the Availability Period, if such day is not a Business Day, being the next succeeding Business Day
- Interest:** the facility will bear no interest
- Escrow Arrangement:** upon SPA Completion, Mr. Li shall deposit the Facility into an escrow account
- Drawdown:** the Company may utilise the Facility on any Business Day during the Availability Period by serving a notice to Mr. Li at least one Business Day prior to the proposed date of drawdown

Reasons for and benefits of the Facility Agreement

The terms of the Facility Agreement were arrived at after arm's length negotiations between Mr. Li and the Company. The Facility Agreement will provide the Company with up to HK\$215 million when the Company considers necessary, which would enhance the Company's financial position and fund the Company's operational needs with favourable terms as compared to external borrowings under current market norm.

The Directors consider that the transactions contemplated by the Facility Agreement are on normal commercial terms and the terms of the Facility Agreement are fair and reasonable and are in the interest of the Company and its Shareholders as a whole having considered the current market norm in relation to similar transactions. Mr. Li and Ms. Li Yin, who are considered to have material interest in the Facility Agreement have abstained from voting at the Board meeting regarding the Facility Agreement.

F. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately upon completion of the Acquisition (including issuance of the Consideration Shares) but before SPA Completion and the Sell Down (set out for illustration only as the Acquisition shall take place contemporaneously with, among other things, the completion of the Sell Down and the transactions contemplated under the SPA); and (iii) immediately upon the SPA Completion, the Sell Down and the issuance of the Consideration Shares (assuming no other changes to the issued share capital of the Company since the date of this joint announcement):

	(i) As at the date of this joint announcement		(ii) Immediately upon completion of the Acquisition (including issuance of the Consideration Shares) but before SPA Completion and completion of the Sell Down (For illustration only)		(iii) Immediately upon SPA Completion, issuance of the Consideration Shares and completion of the Sell Down	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares held</i>	<i>% of Shares in issue</i>	<i>Number of Shares held</i>	<i>% of Shares in issue</i>	<i>Number of Shares held</i>	<i>% of Shares in issue</i>
The Sellers						
– Mr. Li	1,150,470,000	12.67	1,150,470,000	10.14	–	–
– Ms. Kwok	3,122,430,000	34.37	3,122,430,000	27.52	684,900,000	6.04
– Ever Prosper	2,052,000,000	22.59	2,052,000,000	18.08	–	–
	6,324,900,000	69.63	6,324,900,000	55.74	684,900,000	6.04
Mr. Li Wen	36,900,000	0.41	36,900,000	0.33	36,900,000	0.33
Mr. Wong Kin Wa	15,000,000	0.17	15,000,000	0.13	15,000,000	0.13
New Investors	–	–	–	–	1,030,000,000	9.08
The Offeror and parties acting in concert with it	900,000,000	9.91	3,163,012,321	27.88	7,773,012,321	68.50
Other Shareholders	1,806,660,000	19.88	1,806,660,000	15.92	1,806,660,000	15.92
Total	9,083,460,000	100.0	11,346,472,321	100.0	11,346,472,321	100.0

G. EXISTING CONTINUING TRANSACTIONS

Management Agreements

Fund I

Pursuant to the Fund I Management Agreement, the Fund Manager has appointed Goldstream Capital as an investment manager to manage and invest the portfolio of Fund I in pursuit of certain investment objectives and subject to certain investment restrictions.

The principal terms of the Fund I Management Agreement are set out below:

Date: 23 November 2015, as amended and restated on 30 July 2018

Parties:

1. Fund I;
2. Goldstream Capital Management (Cayman) Limited, as the Fund Manager; and
3. Goldstream Capital, as the investment manager.

Period: From 23 November 2015 to 31 December 2022.

Duties of the investment manager: Goldstream Capital shall, subject to the overall control and supervision of the directors of Fund I and the Fund Manager, manage and invest the portfolio of the Fund I on a discretionary basis in pursuit of the investment objectives and subject to investment restrictions.

