
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Zioncom Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.



ABSOLUTE SKILL HOLDINGS LIMITED

(Incorporated in Samoa with limited liability)

ZIONCOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

**COMPOSITE OFFER AND RESPONSE DOCUMENT
IN RELATION TO
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
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



中毅資本有限公司

Grand Moore Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Celestial Capital containing, among other things, the details of the terms and conditions of the Offer is set out on pages 1 to 9 of this Composite Document. A letter from the Board is set out on pages 10 to 15 of this Composite Document. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages IBC-1 to IBC-3 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offer is set out on pages IFA-1 to IFA-28 of this Composite Document.

Persons (including, without limitation, custodians, nominees and trustees) who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Overseas Shareholders" in the "Letter from Celestial Capital" of this Composite Document, before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities, regulatory and/or legal requirements. Each Overseas Shareholder is advised to seek professional advice on deciding whether or not to accept the Offer.

The procedures for acceptance of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Friday, 11 October 2019 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

The Composite Document will remain on the websites of the Stock Exchange at www.hkexnews.hk and the Company at <http://www.zioncom.net> as long as the Offer remains open.

20 September 2019

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and further announcement(s) by the Offeror and the Company will be made in the event of any changes when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.

2019

Despatch date of this Composite Document and the accompanying Form of Acceptance (<i>Note 1</i>)	Friday, 20 September
Offer opens for acceptance (<i>Note 1</i>)	Friday, 20 September
Latest time and date for acceptance of the Offer (<i>Note 2</i>)	4:00 p.m. on Friday, 11 October
Closing Date of the Offer (<i>Note 2</i>)	Friday, 11 October
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange (<i>Note 2</i>)	7:00 p.m. on Friday, 11 October
Latest date for posting of remittance for the amounts due under the Offer in respect of valid acceptances received under the Offer (<i>Note 3</i>)	Tuesday, 22 October

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “4. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.

EXPECTED TIMETABLE

2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 11 October 2019. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on Friday, 11 October 2019 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to revise or extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to the accepting Independent Shareholder(s) accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid, in accordance with the Takeovers Code.
4. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders any change to the expected timetable as soon as practicable by way of announcement(s).

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offer available to all Shareholders (other than the parties acting in concert with the Offeror), including those with registered addresses outside Hong Kong. However, the availability of the Offer to any persons who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Shareholders who are not resident in Hong Kong and who wish to accept the Offer should inform themselves about and observe any applicable requirements in their own jurisdictions. It is the responsibility of the Shareholders who are not resident in Hong Kong 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 from the Shareholders in respect of such jurisdictions) and, where necessary, consult their own professional advisers. Acceptance of the Offer by any overseas Shareholder will constitute a warranty by such person that such person (i) is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, (ii) has observed all the applicable laws and regulations of the relevant jurisdiction in connection with such acceptance, including obtaining any government or other consent which may be required, and (iii) has complied with any other necessary formality and has paid any issue, transfer or other taxes due from the Shareholders in such jurisdiction, and that such acceptance shall be valid and binding in accordance with all applicable laws. Overseas Shareholders are recommended to seek professional advice on whether to accept the Offer.

DEFINITIONS

In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise:

“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Celestial Capital”	Celestial Capital Limited, the financial adviser of the Offeror and parties acting in concert with it in respect of the Offer, and a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Celestial Securities”	Celestial Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Closing Date”	Friday, 11 October 2019, being the closing date of the Offer
“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”	16 September 2019, the date on which the Completion took place
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Independent Shareholders other than the Offeror and parties acting in concert with it (including the Vendor) in respect of the Offer (together with the Form of Acceptance)

DEFINITIONS

“Consideration”	the total consideration of HK\$73,200,000 paid by the Offeror to the Vendor pursuant to the Sale and Purchase Agreement
“controlling shareholder”	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, as defined in the Takeovers Code
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors who have no direct or indirect interest in the Offer, established pursuant to the Takeovers Code to give recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer

DEFINITIONS

“Independent Financial Adviser”	Grand Moore Capital Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company 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
“Independent Shareholders”	the Shareholders other than the Offeror and parties acting in concert with it (including the Vendor)
“Irrevocable Undertaking”	the irrevocable undertaking set out in the Sale and Purchase Agreement 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 Latest Practicable Date), details of which are set out in the paragraph headed “The Irrevocable Undertaking” in the “Letter from Celestial Capital” of this Composite Document
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 22 July 2019 in relation to, among other things, the Offer pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	12 July 2019, being the last trading day for the Shares prior to the publication of the Joint Announcement
“Latest Practicable Date”	17 September 2019, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
“Ms. Sui”	Ms. Sui Xiaohu, the ultimate beneficial owner and a director of the Offeror
“Offer”	the mandatory unconditional cash offer made by Celestial Capital for and on behalf of the Offeror to acquire all the issued Shares (other than those already 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

