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**ABSOLUTE SKILL HOLDINGS LIMITED**

*(Incorporated in Samoa with limited liability)*

**ZIONCOM HOLDINGS LIMITED**

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

**(Stock Code: 8287)**

## **JOINT ANNOUNCEMENT**

**(1) AGREEMENT IN RELATION TO  
THE SALE AND PURCHASE OF SHARES IN  
ZIONCOM HOLDINGS LIMITED;  
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY  
CELESTIAL CAPITAL LIMITED  
FOR AND ON BEHALF OF ABSOLUTE SKILL HOLDINGS LIMITED  
TO ACQUIRE ALL OF THE ISSUED SHARES OF  
ZIONCOM HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED  
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED  
AND PARTIES ACTING IN CONCERT WITH IT);  
AND  
(3) RESUMPTION OF TRADING**

**Financial adviser to the Offeror**



**Celestial Capital Limited**

### **THE SALE AND PURCHASE AGREEMENT**

The Company wishes to announce that the Board has been informed that, on 12 July 2019 (after trading hours), the Vendor, the Offeror, the Vendor Guarantor and the Purchaser Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 264,000,000 Sale Shares, representing 40% of the issued share capital of the Company as at the date of this joint announcement.

The Consideration for the Sale Shares shall be the sum of HK\$73,200,000, representing approximately HK\$0.27727 per Sale Share, which shall be payable by the Offeror to the Vendor in cash in the following manner:

- (a) a sum of HK\$2,000,000 had been paid to the Vendor as non-refundable earnest money and shall form part of the Consideration upon Completion;
- (b) a sum of HK\$3,000,000 had been deposited by the Offeror to the escrow agent and shall form part of the Consideration upon Completion;
- (c) a sum of HK\$5,000,000 had been paid to the Vendor upon signing of the Sale and Purchase Agreement as further deposit and shall form part of the Consideration upon Completion; and
- (d) the balance of the Consideration, being HK\$63,200,000, shall be paid on Completion.

The Completion is conditional upon the fulfillment or waiver of the Conditions as described in the paragraph headed “THE SALE AND PURCHASE AGREEMENT – Conditions” in this joint announcement.

#### **THE IRREVOCABLE UNDERTAKING**

Pursuant to the Irrevocable Undertaking, the Vendor has irrevocably undertaken to the Offeror that it will not accept the Offer to be made by the Offeror, and that, from the date of the Irrevocable Undertaking until the close of the Offer, save for the Sale Shares, it will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Shares held by the Vendor or any interest in any of the Shares held by the Vendor. As such, the Offer will not be extended to the Vendor (which is also a party acting in concert with the Offeror).

#### **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Vendor is interested in a total of 462,000,000 Shares, representing 70% of the issued share capital of the Company and the Offeror and parties acting in concert with it (excluding the Vendor) do not hold, own, control or have direction over any Shares or voting rights of the Company. Immediately after the Completion, the Vendor will be interested in 198,000,000 Shares representing 30% of the issued share capital of the Company whilst the Offeror will be interested in 264,000,000 Shares, representing 40% of the issued share capital of the Company. Pursuant to the Takeovers Code, in view that each of the Vendor and the Offeror is interested in more than 20% shareholding in the Company, they are presumed to be acting in concert under the Takeovers Code and the Offeror and the Vendor will in aggregate hold 462,000,000 Shares, representing 70% of the issued share capital of the Company. As the Offeror’s shareholding will increase to 40%, the leader of the concert group will be changed.

Pursuant to Rule 26.1 of the Takeovers Code, subject to the Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it, including the Vendor).

As at the date of this joint announcement, the Company has 660,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Subject to and upon the Completion, Celestial Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code and on the terms to be set out in the Composite Document to be issued on the following basis:

For each Offer Share . . . . . HK\$0.2773 in cash

The Offer Price of HK\$0.2773 per Offer Share under the Offer is slightly above the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer will be unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of the Offer Shares.

The principal terms of the Offer are set out in the paragraph headed “POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER” in this joint announcement.

#### **Total value of the Offer**

As at the date of this joint announcement, there are 660,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.2773 per Share, the entire issued share capital of the Company would be valued at HK\$183,018,000.

Immediately after the Completion and on the basis that there are 198,000,000 Shares (excluding the 198,000,000 Shares held by the Vendor, which is a party acting in concert with the Offeror and has given the Irrevocable Undertaking) subject to the Offer and assuming that there is no change in the issued share capital of the Company, the value of the Offer is HK\$54,905,400.