Fees: Pursuant to the Fund I Fee Letter, with effect from 1 January 2017:

- (1) Goldstream Capital, is remunerated equivalent to 95% of one twelfth (1/12th) of 2% per month of the net asset value of the Fund I's portfolio; and

- (2) yearly incentive fee is remunerated at an arm's length principle and determined annually between the Fund Manager and Goldstream Capital, among factors including prevailing market practice, condition and extent of services rendered by Goldstream Capital, which may vary from time to time. The final amount will be between 50% and 100% of the performance incentive fee received by the Fund Manager.

Termination:

The Fund I Management Agreement and the Fund I Fee Letter may be terminated by one party giving to the other parties not less than 90 days' written notice.

The Fund I Management Agreement and the Fund I Fee Letter may be terminated immediately by notice in writing by any party (the “**notifying party**”), if the other party

- (i) commits any material breach of its obligations and if such breach is capable of being made good, fails to make good such breach within 30 days of receipt of written notice from the notifying party requiring it to do so; or
- (ii) is liquidated or dissolved or is unable to pay its debts as they fall due or commits any act of bankruptcy or if a receiver is appointed over any of its assets.

GSD Fund

Pursuant to the GSD Fund Management Agreement, the Fund Manager shall appoint Goldstream Capital as an investment manager to manage and invest the portfolio of the GSD Fund in pursuit of certain investment objectives and subject to certain investment restrictions.

The principal terms of the GSD Fund Management Agreement are set out below:

Date: 7 October 2016, as amended and restated on 30 July 2018

Parties:

1. GSD Fund;
2. Goldstream Capital Management (Cayman) Limited, as the Fund Manager; and
3. Goldstream Capital, as the investment manager.

Period: From 7 October 2016 to 31 December 2022

Duties of the investment manager: Goldstream Capital shall, subject to the overall control and supervision of the directors of GSD Fund and the Fund Manager, manage and invest the portfolio of the GSD Fund on a discretionary basis in pursuit of the investment objectives and subject to investment restrictions.

Fees: Pursuant to the GSD Fund Fee Letter, with effect from 1 January 2017:

- (1) Goldstream Capital, is remunerated equivalent to 95% of one twelfth (1/12th) of 2% per month of the net asset value of the GSD Fund's portfolio; and
- (2) yearly incentive fee is remunerated at an arm's length principle and determined annually between the Fund Manager and Goldstream Capital, among factors including prevailing market practice, condition and extent of services rendered by Goldstream Capital, which may vary from time to time. The final amount will be between 50% and 100% of the performance incentive fee received by the Fund Manager.

Termination: The GSD Fund Management Agreement and the GSD Fund Fee Letter may be terminated by one party giving to the other parties not less than 90 days' written notice.

The GSD Fund Management Agreement and the GSD Fund Fee Letter may be terminated immediately by notice in writing by any party (the “**notifying party**”), if the other party

- (i) commits any material breach of its obligations and if such breach is capable of being made good, fails to make good such breach within 30 days of receipt of written notice from the notifying party requiring it to do so; or
- (ii) is liquidated or dissolved or is unable to pay its debts as they fall due or commits any act of bankruptcy or if a receiver is appointed over any of its assets.

The Management Agreements, including the management fee and the yearly incentive fee, were determined after arm's length negotiations between the parties with reference to market rates and the obligations and duties of Goldstream Capital under the Management Agreements. In this regard, the Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser) consider that the terms of the Management Agreements (including the management fee and performance/incentive fee) are on normal commercial terms, fair and reasonable and the provision of the management services is in the ordinary and usual course of business of the Remaining Group upon completion of the Acquisition.

The Fund Manager is a wholly-owned subsidiary of HCG and is principally engaged in investment management. HCG is managed by Hony Group Management Limited (as sole general partner), 80% equity interest of which is held by Hony Managing Partners. Hony Managing Partners indirectly holds 80% of interests in Jovial Elite Limited, a Shareholder holding approximately 9.91% of the issued share capital of the Company as at the date of this joint announcement. After the completion of the Acquisition, the asset management services provided by Goldstream Capital to the Fund Manager will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and will be subject to their respective annual caps as set out below. The Offeror intends to continue to increase the revenue of the asset management business to be generated from independent third parties in future and considers that the reliance on connected persons for the asset management business will continue to be reduced going forward. The Offeror will procure the Company to monitor the actual transaction

amounts with connected persons such that revenue generated from the asset management business with connected persons will not exceed 50% of the total revenue of the Group for the respective financial year as a whole up to 31 December 2020.