DEFINITIONS

“Offer Facility”	the standby facility of up to HK\$30,000,000 granted by Celestial Securities to the Offeror to finance 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 Period”	has the meaning ascribed thereto under the Takeovers Code, which commenced on 22 July 2019, being the date of the Joint Announcement and ending on the Closing Date
“Offer Price”	HK\$0.2773 per Offer Share
“Offer Share(s)”	all the Share(s) in issue that are subject to the Offer
“Offeror”	Absolute Skill Holdings Limited, a company incorporated in Samoa with limited liability and wholly-owned by Ms. Sui
“Overseas Shareholder(s)”	Independent Shareholder(s) (if any), whose address(es), as shown on the register of members of the Company is/are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“Relevant Period”	the period from 22 January 2019, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 12 July 2019 and entered into, among others, the Vendor and the Offeror for the sale and purchase of the Sale Shares
“Sale Shares”	an aggregate of 264,000,000 Shares acquired by the Offeror from the Vendor pursuant to the terms of the Sale and Purchase Agreement
“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 share(s) 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 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM CELESTIAL CAPITAL



Celestial Capital Limited
21st Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

20 September 2019

To the Independent Shareholders

Dear Sir/Madam,

**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
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement. On 22 July 2019 (after trading hours), the Company and the Offeror jointly announced, among other things, that, the Vendor and the Offeror entered into the Sale and Purchase Agreement on the same date, pursuant to which the Vendor conditionally agreed to sell, and the Offeror conditionally agreed to acquire, the Sale Shares at the total consideration of HK\$73,200,000 (equivalent to approximately HK\$0.27727 per Sale Share).

The Completion took place on 16 September 2019 and was jointly announced on the same date by the Company and the Offeror. Upon Completion and as at the Latest Practicable Date, the Vendor became interested in 198,000,000 Shares, representing 30% of the issued share capital of the Company, whilst the Offeror became the owner of 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 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 has increased to 40%, the leader of the concert group has been changed. Accordingly, the Offeror is required to make the 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) under Rule 26.1 of the Takeovers Code. Celestial Capital is making the Offer for and on behalf of the Offeror.

LETTER FROM CELESTIAL CAPITAL

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information on the Offeror and the Offeror's intention on the Company. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" as set out in this Composite Document, the appendices as set out in this Composite Document and the Form of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

The Offer is being made by Celestial Capital for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Offer

For each Offer Share HK\$0.2773 in cash

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

As at the Latest Practicable Date, the Company had 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.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

Comparison of value

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

- (i) a premium of approximately 0.84% over the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (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 five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.209 per Share;

LETTER FROM CELESTIAL CAPITAL

- (iv) 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 approximately HK\$0.209 per Share;
- (v) 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;
- (vi) a discount of approximately 1.67% to the unaudited consolidated net asset value per Share of approximately HK\$0.282 as at 30 June 2019 (which is calculated by dividing the consolidated net asset value attributable to owners of the Company as at 30 June 2019 of approximately HK\$186,059,000 by 660,000,000 Shares in issue as at the Latest Practicable Date); and
- (vii) 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 Latest Practicable Date).

Highest and lowest Share price

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$0.28 per Share on 23 July 2019, 25 July 2019 and 26 July 2019 and HK\$0.188 per Share on 4 June 2019, respectively.

Total value of the Offer

As at the Latest Practicable Date, there were 660,000,000 Shares in issue. On the basis of the Offer Price of HK\$0.2773 per Offer Share, the entire issued share capital of the Company would be valued at HK\$183,018,000.

As at the Latest Practicable Date, on the basis that there were 198,000,000 Shares (excluding the 198,000,000 Shares held by the Vendor, which 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.

LETTER FROM CELESTIAL CAPITAL

Financial resources available to the Offeror

The Offeror will finance and satisfy the consideration payable under the Offer by its internal resources, shareholder's loan and the Offer Facility granted by Celestial Securities. Pursuant to the terms and conditions of the Offer Facility, the 264,000,000 Sale Shares 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. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the Offer Facility will depend to any significant extent on the business of the Company. As at the Latest Practicable Date, 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 upon full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent 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 this 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 Independent 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).

LETTER FROM CELESTIAL CAPITAL

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

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 of receipt of a duly completed acceptance of the Offer Shares. Relevant documents of title must be received by the Offeror or its agent to render each such acceptance of the Offer complete and valid.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent (HK\$).

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

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 Relevant Period.

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).

LETTER FROM CELESTIAL CAPITAL

Any acceptance by any Overseas Shareholders will be deemed to constitute a representation and warranty from such 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.

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).

INFORMATION OF THE GROUP

Details of the information on the Group are set out in the paragraph headed “INFORMATION ON THE GROUP” in the “Letter from the Board” in this Composite Document.

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 has been an investor partner of 遼寧虹信實業有限公司 (transliterated in English as Liaoning Hongxin Industrial Company Limited, “**Liaoning Hongxin**”). 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 of souvenirs.

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, (i) the executive Directors will remain as executive Directors or senior management members of the Group, and (ii) she will, 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 the business of the Group.

LETTER FROM CELESTIAL CAPITAL

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 and therefore does not have any major assets.

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 Latest Practicable Date, no such investment or business opportunities had been identified nor had 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. Nor does the Offeror have any current intention, understanding, negotiation or arrangement (concluded or otherwise) on downsizing, termination or disposal of the existing businesses of the Group.