#### **Financial resources available to the Offeror**

The Offeror will finance and satisfy the aggregate Consideration payable in respect of the Sale Shares and consideration payable under the Offer by its internal resources, shareholder’s loans and the Offer Facility granted by Celestial Securities. Celestial Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration payable for the Sale Shares under the Sale and Purchase Agreement and the consideration payable under the full acceptance of the Offer.

#### **DESPATCH OF COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in a Composite Document in accordance with the Takeovers Code. Pursuant to 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 or such later date as the Executive may approve.

As there is a pre-condition (that is, the Completion of the sale and purchase of the Sale Shares) to the making of the Offer, if the Vendor and the Purchaser are unable to complete the Sale and Purchase Agreement and despatch the Composite Document within 21 days under Rule 8.2 of the Takeovers Code, an application will be made by the Offeror and the Company 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 7 days from the Completion Date.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 July 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 July 2019.

## **WARNING**

**The Offer is subject to the Completion which is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreement. Accordingly, the Sale and Purchase Agreement may or may not be completed and the Offer may or may not proceed. The issue of this joint announcement does not in any way imply that the Offer will be made. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.**

The Company wishes to announce that the Board has been informed that, on 12 July 2019 (after the trading hours), the Vendor (being a controlling shareholder of the Company), the Offeror, the Vendor Guarantor and the Purchaser Guarantor entered into the Sale and Purchase Agreement, details of which are set out below.

## **THE SALE AND PURCHASE AGREEMENT**

Date : 12 July 2019

Parties : (i) Lincats (BVI) Limited, as vendor;

(ii) Absolute Skill Holdings Limited, as purchaser, being the Offeror;

(iii) Mr. Kim Byung Kwon, as vendor guarantor; and

(iv) Ms. Sui Xiaohe, as purchaser guarantor.

Each of the Offeror, its ultimate beneficial owners and parties acting in concert with any of them (excluding the Vendor) is a third party independent of and not connected with the Company and the Company's connected persons.

## Subject of the Sale and Purchase Agreement

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to acquire an aggregate of 264,000,000 Shares, being the Sale Shares, representing 40% of the issued share capital of the Company as at the date of this joint announcement.

The Vendor and the Offeror shall not be obliged to complete the sale and purchase of the Sale Shares unless the sale and purchase of all the Sale Shares are completed simultaneously.

## Consideration for the Sale Shares

The Consideration for the Sale Shares shall be the sum of HK\$73,200,000, equivalent to approximately HK\$0.27727 per Sale Share, which shall be payable by the Offeror to the Vendor in cash in the following manner:

- (a) a sum of HK\$2,000,000 (the “**Non-Refundable Deposit**”) had been paid to the Vendor as non-refundable earnest money and shall form part of the Consideration upon Completion;
- (b) a sum of HK\$3,000,000 (the “**Second Deposit**”) had been deposited by the Offeror to the escrow agent and shall form part of the Consideration upon Completion;
- (c) a sum of HK\$5,000,000 had been paid to the Vendor upon signing of the Sale and Purchase Agreement as further deposit (the “**Third Deposit**”) and shall form part of the Consideration upon Completion; and
- (d) the balance of the Consideration, being HK\$63,200,000, shall be paid on Completion.

The Consideration was determined between the Offeror and the Vendor after arm’s length negotiations with reference to, among other things, the prevailing market price of the Company and the net asset value per Share as at 31 December 2018.

## Conditions

The Completion is subject to the following conditions having been fulfilled or waived in accordance with the Sale and Purchase Agreement:

- (1) the Offeror being reasonably satisfied with the results of the due diligence review in respect of the Group;
- (2) all necessary consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Offeror in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (3) all necessary consents, licenses and approvals from the shareholders, bankers, financial institutions and regulators required to be obtained on the part of the Vendor and the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

- (4) the Shares remaining listed and traded on GEM at all times from the date of the Sale and Purchase Agreement to and on the Completion Date, save for (a) suspension due to any act or omission on the part of the Offeror; (b) suspension of less than 10 consecutive Business Days in the period of 14 days immediately preceding the Completion Date; and (c) suspension on account of clearance of any announcements, circulars or any other documents in respect of any of the transactions contemplated under the Sale and Purchase Agreement and the Offer;
- (5) no written or verbal indication or evidence of any indication having been received on or before the Completion Date by any party to the Sale and Purchase Agreement or the Company from the Stock Exchange or the SFC that the listing of the Shares on GEM will be withdrawn, cancelled or revoked as a result of or in connection with the transactions contemplated under the Sale and Purchase Agreement; and
- (6) the warranties having remained true and accurate, and not misleading in all material respects, at all times from the date of the Sale and Purchase Agreement up to and including the Completion Date.