Lease Agreement

Pursuant to the Lease Agreement, Hony Capital Limited shall lease certain premises to Goldstream Capital and Goldstream Securities. The principal terms of the Lease Agreement are set out as follows:

- Parties:**
- (1) Hony Capital Limited
 - (2) Goldstream Capital; and
 - (3) Goldstream Securities.
- Date:** 8 January 2018
- Premises:** 27th Floor, One Exchange Square, 8 Connaught Road Central, Hong Kong
- Term:** From 1 May 2017 and ending on 30 April 2020
- Rent:** Rent of HK\$120,555 per month
- Other charges:** Management charges of HK\$18,843 per month

Hony Capital Limited is a non-wholly-owned subsidiary of HCG and is principally engaged in investment holding. HCG is managed by Hony Group Management Limited (as sole general partner), 80% equity interest of which is held by Hony Managing Partners. Hony Managing Partners indirectly holds 80% of interests in Jovial Elite Limited, a Shareholder holding approximately 9.91% of the issued share capital of the Company as at the date of this joint announcement.

Annual Caps

The Management Service Annual Caps for the amount of fees receivable by Goldstream Capital under the Management Agreements will be HK\$42,000,000, HK\$74,000,000, HK\$82,000,000, HK\$102,000,000 and HK\$114,000,000 for each of the five financial years ending 31 December 2022, respectively.

The aggregate amount received by Goldstream Capital under the Management Agreements was approximately HK\$96,000, HK\$6,960,000, HK\$32,180,000 for each of the three financial years ended 31 December 2017, respectively.

The Management Service Annual Caps have been calculated and determined after taking into account the following:

- (a) the historic rate of growth in the fees received under the Management Agreements; and
- (b) the projected growth in the AUMs subject to the services to be provided under the Management Agreements.

The annual cap for the amount of fees payable to Hony Capital Limited under the Lease Agreement will be HK\$1,672,776, HK\$1,672,776 and HK\$557,592 respectively for each of the three financial years ending 31 December 2020, which have been calculated and determined after taking into the agreed rate of rent and other charges provided under the Lease Agreement.

Reasons for and benefits of the Existing Continuing Transactions

The Existing Continuing Transactions, being the transactions contemplated under the Management Agreements and the Lease Agreement, arising from the Acquisition are entered into in the ordinary and usual course of business of the Remaining Group on normal commercial terms upon completion of the Acquisition.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the Independent Financial Adviser as regards the transactions contemplated under the Management Agreements) are of the view that the Existing Continuing Transactions will be in the ordinary course of business of the Remaining Group, were agreed on an arm's length basis with normal commercial terms that are fair and reasonable and will be in the interest of the Company and the Shareholders as a whole. Mr. Li and Ms. Li Yin, who are considered to have material interest in the Existing Continuing Transactions, together with the independent non-executive Directors as regards the transactions contemplated under the Management Agreements, have abstained from voting at the Board meeting regarding the Existing Continuing Transactions.

Upon the SPA Completion and the completion of the transactions contemplated under the Acquisition Agreement, Goldstream Capital and Goldstream Securities will become wholly-owned subsidiaries of the Company, and the Existing Continuing Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

H. GENERAL INFORMATION AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Listing Rules implications and Takeovers Code implications

(i) The Disposal

As at the date of this joint announcement, Mr. Li is the chairman, executive Director and chief executive officer of the Company, and a controlling Shareholder. As one or more of the applicable percentage ratios in respect of the Disposal Agreement is more than 5% but are all less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Disposal constitutes a "special deal" under Note 4 to Rule 25 of the Takeovers Code. The Disposal will be conditional upon, among others, obtaining the consent of the Executive. The Executive will normally consent to the Special Deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the Special Deal is arm's length transaction on normal commercial terms and that its terms are fair and reasonable, and (ii) it is approved by the Independent Shareholders at the EGM by way of poll. An application will be made to the Executive for its consent to the Special Deal pursuant to Note 4 to Rule 25 of the Takeovers Code.