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.

The Offeror will nominate Directors who will have the relevant knowledge and experience for appointment after the close of the Offer. As at the Latest Practicable Date, the Offeror had not decided on the future composition of the Board.

Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made upon any resignation and appointment of the Directors becoming effective.

LETTER FROM CELESTIAL CAPITAL

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued 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.

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The directors of the Offeror have jointly and severally undertaken and the new Directors to be appointed to the Board will undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to acquire compulsorily any Shares not acquired under the Offer after the close of the Offer.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

LETTER FROM CELESTIAL CAPITAL

The attention of the Overseas Shareholders is drawn to the section headed “Important notices” contained in this Composite Document and the paragraph headed “6. Overseas Shareholders” in Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. None of the Offeror and parties acting in concert with it, the Company, Celestial Capital, Celestial Securities, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof or in connection therewith.

WARNING

Independent Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” as set out in this Composite Document, the accompanying Forms of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers, before deciding whether or not to accept the Offer.

Yours faithfully
For and on behalf of
Celestial Capital Limited
Carmen Chan
Director

LETTER FROM THE BOARD



ZIONCOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

Executive Directors:

Mr. Kim Byung Kwon (*Chairman*)

Mr. Kim Jun Yeob

Mr. Koo Ja Chun

Mr. Xiao Jingen

Registered office in the Cayman Islands:

P.O. Box 1350,

Clifton House,

75 Fort Street, Grand Cayman,

KY1-1108, Cayman Islands

Independent non-executive Directors:

Mr. Ko Ming Tung, Edward

Mr. Shin Dongmin

Mr. Kwong Chun Man

*Head office and principal place of
business in Hong Kong:*

Office A, 9/F.,

Kings Wing Plaza 2,

No.1 On Kwan Street,

Shatin, New Territories,

Hong Kong

20 September 2019

To the Independent Shareholders,

Dear Sir or Madam,

**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
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

LETTER FROM THE BOARD

As disclosed in the Joint Announcement, on 12 July 2019 (after trading hours), the Vendor and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell and the Offeror 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 Latest Practicable Date, at a total consideration of HK\$73,200,000 (equivalent to approximately HK\$0.27727 per Sale Share). The Completion took place on 16 September 2019 and was announced on the same date by the Company.

As mentioned in the “Letter from Celestial Capital” contained in this Composite Document, upon Completion and as at the Latest Practicable Date, the Vendor became interested in 198,000,000 Shares, representing 30% of the issued share capital of the Company, whilst the Offeror became the owner of 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 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 has increased to 40%, the leader of the concert group has been changed. Accordingly, the Offeror is required to make the 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) under Rule 26.1 of the Takeovers Code.

Pursuant to GEM Rule 1.01, “controlling shareholder” is defined as any person who is or group of persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the issuer or who is or are in a position to control the composition of a majority of the board of directors of the issuer. Given that the Vendor will be interested in 198,000,000 Shares, representing 30% of the issued share capital of the Company, immediately after the Completion, the Vendor will remain as a controlling shareholder of the Company and therefore will be in compliance with its undertaking as stipulated in the Company’s prospectus of 28 December 2017.

This letter forms part of this Composite Document and set out, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Ko Ming Tung, Edward, Mr. Shin Dongmin and Mr. Kwong Chun Man, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

Pursuant to Rule 2.1 of the Takeovers Code, Grand Moore Capital Limited has been appointed as the Independent Financial Adviser by the Company after approval by the Independent Board Committee 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 so far as the Independent Shareholders are concerned and as the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee and the Independent Shareholders are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

THE OFFER

As set out in the “Letter from Celestial Capital” contained in this Composite Document, the Offer is being made by Celestial Capital for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Offer

For each Offer Share HK\$0.2773 in cash

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

As at the Latest Practicable Date, the Company had 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.

LETTER FROM THE BOARD

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares.

Please also refer to the “Letter from Celestial Capital” contained in this Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance for further information in relation to, among other things, the Offer and acceptance and settlement procedures of the Offer.

INFORMATION ON 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 the shareholding structure of the Company (i) as at the date of the Joint Announcement; and (ii) immediately upon the Completion but before the Offer is made.

Shareholder	(i) As at the date of the Joint Announcement		(ii) Immediately upon the Completion but before the Offer is made	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>	<i>%</i>	<i>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>)	<u>462,000,000</u>	<u>70</u>	<u>198,000,000</u>	<u>30</u>
Sub-total	462,000,000	70	462,000,000	70
Public Shareholders	<u>198,000,000</u>	<u>30</u>	<u>198,000,000</u>	<u>30</u>
Total	<u>660,000,000</u>	<u>100</u>	<u>660,000,000</u>	<u>100</u>

Note: As at the date of the Joint Announcement, the Vendor was 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 were executive Directors.

LETTER FROM THE BOARD

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from Celestial Capital” contained in this Composite Document.