Save for condition (1) set out above which may at any time be waived by the Offeror in writing, all the other conditions set out above are incapable of being waived. As at the date of this joint announcement, in respect of conditions (2) and (3) above, save for the approval from the directors and the shareholders of the Vendor which had been obtained, the parties to the Sale and Purchase Agreement are not aware of any consents, licences and approvals from the shareholders, bankers, financial institutions and regulators required for the transactions contemplated by the Sale and Purchase Agreement.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Offeror) by 16 September 2019, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches, and the deposit shall be handled in the following manner:

- (A) If all the Conditions have been satisfied or duly waived in accordance with the Sale and Purchase Agreement and Completion does not take place due to the Offeror's default of its obligations under the Sale and Purchase Agreement, the Vendor shall be entitled to terminate the Sale and Purchase Agreement, following which the Vendor shall be entitled to confiscate the Non-Refundable Deposit and the Third Deposit.
- (B) If all the Conditions have been satisfied or duly waived in accordance with the Sale and Purchase Agreement and Completion does not take place due to any reason other than the Offeror's default of its obligations under the Sale and Purchase Agreement, the Offeror shall be entitled to terminate the Sale and Purchase Agreement, the Vendor shall refund the Third Deposit, and the Vendor and the Offeror shall give instruction to the escrow agent to refund the Second Deposit without interest.
- (C) If any of the Conditions has not been satisfied, the Offeror shall be entitled to terminate the Sale and Purchase Agreement, the Vendor shall refund the Third Deposit, and the Vendor and the Offeror shall give instruction to the escrow agent to refund the Second Deposit without interest.



## **Completion**

Subject to the fulfillment of the Conditions, the Completion will take place on the Completion Date, being the third Business Day after the day on which the last Condition is fulfilled or such other date as the Vendor and the Offeror may agree in writing. An announcement will be made upon the Completion.

## **THE IRREVOCABLE UNDERTAKING**

Pursuant to the Irrevocable Undertaking, the Vendor has irrevocably undertaken to the Offeror that it will not accept the Offer to be made by the Offeror, and that, from the date of the Irrevocable Undertaking until the close of the Offer, save for the Sale Shares, it will not, whether directly or indirectly, sell, transfer, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Shares held by the Vendor or any interest in any of the Shares held by the Vendor. As such, the Offer will not be extended to the Vendor (which is also a party acting in concert with the Offeror).

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Vendor is interested in a total of 462,000,000 Shares, representing 70% of the issued share capital of the Company and the Offeror and parties acting in concert with it (excluding the Vendor) do not hold, own, control or have direction over any Shares in the share capital or voting rights of the Company. Immediately after the Completion, the Vendor will be interested in 198,000,000 Shares representing 30% of the issued share capital of the Company whilst the Offeror will be interested in 264,000,000 Shares, representing 40% of the issued share capital of the Company. Pursuant to the Takeovers Code, in view that each of the Vendor and the Offeror is interested in more than 20% shareholding in the Company, they are presumed to be acting in concert under the Takeovers Code and the Offeror and the Vendor will in aggregate hold 462,000,000 Shares, representing 70% of the issued share capital of the Company. As the Offeror's shareholding will increase to 40%, the leader of the concert group will be changed.

Pursuant to Rule 26.1 of the Takeovers Code, subject to the Completion, the Offeror will be required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it, including the Vendor).

As at the date of this joint announcement, the Company has 660,000,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Subject to and upon the Completion, Celestial Capital will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code and on the terms to be set out in the Composite Document on the following basis:

For each Offer Share ..... HK\$0.2773 in cash

The Offer Price of HK\$0.2773 per Offer Share under the Offer is slightly above the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer will be unconditional in all aspects when it is made and will not be conditional upon acceptances being received in respect of a minimum number of Offer Shares.