(ii) The Acquisition

As at the date of this joint announcement, the Offeror and parties acting in concert with it own 900,000,000 Shares, representing approximately 9.91% of the total issued share capital of the Company. Immediately following the SPA Completion and the issuance of the Consideration Shares (assuming no other changes to the issued share capital of the Company since the date of this joint announcement), the Offeror and parties acting in concert with it will own 7,773,012,321 Shares, representing approximately 68.50% of the issued share capital of the Company as enlarged by the issuance of the Consideration Shares, and become a controlling Shareholder. As Goldstream Capital and Goldstream Securities are ultimately controlled by the associates of the Offeror, and one or more of the applicable percentage ratios in respect of the Acquisition Agreement is more than 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction of the

Company under Chapter 14 of the Listing Rules and a connected transaction of the Company according to Rule 14A.28 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirement under the Listing Rules.

(iii) The Facility Agreement

The transactions contemplated under the Facility Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As (a) the transactions contemplated under the Facility Agreement are on normal commercial terms or better; and (b) the loan facility is not secured by the assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, the transactions contemplated under the Facility Agreement are fully exempt under Chapter 14A of the Listing Rules.

(iv) The Existing Continuing Transactions

Upon the SPA Completion and the Acquisition, the Existing Continuing Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Management Service Annual Caps are more than 5%, the transactions contemplated under the Management Agreements and the Management Service Annual Caps are subject to the reporting, announcement and the Independent Shareholders approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Lease Annual Caps are more than 0.1% but below 5%, the transactions contemplated under the Lease Agreement are subject to the reporting and announcement requirements but exempt from the Independent Shareholders approval requirement.

The Management Agreements will expire on 31 December 2022 and have a duration longer than three years. Pursuant to Rule 14A.52 of the Listing Rules, the Independent Financial Adviser will explain why the Management Agreements require a longer period and whether it is normal business practice for agreements of this type to be of such duration.

EGM

EGM will be held for the purpose of considering and, if thought fit, approving, among others, the resolutions in respect of the Amendments to the Articles, the Distribution in Specie, the Disposal (which constitutes the Special Deal), the Acquisition, the transactions contemplated under the Management Agreements and the Management Service Annual Caps and the specific mandate to allot and issue the Consideration Shares by way of poll. The Sellers and the Offeror, their respective associates and parties acting in concert with any of them; and any shareholders who are involved in or interested in any of the SPA, the Disposal Agreement, the Acquisition Agreement and the respective transactions contemplated thereunder will abstain from voting on the relevant resolution(s) at the EGM.

As at the date of this joint announcement, the Sellers and Jovial Elite Limited held an aggregate of 7,224,900,000 Shares, representing approximately 79.54% of the existing issued Shares.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

Independent Board Committee

The Independent Board Committee comprising all the independent non-executive Directors has been formed in order to make a recommendation to the Independent Shareholders regarding the Distribution in Specie, the Disposal (which constitutes the Special Deal), the Acquisition, the transactions contemplated under the Management Agreements, the Management Service Annual Caps and the Offer, after taking into consideration of the advice to be given by the Independent Financial Adviser.

The Circular, the Composite Document and appointment of the Independent Financial Adviser pursuant to Rule 2.1 of the Takeovers Code

A Circular, which will contain, among other things, details of the Amendments to the Articles, the Distribution in Specie (including the Record Date, the book closure dates, the date of despatch of the share certificates for the Relevant Shares), the Disposal Agreement, the Acquisition Agreement, the Management Agreements, the Management Service Annual Caps, the reports from the Independent Financial Adviser and the Company's auditor on the Required Financial Information, the letter of recommendations from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the

Independent Shareholders regarding the Distribution in Specie, the Disposal Agreement (transactions contemplated thereunder constitute the Special Deal), the Acquisition Agreement, the transactions contemplated under the Management Agreements and the Management Service Annual Caps and a notice convening the EGM will be despatched to the Shareholders. As additional time is required to prepare the information to be contained in the Circular, the Circular is expected to be despatched to the Shareholders on or no later than 31 August 2018.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Distribution in Specie, the Disposal Agreement, the Acquisition Agreement, the transactions contemplated under the Management Agreements, the Management Service Annual Caps, the Offer, the Special Deal and the respective transactions contemplated thereunder (where appropriate). The appointment of Lego Corporate Finance Limited has been approved by the Independent Board Committee. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offer, in particular, as to whether the Offer is fair and reasonable and as to its acceptance, will be included in the Composite Document.