INTENTION OF THE OFFEROR IN RELATION TO THE COMPANY

Please refer to the section headed “Intention of the Offeror in relation to the Company” in the “Letter from Celestial Capital” contained in this Composite Document for details regarding Offeror’s intention on the business of the Group. The Board is pleased to learn that the Offeror intends to continue the principal business of the Group and will maintain the listing status of the Company on GEM and that the Offeror has no intention to discontinue the employment of the employees (except for the proposed change of Board composition set out in the section headed “Proposed Change of Board Composition” in the “Letter from Celestial Capital” contained in this Composite Document) or to dispose of or redeploy the assets of the Group other than those in its ordinary course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued 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.

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The directors of the Offeror have jointly and severally undertaken and the new Directors to be appointed to the Board will undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

LETTER FROM THE BOARD

As stated in the “Letter from Celestial Capital” contained in this Composite Document, as the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages IBC-1 to IBC-3 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offer, and (ii) the “Letter from the Independent Financial Adviser” as set out on pages IFA-1 to IFA-28 of this Composite Document, which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its recommendation.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from Celestial Capital” and the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By order of the Board
Zioncom Holdings Limited
Kim Byung Kwon
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer which has been prepared for the purpose of inclusion in this Composite Document.



ZIONCOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8287)

20 September 2019

To the Independent Shareholders,

Dear Sir or Madam,

**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
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document issued jointly by the Offeror and the Company dated 20 September 2019 of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offer are fair and reasonable and to make a recommendation as to the acceptance of the Offer.

Grand Moore Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above. Detail of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages IFA-1 to IFA-28 of this Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from Celestial Capital” and the “Letter from the Board” as set out in the Composite Document as well as the additional information set out in the appendices to this Composite Document.

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and to make recommendations to the Independent Shareholders.

RECOMMENDATIONS

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we consider that the terms of the Offer are not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we do not recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in the Composite Document.

Despite our recommendation to the Independent Shareholders of not to accept the Offer, attention of the Independent Shareholders is also drawn to the fact that the Offer Price represents (i) a premium of approximately 0.84% over the closing price of HK\$0.275 per Share on the Latest Practicable Date; and (ii) a premium of approximately 25.48% to the average closing price of the Shares of approximately HK\$0.221 per Share during the Review Period. Based on the assumption that there are no other offer(s) currently available to the Independent Shareholders, the Offer Price appears to be the highest realisable value for the Shares as far as the Independent Shareholders are concerned.

In addition, we would also like to remind the Independent Shareholders that there is no assurance that the Share price will continue to remain at the existing level which is lower than the Offer Price in the future. In the event that the price of the Shares on GEM increases to a level which is higher than the Offer Price during the Offer Period, the Independent Shareholders who wish to realise their investments in the Shares may consider disposing of such Shares in the open market, should such sales proceeds be higher than what is receivable by way of accepting the Offer and after having considered the historically low liquidity of the Shares as discussed in section 4.2 of the “Letter from the Independent Financial Adviser”. As the Shares are highly illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. We therefore anticipate that the Independent Shareholders (especially those with relatively sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market without exerting downward pressure on the market price within a short period of time, if the same historical trading volume of the Shares persists during and shortly after the Offer Period. In such circumstance, Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

price higher than the Offer Price because of their size of the shareholding may consider the Offer as a fall back exit route for their investments in the Shares. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions and business plans of the Offeror in relation to the Company in the future and consider the potential difficulties they may encounter in disposing of their investments in the Shares at or higher than the Offer Price in the open market after the close of the Offer. Further terms and procedures of the Offer are set out in the “Letter from Celestial Capital” and Appendix I to the Composite Document.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,

For and on behalf of the

Independent Board Committee

Mr. Ko Ming Tung, Edward

*Independent non-executive
Director*

Mr. Shin Dongmin

*Independent non-executive
Director*

Mr. Kwong Chun Man

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Grand Moore Capital Limited, the Independent Financial Adviser in respect of the Offer, and is prepared for the purpose of incorporation into this Composite Document.



中毅資本有限公司
Grand Moore Capital Limited

Unit 1607,
16/F., Silvercord Tower 1,
30 Canton Road
Tsim Sha Tsui,
Kowloon, Hong Kong

20 September 2019

*To the Independent Board Committee of
Zioncom Holdings Limited*

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CELESTIAL CAPITAL LIMITED
FOR AND ON BEHALF OF ABSOLUTE SKILL HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
ZIONCOM HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY OR
TO BE ACQUIRED BY ABSOLUTE SKILL HOLDINGS LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, the details of which are set out in the Composite Document dated 20 September 2019 jointly issued by the Company and the Offeror to the Independent Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context requires otherwise.

References are made to (i) the Joint Announcement jointly issued by the Offeror and the Company on 22 July 2019; (ii) the delay in dispatch of Composite Document announcement jointly issued by the Offeror and the Company on 12 August 2019, in relation to, among other matters, the Offer; and (iii) the Completion announcement jointly issued by the Offeror and the Company on 16 September 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Joint Announcement, the Board has been informed that on 12 July 2019 (after trading hours), the Vendor, the Offeror, Mr. Kim Byung Kwon (the Company's Chairman as the Vendor's guarantor) and Ms. Sui (as the Offeror's 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 the Joint Announcement. The Consideration for the Sale Shares is the sum of HK\$73,200,000, representing approximately HK\$0.2773 per Sale Share, which is payable by the Offeror to the Vendor in cash.