**The Offer is subject to the Completion which is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreement. Accordingly, the Sale and Purchase Agreement may or may not be completed and the Offer may or may not proceed. The issue of this joint announcement does not in any way imply that the Offer will be made. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.**

### **Comparison of value**

The Offer Price of HK\$0.2773 per Offer Share represents:

- (i) a premium of approximately 16.51% over the closing price of HK\$0.238 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 32.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK\$0.209 per Share;
- (iii) a premium of approximately 32.68% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK\$0.209 per Share;
- (iv) a premium of approximately 35.93% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.204 per Share; and
- (v) a premium of approximately 0.84% over the audited consolidated net asset value per Share of approximately HK\$0.275 as at 31 December 2018 (which is calculated by dividing the audited consolidated net asset value attributable to owners of the Company as at 31 December 2018 of approximately HK\$181,297,000 by 660,000,000 Shares in issue as at the date of this joint announcement).

### **Highest and lowest Share price**

During the six-month period up to and including the Last Trading Day:

- (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.238 per Share on the Last Trading Day; and
- (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.188 per Share on 4 June 2019.



## **Total value of the Offer**

As at the date of this joint announcement, there are 660,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.2773 per Share, the entire issued share capital of the Company would be valued at HK\$183,018,000.

Immediately after the Completion and on the basis that there are 198,000,000 Shares (excluding the 198,000,000 Shares held by the Vendor, which is a party acting in concert with the Offeror and has given the Irrevocable Undertaking) subject to the Offer and assuming that there is no change in the issued share capital of the Company, the value of the Offer is HK\$54,905,400.

## **Financial resources available to the Offeror**

The aggregate Consideration payable by the Offeror in respect of the Sale Shares under the Sale and Purchase Agreement and the maximum consideration payable under the Offer will amount to HK\$128,105,400.

The Offeror will finance and satisfy the aggregate Consideration payable in respect of the Sale Shares under the Sale and Purchase Agreement and consideration payable under the Offer by its internal resources, shareholder's loans and the Offer Facility granted by Celestial Securities. Pursuant to the terms and conditions of the Offer Facility, the 264,000,000 Sale Shares to be acquired by the Offeror under the Sale and Purchase Agreement and the Offer Shares to be acquired by the Offeror under the Offer shall be deposited with Celestial Securities as collaterals for the Offer Facility. As at the date of this joint announcement, Celestial Securities and its associates did not have any interest in any Shares and other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Celestial Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the Consideration payable for the Sale Shares under the Sale and Purchase Agreement and the consideration payable under the full acceptance of the Offer.

## **Effect of accepting the Offer**

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Acceptance of the Offer shall be irrevocable and shall not be 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 acceptance of the Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those relevant Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's Hong Kong 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 acceptance 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).

## **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 and Celestial Capital, 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.

## **Payment**

Provided that the Offer has become, or have been declared, unconditional in all respects, 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 of the date on which (i) the relevant documents of title are received by the Offeror or its agent to render each such acceptance complete and valid; and (ii) when the Offer has become or is declared unconditional, whichever is later.

## **Dealing and interests in the Company's securities**

Save for the Sale and Purchase Agreement, to which each of the Offeror and the Vendor is a party, none of the Offeror, its ultimate beneficial owner, the Vendor and its ultimate beneficial owners, nor parties acting in concert with any of them has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date this joint announcement.

## **Overseas Shareholders**

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (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 by such Overseas Shareholders in respect of such jurisdictions).

**Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from the respective Overseas Shareholders 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**

Each of the Offeror and the Vendor confirms that as at the date of this joint announcement:

- (i) none of the Offeror and its ultimate beneficial owner, the Vendor and its ultimate beneficial owners and/or parties acting in concert with any of them has received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror and its ultimate beneficial owner, the Vendor and its ultimate beneficial owners and/or parties acting in concert with any of them;
- (iii) save for the Sale and Purchase Agreement, the Offer Facility Agreement, Offer Facility Share Charges and the Irrevocable Undertaking referred to above, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Offeror or the Company which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror and its ultimate beneficial owner, the Vendor and its ultimate beneficial owners and/or parties acting in concert with any of them 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;
- (v) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror and its ultimate beneficial owner, the Vendor and its ultimate beneficial owners and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Offer;
- (vi) none of the Offeror and its ultimate beneficial owner, the Vendor and its ultimate beneficial owners and/or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (vii) apart from the Consideration (inclusive of the Non-Refundable Deposit, the Second Deposit and the Third Deposit) for the Sale Shares, there is no other consideration, compensations or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it (excluding the Vendor) to the Vendor or parties acting in concert with the Vendor (excluding the Offeror) in connection with the sale and purchase of the Sale Shares;

- (viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it (excluding the Vendor) on one hand and the Vendor and parties acting in concert with the Vendor (excluding the Offeror) on the other hand; and
- (ix) there is no understanding, arrangement or agreement or special deal between (1) any shareholder of the Company; and (2)(a) the Offeror and any party acting in concert with it, including the Vendor, or (b) the Company, its subsidiaries or associated companies.