Waiver of Rule 8.2 of the Takeovers Code

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document which will contain among other things, (i) the terms and conditions of the Offer, (ii) a letter of recommendation from the Independent Board Committee to the Shareholders in relation to the Offer, and (iii) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, together with the forms of acceptance and transfer of the Shares. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document is required to be despatched within 21 days of the date of this joint announcement. However, as there are pre-conditions, i.e. the SPA Completion and the completion of the Distribution in Specie, the Disposal and the Acquisition, to the making of the Offer, an application will be made by the Offeror for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days of the fulfillment of such pre-conditions (i.e. the SPA Completion and the completion of the Distribution in Specie, the Disposal and the Acquisition).

Dealing disclosure

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

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

“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 of an offeror or the offeree company 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 HK\$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.”

WARNING: THE OFFER IS A POSSIBILITY ONLY. AS THE OFFER WILL ONLY BE MADE IF THE SPA COMPLETION TAKES PLACE AND THE SPA COMPLETION IS CONDITIONAL UPON FULFILLMENT OR WAIVER (WHERE APPLICABLE) OF CERTAIN CONDITIONS UNDER THE SPA. ACCORDINGLY, THE OFFER MAY OR MAY NOT BE MADE. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Acquisition”	the acquisition of the Capital Sale Shares and the Securities Sale Shares by the Company pursuant to the Acquisition Agreement;
“Acquisition Agreement”	the sale and purchase agreement entered into between the Company, HCG and Expand Ocean Limited on 30 July 2018 in relation to the Acquisition;
“Acquisition Group”	Goldstream Capital and Goldstream Securities;
“Acquisition Long Stop Date”	29 January 2019 or such other date as the parties may agree in writing;
“Acquisition Material Adverse Effect”	any event, or circumstance or any combination of them which is or is likely to be materially adverse to (i) the business, operations, business results or financial condition of the Acquisition Group or the business of the Acquisition Group as a whole; or (ii) the ability of the Goldstream Sellers to perform their obligations under the Acquisition Agreement;
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code;
“Amendments to the Articles”	the amendments to the articles of association of the Company in respect of the payment of interim and special dividends out of Share Premium Account (in addition to out of profit), to be decided by the Board;
“associates”	has the same meaning as defined in the Listing Rules;
“AUM”	asset under management;

“Authorities”	any governments, courts, arbitral tribunals, governmental, regulatory or official authorities, departments or agencies of any governments, statutory or regulatory bodies, stock exchanges whether in the PRC or elsewhere and include but not limited to the Stock Exchange;
“Bank Facility”	the loan facility granted by an independent financial institution to the Offeror for financing part of the consideration payable under the SPA and the tax payable by the Offeror in connection with the SPA for an amount up to the lesser of (A) HK\$550,000,000 and (B) 90 per cent. of the aggregate of consideration under the SPA and taxes payable by the Offeror in connection with the acquisition of the Sale Shares contemplated under the SPA;
“Board”	the board of Directors;
“Business Day(s)”	means a day on which licensed banks in Hong Kong are open for business throughout their normal business hours, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“CA-SIM”	certificate authority subscriber identity module, a technology developed from RF-SIM, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard and has function of (i) public key infrastructure; (ii) application programming interface; and (iii) software development kit;
“Capital Sale Shares”	323 ordinary shares of Goldstream Capital representing all the issued share capital of Goldstream Capital;