The Completion took place on 16 September 2019 and was jointly announced on the same date by the Company and the Offeror. Upon Completion and as at the Latest Practicable Date, the Vendor became interested in 198,000,000 Shares, representing 30% of the issued share capital of the Company, whilst the Offeror became the owner of 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 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 has increased to 40%, the leader of the concert group has been changed. Accordingly, the Offeror is required to make the 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) under Rule 26.1 of the Takeovers Code. Celestial Capital is making the Offer for and on behalf of the Offeror.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Shin Dongmin and Mr. Kwong Chun Man, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We have been appointed as the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer and, in particular, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Our appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company, the Offeror or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates and we were not in the same group as the financial or other professional adviser (including a stockbroker) to the Offeror and the Group, we do not and did not have, a significant connection, financial or otherwise with either the Offeror or the Group, or the controlling shareholder(s) of either of them, of a kind reasonably likely to create, or to create the perception of, a conflict of interest or reasonably likely to affect the objectivity of our advice. Accordingly, we are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer in compliance with Rule 2.6 of the Takeovers Code. In the last two years, we have not acted as any financial adviser role to the Company and the Offeror.

Apart from the normal professional fees paid to us in relation to the current appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, the Offeror or other parties that could reasonably be regarded as relevant to our independence. The aggregate professional fees paid to/to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Offer.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors, the management of the Company (the “**Management**”) and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors, the Management and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the directors of the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, the Management and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors’, the Management’s and the Offeror’s representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than those relating to the Offeror and the parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than the opinion 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 the Composite Document, the omission of which would make any statement in the Composite Document misleading.

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

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information, opinions, or representations given or made by or on behalf of the Company or the Offeror, nor conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. The Independent Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

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PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Offer, we have taken into account the following principal factors and reasons:

1. Information of the Group

1.1 Background 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.

1.2 Financial information of the Group

Set out below is a summary of the consolidated financial information of the Group for each of the years ended 31 December 2017 and 2018 (the “FY2017” and “FY2018”, respectively) as extracted from the Company’s annual report for the year ended 31 December 2018 (the “2018 Annual Report”), and the six months ended 30 June 2018 and 2019 (the “1H2018” and “1H2019”, respectively) as extracted from the Company’s interim report for the six months ended 30 June 2019 (the “1H2019 Interim Report”).

	1H2019	1H2018	FY2018	FY2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	329,838	311,076	573,709	578,358
Gross profit	53,751	57,682	91,132	89,880
Profit/(loss) for the year/ period attributable to owners of the Company	5,326	3,097	(17,888)	720

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	1H2019	1H2018	FY2018	FY2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
<i>Geographical segment analysis on revenue:</i>				
South Korea	199,619	197,397	398,055	382,716
The PRC	18,102	10,816	21,609	23,193
Vietnam	13,569	18,664	30,572	28,424
Other Asian countries (excluding South Korea, the PRC and Vietnam)	67,319	59,520	79,852	82,341
Europe	26,501	10,999	17,754	27,561
South America	1,821	504	2,097	10,475
Africa	1,642	2,307	3,157	2,765
North America	609	10,869	20,613	20,832
Central America	<u>656</u>	<u>–</u>	<u>–</u>	<u>51</u>
Total revenue	<u>329,838</u>	<u>311,076</u>	<u>573,709</u>	<u>578,358</u>
			As at	As at
			30 June	31 December
			2019	2018
			HK\$'000	HK\$'000
			(unaudited)	(audited)
Cash and bank balances			16,693	4,787
Current assets			368,688	343,245
Current liabilities			330,001	319,656
Non-current liabilities			16,502	6,031
Net assets attributable to owners of the Company			186,059	181,297

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The Group's customers are primarily from South Korea and other Asian countries (excluding South Korea, the PRC and Vietnam), where the Group's revenue from South Korea accounted for approximately 66.2% and approximately 69.4% of the Group's total revenue for FY2017 and FY2018, respectively. For FY2018, the Group's consolidated revenue slightly decreased by approximately HK\$4.6 million, or 0.8%, from approximately HK\$578.4 million for FY2017 to approximately HK\$573.7 million for FY2018. As per the Management, such decrease in revenue was primarily due to (i) the Group's adjustment of strategy focusing on networking products and the Group's own brand TOTOLINK (the "**Branded Products**"), leading to decrease in revenue from non-networking products by approximately 18.9%; and (ii) a decrease in processing services income by approximately 85.5%. As confirmed by the Management, the Group decided to focus on their Branded Products, which is expected to allow the Group to further reduce its reliance on the processing services segment given that the processing services income segment only accounts for a small portion of the Group's total revenue (approximately 2.8% for FY2017 and approximately 0.4% for FY2018) and there is only one customer for this segment who had recently changed its sales strategy and recorded decrease in sales of their products.