## 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; and (ii) immediately upon the Completion but before the Offer is made:

Shareholder	(i) As at the date of this joint announcement		(ii) Immediately upon the Completion but before the Offer is made	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
The Offeror and parties acting in concert with it (excluding the Vendor)	–	–	264,000,000	40
The Vendor ( <i>Note</i> )	462,000,000	70	198,000,000	30
Sub-total	462,000,000	70	462,000,000	70
Public Shareholders	198,000,000	30	198,000,000	30
<b>Total</b>	<b>660,000,000</b>	<b>100</b>	<b>660,000,000</b>	<b>100</b>

*Note:* As at the date of this joint announcement, the Vendor is owned as to 81.8% by Mr. Kim Byung Kwon, 9.1% by Mr. Kim Jun Yeob and 9.1% by Mr. Koo Ja Chun. Mr. Kim Byung Kwon, Mr. Kim Jun Yeob and Mr. Koo Ja Chun are executive Directors.

## INFORMATION OF THE GROUP

The Company is incorporated in the Cayman Islands with limited liability and its Shares are listed on GEM. The Company is principally engaged in manufacturing and sales of networking products, specialising in the design and development of wireless networking products which are primarily targeted for home use and small scale commercial applications. The Group also manufactures and sells wired and wireless networking products such as Ethernet switches, LAN cards, Wi-Fi modules and Access Points as well as non-networking products, such as power banks and USB hubs. Its operations are mainly based in the PRC. Its main products are routers, which provide for wired and wireless transmission of data to devices while maintaining wired connection with modems.

Set out below is a summary of certain audited consolidated financial information of the Group for the two years respectively ended 31 December 2017 and 2018 as disclosed in the published prospectus and annual report of the Company respectively, and the unaudited consolidated financial information of the Group for the three months ended 31 March 2019 as disclosed in the published first quarterly report of the Company:

	For the year ended 31 December 2017 (audited) <i>HK\$'000</i>	For the year ended 31 December 2018 (audited) <i>HK\$'000</i>	For the three months ended 31 March 2019 (unaudited) <i>HK\$'000</i>
Revenue	578,358	573,709	167,089
Profit/(Loss) before taxation	3,906	(15,240)	959
Profit/(Loss) for the year/period	<u>720</u>	<u>(17,888)</u>	<u>425</u>
		As at 31 December 2017 (audited) <i>HK\$'000</i>	As at 31 December 2018 (audited) <i>HK\$'000</i>
Net assets		143,048	181,297
Total equity attributable to owners of the Company		<u>143,048</u>	<u>181,297</u>

## INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Samoa with limited liability on 12 October 2018, the shares of which are wholly-owned by Ms. Sui. Therefore, Ms. Sui is the ultimate beneficial owner of the Offeror.

Ms. Sui and Mr. Mao Jie are the directors of the Offeror.

Ms. Sui, aged 38, graduated from the University of Cyprus. She started her own business and formed 遼寧虹信實業公司 (transliterated in English as Liaoning Hongxin Industrial Company Limited, “**Liaoning Hongxin**”) in 2007 and managed its business. The business scope of Liaoning Hongxin includes the manufacturing and sale of kitchenwares and electrical appliances. In 2016, she established HongKong Sunny Business Trading Co., Limited, which is principally engaged in international import and export trading.

As a young entrepreneur, Ms. Sui is interested in high technology and is optimistic to the prospect of information technology related industry. Notwithstanding that Ms. Sui’s previous experience is not related to the Group’s business, upon Completion, she will (i) work with the executive Directors who will remain as executive Directors or senior management members of the Group, and (ii) through her personal network, identify and invite suitable candidates who have relevant knowledge and/or experience to the Board and/or the management team of the Company, to operate and manage of the business of the Group.