“Circular”	a circular of the Company, which will contain, among other things, details of the Amendments to the Articles, the Distribution in Specie (including the Record Date, the book closure dates, the date of despatch of the share certificates for the Relevant Shares), the Disposal Agreement, the Acquisition Agreement, the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Distribution in Specie, the Disposal Agreement, the Special Deal, the Acquisition Agreement, the transactions contemplated under the Management Agreements and the Management Services Annual Caps, and a notice convening the EGM to be despatched to the Shareholders;
“Company”	International Elite Ltd. (stock code: 1328), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange;
“Composite Document”	the composite document to be issued jointly by the Offeror and the Company in relation to the Offer in accordance with the Takeovers Code;
“connected person”	has the same meaning ascribed to it in the Listing Rules;
“Consideration Share(s)”	2,263,012,321 new Shares to be allotted and issued by the Company to the Offeror at the issue price of HK\$0.11931 to satisfy the consideration under the Acquisition Agreement;
“CRM”	customer relationship management;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Disposal Shares by the Company pursuant to the Disposal Agreement;
“Disposal Agreement”	the sale and purchase agreement entered into between the Company and Mr. Li on 30 July 2018 (after trading hours) in relation to the disposal of the Disposal Shares by the Company;

“Disposal Completion Date”	the third Business Day after the date on which the conditions to the Disposal Agreement are fulfilled or waived or such other date as the Company and Mr. Li may otherwise agree in writing;
“Disposal Groups”	MZone Group and Sunward Group;
“Disposal Material Adverse Effect”	any event, circumstance, occurrence, fact, condition, change or effect which is materially adverse to (i) the business, operations, financial condition, prospects, management, properties, assets or liabilities of any member of the Disposal Groups; or (ii) the ability of the Company to perform any of its obligations under the Disposal Agreement or to consummate the transactions contemplated under the Disposal Agreement;
“Disposal Shares”	two ordinary shares of Sunward Telecom Limited representing all the issued share capital of the Sunward Telecom Limited, and one ordinary share of MZone Network Limited representing all the issued share capital of MZone Network Limited;
“Distribution in Specie”	the distribution of special dividend out of the Share Premium Account by way of a distribution in specie of the Relevant Shares in the proportion of 961 Global Link Shares for every 10,000 Shares held in the Company to the Qualifying Shareholders whose names appear on the registers of members of the Company on the Record Date, to be decided by the Board;
“EGM”	the extraordinary general meeting to be convened by the Company to consider, and if thought fit, pass the resolutions to approve the Amendments to the Articles, the Distribution in Specie, the Disposal (which constitutes the Special Deal), the Acquisition, the transactions contemplated under the Management Agreements and the Management Services Annual Caps;

“Ever Prosper”	Ever Prosper International Limited, a limited liability company incorporated under the laws of British Virgin Islands, which is owned by Mr. Li, Ms. Kwok and Ms. Li Yin (sister of Mr. Li and an executive Director) as to 50.0%, 46.5% and 3.5%, respectively;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission and any delegate of the Executive Director;
“Existing Continuing Transactions”	the transactions under the section headed “G. Existing Continuing Transactions”;
“Facility Agreement”	the agreement entered into between Mr. Li and the Company on 30 July 2018 (after trading hours) in relation to an unsecured Hong Kong Dollars revolving term loan facility of a total principal amount of up to HK\$215,000,000 at any one time outstanding;
“Fund I”	Goldstream Capital Master Fund I, an exempted company incorporated with limited liability in the Cayman Islands;
“Fund I Fee Letter”	the fee letter dated 30 July 2018 entered into between the Fund Manager and Goldstream Capital in relation to the management fee for Fund I;
“Fund I Management Agreement”	The investment management agreement dated 23 November 2015 (as amended and restated on 30 July 2018) entered into between Fund I, the Fund Manager and Goldstream Capital in relation to the management of Fund I;
“Fund(s)”	Fund I and GSD Fund;
“Fund Manager”	Goldstream Capital Management (Cayman) Limited, an exempted company incorporated with limited liability in Cayman Islands, being fund manager of the Funds;
“GEM”	the Growth Enterprise Market;