The Group recorded an increase in gross profit of approximately HK\$1.3 million, or 1.4%, from approximately HK\$89.9 million for FY2017 to approximately HK\$91.1 million for FY2018. Despite the slight decrease in revenue for FY2018, the gross profit margin slightly increased from approximately 15.5% for FY2017 to approximately 15.9% for FY2018 as a result of a decrease in cost of sales by approximately 1.2% from approximately HK\$488.5 million for FY2017 to approximately HK\$482.6 million for FY2018. As per the Management, such decrease of cost of sales was mainly due to (i) the decrease in the price of electronic raw materials; (ii) the devaluation of Renminbi ("**RMB**") led to decrease in costs of raw materials denominated in RMB; and (iii) lower cost of production in Vietnam due to the Group has shifted part of its production activities from the PRC to Vietnam.

The Group recorded consolidated net loss attributable to owners of the Company of approximately HK\$17.9 million for FY2018 as compared to net profit attributable to owners of the Company of approximately HK\$0.7 million for FY2017. As per the 2018 Annual Report, it was mainly attributable to following:

- (i) a significant increase in selling and distribution expenses by approximately HK\$7.9 million, or 66.2%, from approximately HK\$11.9 million for FY2017 to approximately HK\$19.7 million for FY2018, which was mainly due to:

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- a. an increase in selling and distribution expenses incurred by the Group's subsidiary in Vietnam as a result of the expansion of sales team and increase of sales generated from the subsidiary in Vietnam; and
 - b. an increase in transportation fee of the Group due to increase of sales volume including courier of samples or promotion materials to the Group's customers or distributors;
- (ii) a substantial increase in administrative expenses by approximately HK\$13.6 million, or 24.3%, from approximately HK\$55.9 million for FY2017 to approximately HK\$69.5 million for FY2018, which was mainly due to an one-off impairment loss on trade receivables amounting to approximately HK\$5.9 million incurred in the second half of FY2018, increase in salaries and allowances, legal and professional fees and one-off compensation expenses and other tax expenses; and
- (iii) an increase in research and development expenses by approximately HK\$2.4 million, or 10.4%, from approximately HK\$22.6 million for FY2017 to approximately HK\$24.9 million for FY2018. Such increase was mainly attributable to an increase in expenses of salaries and social insurance by approximately HK\$3.0 million, or 24.0%, from approximately HK\$12.5 million for FY2017 to approximately HK\$15.5 million for FY2018 as a result of an increase in staff number for research and development.

For 1H2018 and 1H2019, the Group's revenue from South Korea accounted for approximately 63.5% and approximately 60.5% of the Group's total revenue, respectively. It is noted that revenue from North America has substantially reduced by approximately HK\$10.3 million, or 94.4%, from approximately HK\$10.9 million for 1H2018 to approximately HK\$0.6 million for 1H2019. As per the Management, such decrease was mainly attributable to the negative impact of the large tariffs that the United States government has imposed on products manufactured in the PRC (the "Tariffs"). For 1H2019, the Group's total revenue increased by approximately HK\$18.8 million, or 6.0%, from approximately HK\$311.1 million for 1H2018 to approximately HK\$329.8 million for 1H2019. As per the 1H2019 Interim Report, such increase in revenue was primarily attributable to an increase of orders from South Korean customers for 1H2019.

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The Group recorded a decrease in gross profit of approximately HK\$3.9 million, or 6.8%, from approximately HK\$57.7 million for 1H2018 to approximately HK\$53.8 million for 1H2019. Such decrease was mainly attributable to an increase in cost of sales. As per the 1H2019 Interim Report, the cost of sales increased by approximately 9.0%, from approximately HK\$253.4 million for 1H2018 to approximately HK\$276.1 million for 1H2019. The gross profit margin decreased from approximately 18.5% for 1H2018 to approximately 16.3% for 1H2019. As confirmed by the Management, despite the Group's lower cost of production in the Vietnam production facilities which account for around 33.0% of the Group's production, given that during 1H2019, (i) the increase in direct labour costs in the PRC where around 67.0% of the Group's production is located; and (ii) the increase in the price of electronic components used as raw materials due to increase in general demand in electronic components in the market, the Group recorded a larger increment in costs of material and direct labour as compared to the increase in revenue for the corresponding period.

The Group recorded an increase in consolidated net profit attributable to owners of the Company of approximately HK\$2.2 million, or 72.0%, from approximately HK\$3.1 million for 1H2018 to approximately HK\$5.3 million for 1H2019. As confirmed by the Management, such increase was mainly attributable to (i) an increase in total revenue by approximately HK\$18.8 million, or 6.0%, from approximately HK\$311.1 million for 1H2018 to approximately HK\$329.8 million for 1H2019; (ii) a decrease in selling and distribution expenses by approximately 6.4% due to the aggregate decrease in the selling and distribution expenses incurred by the Group's subsidiary in Vietnam. As per the Management, the Group had reduced certain selling and distribution expenses such as promotion fees, incentive bonus to distribution agents and exhibition fees for 1H2019 as a result of that the Company has finally borne fruit in building brand awareness in the Vietnam market which had in substance commenced since the first half of 2015, and obtained recurring orders from customers for its subsidiary in Vietnam for 1H2019; (iii) a decrease in research and development expenses by approximately 4.0% due to a decrease in employee expenses; (iv) a decrease in finance costs by approximately 0.8% due to a decrease of interest expenses on bank borrowings as the Group repaid some of its bank borrowings and obtained new bank borrowings with lower interest rates during 1H2019; and (v) an increase in other income due to the PRC government grants for 1H2019.