Mr. Mao Jie, aged 53, has over 16 years' senior management experience in various PRC corporations. Since 2018, he has been doing business in Shanghai, the PRC.

The Offeror did not carry on any business since its incorporation until the entering into of the Sale and Purchase Agreement and the transactions in connection therewith.

## **INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY**

Following the close of the Offer, the Offeror intends that the Group will continue the principal business of the Group and will maintain the listing status of the Company on GEM.

However, the Offeror will conduct a review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group.

Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. However, as at the date of this joint announcement, no such investment or business opportunities has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group. Further, the Offeror has no intention to discontinue the employment of the employees (save for the change in the composition of the Board) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business.

## **PROPOSED CHANGE OF BOARD COMPOSITION**

The Board is currently made up of seven Directors, comprising four executive Directors, being Mr. Kim Byung Kwon, Mr. Kim Jun Yeob, Mr. Koo Ja Chun and Mr. Xiao Jingen, and three independent non-executive Directors, being Mr. Ko Ming Tung, Edward, Mr. Kwong Chun Man and Mr. Shin Dongmin.

As at the date of this joint announcement, the Offeror has not decided on the future composition of the Board. Pursuant to the Sale and Purchase Agreement, each of the independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Kwong Chun Man and Mr. Shin Dongmin will resign with effect from a date which is no earlier than such date as permitted under Rule 7 of the Takeovers Code (i.e. the Closing Date). The day-to-day operations of the Company will continue to be managed by the professional management staff. Any changes to the Board composition will be made in compliance with the Takeovers Code and the GEM Listing Rules.



## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

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

In the event that the public float of the Company falls below 25% following the close of the Offer, each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Offer.

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.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive Directors (namely, Mr. Ko Ming Tung, Edward, Mr. Kwong Chun Man and Mr. Shin Dongmin), has been constituted to give a recommendation to the Shareholders other than the Offeror and parties acting in concert with it as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The Independent Financial Adviser will be appointed by the Company as the independent financial adviser pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. Further announcement will be made upon the appointment of the Independent Financial Adviser.

## **DESPATCH OF THE COMPOSITE DOCUMENT**

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in a Composite Document in accordance with the Takeovers Code. Pursuant to 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 or such later date as the Executive may approve.

As there is a pre-condition (that is, the Completion of the sale and purchase of the Sale Shares) to the making of the Offer, if any of the conditions of the Sale and Purchase Agreement is not satisfied (or waived, if applicable) by 16 September 2019, and the Vendor and the Purchaser are unable to complete the Sale and Purchase Agreement and despatch the Composite Document within 21 days under Rule 8.2 of the Takeovers Code, an application will be made by the Offeror and the Company 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 7 days from the Completion Date.

The Composite Document will contain, among other things, details of the Offer (accompanied by the acceptance and transfer forms) and incorporate the letter of recommendation from the Independent Board Committee and the letter of advice from the Independent Financial Adviser and other relevant information on the Offeror and the Group as required under the Takeovers Code.

## DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined under the Takeovers Code and including persons holding 5% or more of a class of relevant securities) of the Company and the Offeror 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, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

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

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 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. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

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

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

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 15 July 2019 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 23 July 2019.

## WARNING

**The Offer is subject to the Completion which is conditional upon the fulfillment or waiver (where applicable) of certain conditions under the Sale and Purchase Agreement. Accordingly, the Sale and Purchase Agreement may or may not be completed and the Offer may or may not proceed. The issue of this joint announcement does not in any way imply that the Offer will be made. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules or the Takeovers Code (as the case may be)
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Celestial Capital”	Celestial Capital Limited, the financial adviser of the Offeror and parties acting in concert with it in respect of the Offer, and is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Celestial Securities”	Celestial Securities Limited, is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) regulated activity
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Zioncom Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (stock code: 8287)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which the Completion takes place, being the third Business Day after the day on which the last of the Conditions is fulfilled in accordance with the terms and conditions of the Sale Purchase Agreement (or such other date as the parties thereto may agree in writing)

“Composite Document”	the document proposed to be jointly issued by or on behalf of the Offeror and the Company to the Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code in respect of the Offer containing, among other things, the details of the Offer (accompanied by the acceptance and transfer forms) and the respective letters of advice from the Independent Financial Adviser and the Independent Board Committee
“Conditions”	the conditions to the Completion, as set out in the paragraph headed “THE SALE AND PURCHASE AGREEMENT – Conditions” in this joint announcement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the total consideration of HK\$73,200,000 payable by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Encumbrance”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such executive director
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established pursuant to the Takeovers Code to give recommendations to the Shareholders other than the Offeror and parties acting in concert with it as to whether the Offer are fair and reasonable and as to acceptance of the Offer