“Global Link”	Global Link Communications Holdings Limited (stock code: 8060), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM of the Stock Exchange;
“Global Link Group”	Global Link and its subsidiaries;
“Global Link Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of Global Link;
“Goldstream Capital”	Goldstream Capital Management Limited, incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined under the SFO;
“Goldstream Securities”	Goldstream Securities Limited, incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to engage in Type 1 (dealing in securities) regulated activity as defined under the SFO;
“Goldstream Sellers”	sellers to the Acquisition Agreement, being HCG and Expand Ocean Limited;
“Group”	the Company and its subsidiaries;
“GSD Fund”	Goldstream Strategic Development Fund, an exempted company incorporated with limited liability in the Cayman Islands;
“GSD Fund Fee Letter”	the fee letter dated 30 July 2018 entered be between the Fund Manager and Goldstream Capital in relation to the management fee for GSD Fund;
“GSD Fund Management Agreement”	the investment management agreement dated 7 October 2016 (as amended and restated on 30 July 2018) entered into between the GSD Fund, the Fund Manager and Goldstream Capital in relation to the management of GSD Fund;

“HCG”	Hony Capital Group, L.P., an exempted limited partnership established under the laws of the Cayman Islands;
“HKFRSs”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hony Managing Partners”	Hony Managing Partners Limited, a limited liability company incorporated in the Cayman Islands;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao, which has been established by the Company to make recommendations to the Independent Shareholders regarding the Distribution in Specie, the Disposal Agreement, the Acquisition Agreement, the Special Deal, the transactions contemplated under the Management Agreements, the Management Services Annual Caps and the Offer;
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Distribution in Specie, the Disposal Agreement, the Acquisition Agreement, the Special Deal, the transactions contemplated under the Management Agreements, the Management Services Annual Caps and the Offer;
“Independent Shareholders”	Shareholders other than the Sellers and the Offeror, their respective associates and parties acting in concert with any of them and any Shareholders who are involved in or interested in any of the SPA, the Disposal Agreement, the Acquisition Agreement and the respective transactions contemplated thereunder;

“Independent Third Party (Parties)”	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Irrevocable Undertaking”	the deed of irrevocable undertaking dated 30 July 2018 given by Ms. Kwok, as more particularly set out in the section headed “B. Possible Unconditional Mandatory Cash General Offer to Acquire the Offer Shares — The Irrevocable Undertaking and New Investor Irrevocable Undertakings” in this joint announcement;
“Last Trading Day”	30 July 2018, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this joint announcement;
“Lease Agreement”	the agreement dated 8 January 2018 entered between the Hony Capital Limited, Goldstream Capital and Goldstream Securities, as amended by supplemental agreement from time to time, as more particularly set out in the section headed “G. Existing Continuing Transactions” in this joint announcement;
“Lease Annual Caps”	proposed annual caps for the amount of lease payment payable by Goldstream Capital and Goldstream Securities for the three financial years ending 31 December 2020;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Management Agreement(s)”	collectively, the Fund I Management Agreement, Fund I Fee Letter, the GSD Fund Management Agreement and the GSD Fund Fee Letter, as more particularly set out in the section headed “G. Existing Continuing Transactions” in this joint announcement;
“Management Service Annual Caps”	proposed annual caps for the amount of fees receivable by Goldstream Capital for the five financial years ending 31 December 2022;

“Mr. Li”	Mr. Li Kin Shing, the chairman, executive Director and chief executive officer of the Company, and a director and controlling shareholder of Ever Prosper;
“Ms. Kwok”	Ms. Kwok King Wa, the spouse of Mr. Li and a controlling shareholder of Ever Prosper;
“MZone Group”	MZone Network Limited and its subsidiaries;
“New Investor Irrevocable Undertaking(s)”	the irrevocable undertaking(s) dated 30 July 2018 given by the New Investor(s) to the Offeror in respect of the Sell Down Shares, as more particularly set out in the section headed “B. Possible Unconditional Mandatory Cash General Offer to Acquire the Offer Shares — The Irrevocable Undertaking and New Investor Irrevocable Undertaking(s)” in this joint announcement;
“New Investor(s)”	the investor(s), being the Independent Third Party(ies) and not being an existing Shareholder, who will acquire the Sell Down Shares;
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) (if any) whom the Directors, after making relevant enquiries, consider necessary or expedient to be excluded from the Distribution in Specie on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
“Offer”	the possible unconditional mandatory cash general offer to be made by Somerley Capital Limited on behalf of the Offeror to acquire all the Shares not beneficially owned or agreed to be acquired by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code;
“Offeror” or “Purchaser”	Hony Gold Holdings, L.P., a limited partnership formed under the laws of the Cayman Islands;
“Offer Price”	HK\$0.11931 per Offer Share;
“Offer Share(s)”	the issued Share(s) other than those already owned by the Offeror and parties acting in concert with it;