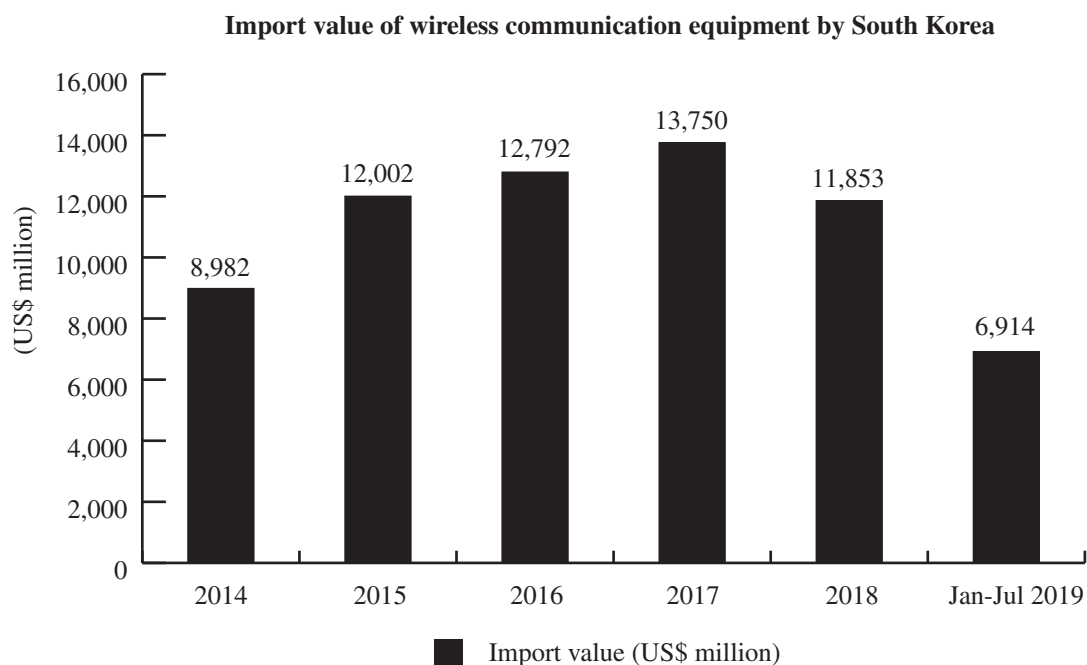
We noted that the Group recovered from a net loss position for FY2018 to a net profit position for 1H2019, where the financial performance for 1H2019 improved as compared to that for 1H2018. The Management confirmed that since the net loss position of the Group for FY2018 was mainly attributable to certain non-recurring expenses including the impairment loss on trade receivables amounting to approximately HK\$5.9 million incurred in the second half of FY2018 and one-off compensation expenses and other tax expenses for FY2018, it is not expected to incur such impact on the Group's financial performance going forward.

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The Group recorded an increase in net asset attributable to owners of the Company of approximately HK\$4.8 million, or 2.6%, from approximately HK\$181.3 million as at 31 December 2018 to approximately HK\$186.1 million as at 30 June 2019. As per the Management, such increase was mainly attributable to the net profit attributable to owners of the Company of approximately HK\$5.3 million recorded in 1H2019.

1.3 Industry overview

In view of that over 60% of the Group's revenue is attributable to South Korea, we have conducted a research on the import value of wireless communication equipment in South Korea.