“Independent Financial Adviser”	the independent financial adviser to be appointed for the purpose of advising the Independent Board Committee in relation to the terms of the Offer and in particular (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer
“Irrevocable Undertaking”	the irrevocable undertaking given by the Vendor to the Offeror in respect of the 198,000,000 Shares held by it (representing 30% of the issued share capital of the Company as at the date of this joint announcement), details of which are set out in the paragraph headed “THE IRREVOCABLE UNDERTAKING” in this joint announcement
“Last Trading Day”	12 July 2019, being the last trading day for the Shares prior to the release of this joint announcement
“Ms. Sui” or “Purchaser Guarantor”	Ms. Sui Xiaohu, the ultimate beneficial owner of the Offeror
“Offer”	the possible mandatory unconditional cash offer to be made by Celestial Capital for and on behalf of the Offeror to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it pursuant to Rule 26.1 of the Takeovers Code
“Offer Facility”	the standby facility of up to HK\$30,000,000 granted by Celestial Securities to the Offeror to finance the part of the consideration payable under the Offer
“Offer Facility Agreement”	the loan facility agreement entered into between Celestial Securities as lender and the Offeror as borrower dated 12 July 2019 in relation to the Offer Facility
“Offer Facility Share Charge(s)”	collectively, (i) the share charge entered into between Celestial Securities as chargee and the Offeror as chargor dated 12 July 2019 whereby the Offeror has agreed to charge to Celestial Securities as security for the Offer Facility all of the Sale Shares owned by the Offeror upon Completion; and (ii) the share charge entered into between Celestial Securities as chargee and the Offeror as chargor dated 12 July 2019 whereby the Offeror has agreed to charge to Celestial Securities as security for the Offer Facility the Shares to be acquired by the Offeror under the Offer
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.2773 per Offer Share

“Offer Shares”	all the Shares in issue that are subject to the Offer
“Offeror”	Absolute Skill Holdings Limited, a company incorporated in Samoa with limited liability and is wholly-owned by Ms. Sui as at the date of this joint announcement
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purposes of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 July 2019 and entered into among the Vendor, the Offeror, the Vendor Guarantor and the Purchaser Guarantor for the sale and purchase of the Sale Shares
“Sale Shares”	264,000,000 Shares agreed to be sold by the Vendor and agreed to be acquired by the Offeror pursuant to the terms and conditions of the Sale and Purchase Agreement, representing 40% of the issued share capital of the Company as at the date of this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Vendor”	Lincats (BVI) Limited, a company incorporated in the British Virgin Islands with liability limited by shares and is owned as to 81.8% by Mr. Kim Byung Kwon, 9.1% by Mr. Kim Jun Yeob and 9.1% by Mr. Koo Ja Chun as at the date of this joint announcement. Mr. Kim Byung Kwon, Mr. Kim Jun Yeob and Mr. Koo Ja Chun are executive Directors



“Vendor Guarantor” Mr. Kim Byung Kwon, who holds an 81.8% interest in the Vendor, an executive Director

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the board of director  
**Absolute Skill Holdings Limited**  
**Mao Jie**  
*Director*

By order of the Board  
**Zioncom Holdings Limited**  
**Kim Byung Kwon**  
*Chairman*

Hong Kong, 22 July 2019

*As at the date of this joint announcement, the Board comprises Mr. Kim Byung Kwon, Mr. Kim Jun Yeob, Mr. Koo Ja Chun and Mr. Xiao Jingen as executive Directors; and Mr. Ko Ming Tung, Edward, Mr. Kwong Chun Man and Mr. Shin Dongmin as independent non-executive Directors.*

*This joint announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement (other than that relating to the Offeror, its associates and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.*

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

*As at the date of this joint announcement, the directors of the Offeror are Mr. Mao Jie and Ms. Sui Xiaohe.*

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

*This joint announcement will be published on GEM website at <http://www.hkgem.com> on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the Company’s website at [www.zioncom.net](http://www.zioncom.net).*

*In case of any inconsistency, the English text of this joint announcement shall prevail over the Chinese text.*