“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) as shown on the registers of members of the Company at the close of business on the Record Date is/are outside Hong Kong;
“PRC”	The People’s Republic of China (for the purpose of this joint announcement, but does not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC);
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the registers of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s);
“Record Date”	being the date to be fixed for determining the Shareholders’ entitlement to the Distribution in Specie;
“Relevant Shares”	873,683,120 Global Link Shares, representing approximately 41.83% of the total number of issued Global Link Shares directly and indirectly held by the Company as at the date of this joint announcement;
“Remaining Group”	the Group after completion of the Distribution In Specie, the Disposal and the Acquisition;
“Remaining Shares”	Shares held by Ms. Kwok subsequent to the completion of the SPA and the Sell Down;
“RF-SIM”	radio-frequency subscriber identity module, being a combination of ordinary mobile phone subscriber identity module card and contactless smartcard;
“Sale Shares”	4,610,000,000 Shares, legally and beneficially owned by the Sellers as at the date of this joint announcement;

“Securities Sale Shares”	8,000,001 ordinary shares of Goldstream Securities representing all the issued share capital of Goldstream Securities;
“Sell Down”	the shareholding reduction to be made by Ms. Kwok through selling or a placing of the Sell Down Shares;
“Sell Down Agreements”	the sale and purchase agreements entered into between Ms. Kwok and the New Investors on 30 July 2018 (after trading hours) in relation to the purchase of the Sell Down Shares;
“Sell Down Shares”	1,030,000,000 Shares to be sold by Ms. Kwok pursuant to the Sell Down Agreements;
“Sellers”	Ever Prosper, Mr. Li and Ms. Kwok;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong;
“Share Premium Account”	the share premium account of the Company, the amount standing to the credit of which was approximately HK\$1,481,785,000 as at 31 December 2017 based on the audited consolidated financial statements of the Company as at that date;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“SPA”	the sale and purchase agreement entered into between the Offeror and the Sellers on 30 July 2018 (after trading hours) in relation to the purchase of Sale Shares;
“SPA Completion”	the completion of the transactions contemplated under the SPA;

“SPA Completion Date”	the date on which the SPA Completion takes place, being the third Business Day after the date on which the conditions precedent to the SPA are fulfilled or waived or such other date as the parties to the SPA may otherwise agree in writing;
“SPA Material Adverse Effect”	any event, or circumstance or any combination of them which is or is likely to be materially adverse to (i) the business, operations, business results or financial condition of the Group or the business of the Group as a whole; or (ii) the ability of the Sellers to perform their obligations under the SPA;
“Special Deal”	the Disposal, as more particularly set out in the section headed “E. Special Deal and Connected Transactions” in this joint announcement, which constitutes a “special deal” under Note 4 to Rule 25 of the Takeovers Code;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunward Group”	Sunward Telecom Limited and its subsidiaries;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

By Order of the board
of directors of
Hony Gold GP Limited
on behalf of
Hony Gold Holdings, L.P.

By Order of the Board of
International Elite Ltd.
Li Kin Shing
Chairman

Hong Kong, 30 July 2018

As at the date of this joint announcement, the executive Directors are Mr. Li Kin Shing, Ms. Li Yin, Mr. Wong Kin Wa and Mr. Li Wen and the independent non-executive Directors are Mr. Chen Xue Dao, Mr. Cheung Sai Ming and Mr. Liu Chun Bao.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror, their respective associates and parties acting in concert with them), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed relating to the Offeror, their respective associates and parties acting in concert with 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 contained in this joint announcement misleading.

As at the date of this joint announcement, the directors of the Offeror's general partner, Hony Gold GP Limited, are Mr. Yuan Bing and Ms. Chan Juley Lai.

The directors of the Offeror's general partner jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, Global Link, their respective associates and parties acting in concert with them), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed relating to the Group, Global Link, their respective associates and parties acting in concert with 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 contained in this joint announcement misleading.

The English text of this joint announcement shall prevail over its Chinese text.