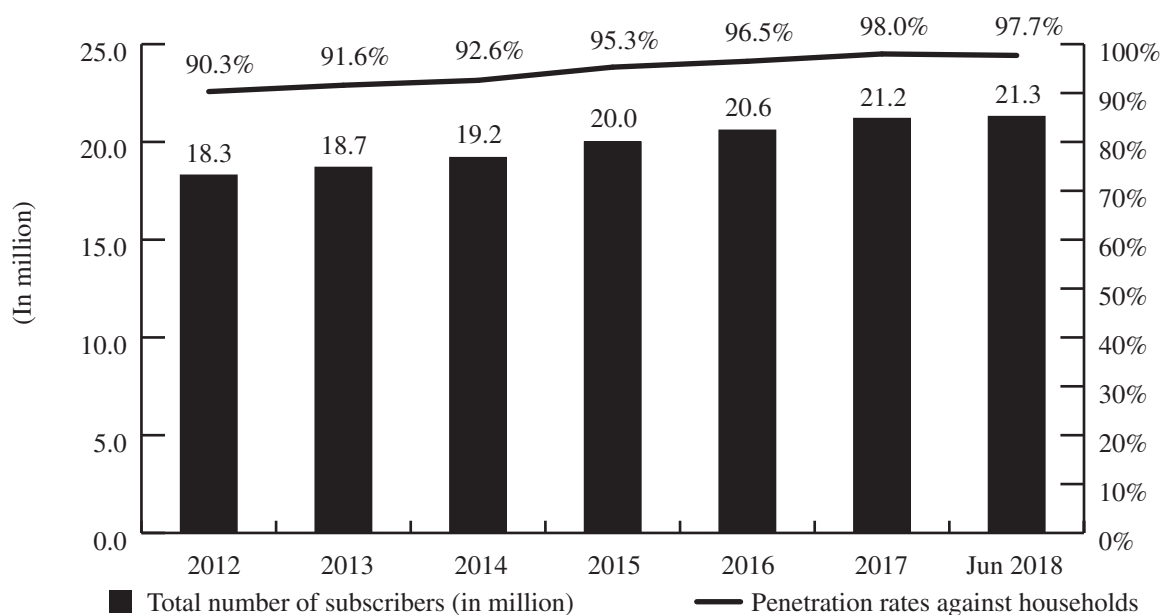


Source: IT Statistics of Korea

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The chart above is based on the publication by IT Statistics of Korea titled “ICT Industry” (<http://www.itstat.go.kr/stat.it?no=1089>). IT Statistics of Korea is a portal to provide IT statistics data of South Korea collected by the Ministry of Science and ICT (i.e. Information and Communications Technology) in South Korea, a ministry of the Government of South Korea. As illustrated in the chart above, we note the import value of wireless communication equipment in South Korea has increased by approximately 32.0%, from approximately US\$9.0 billion in 2014 to approximately US\$11.9 billion in 2018. Despite a slight decrease in import value in 2018, the chart generally exhibits an uptrend for the import value of wireless communication equipment in South Korea from 2014 to 2018 so we still consider that the industry outlook for the Group appears to be positive and promising as (i) the main driver of sales of wireless routers, the Group’s principal product, is broadband subscription and this still demonstrates an increasing trend during the 1st half of 2018 as shown in the chart immediately below; and (ii) with recent escalation of trade tension between South Korea and Japan, the Group’s products which are manufactured in the PRC and Vietnam may be in an advantageous position for export to South Korea.

**Subscriptions and penetration rates
for broadband network services in South Korea**



Source: Korea Information Society Development Institute

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As the Group is engaged in manufacturing and sales of networking products with specialisation in the design and development of wireless networking products which are primarily targeted for home use and small scale commercial applications, we have also reviewed the subscriptions and penetration rates for broadband network services in South Korea. The chart above is based on the publication by Korea Information Society Development Institute titled “2019 ICT Industry Outlook of Korea” (<https://www.kisdi.re.kr/kisdi/upload/attach/Outlook2019.pdf>). The Korea Information Society Development Institute is a government affiliated institute established in February 1985, which collects surveys, and research a variety of data and information about IT policy, regulation, and business in and out of South Korea. We noted from the chart above, the total number of subscribers for broadband network services in South Korea has increased by approximately 16.4%, from approximately 18.3 million subscribers in 2012 to approximately 21.3 million subscribers in June 2018. In addition, the penetration rates against households for broadband network services in South Korea maintained over 90.0% during 2012 to June 2018.

In light of the increasing number of subscribers for broadband network services and high penetration rates for broadband network services in South Korea, we are of the view the general outlook for the network equipment products industry in South Korea appears to be positive. In addition, as per the 1H2019 Interim Report, the Group expects to release new products to the market in the third and fourth quarters of 2019, including but not limited to IP cameras, improved versions of existing AC routers, T-Mesh systems, Wi-Fi extenders, switches, 4G LTE and Mi-Fi routers. As per the Management, such expansions of the Group’s products portfolio are expected to stimulate the Group’s revenue and increase competitiveness of the Group. In addition, the Management considers the shifting of part of the Group’s production activities from the PRC to Vietnam in 2018, with approximately 33.0% of the Group’s production facilities already shifted to Vietnam as at the Latest Practicable Date, may further increase the attractiveness of its products to the Group’s clients in the United States when compared to other competitors with products manufactured in the PRC due to (i) the Group’s ability to avoid the Tariffs and hence giving the Group’s Vietnam produced products a price advantage compared to products manufactured in the PRC; and (ii) the ongoing trade tension between the PRC and the United States may make non-PRC produced products (such as those manufactured in Vietnam) more appealing to consumers in the United States, and this would hopefully give rise to exploration of previously untapped business opportunities in the United States and improve the Group’s financial performance.

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1.4 Future plan and prospects

With reference to the 1H2019 Interim Report, the Group's business objective is to strengthen the Group's position as a networking products manufacturer specializing in the design and development of wireless networking products by enhancing recognition of the Group's own brand and improving the Group's financial performance. In support of the Group's business objective, the Group will continue to implement the business strategies of increasing the Group's growth in the emerging markets in Asia and other markets with high potential, increasing the Group's production capacity and broadening its product offerings, enhancing its overall competitiveness and market share.

As per the 1H2019 Interim Report, the Group expects the global markets to be full of challenges in the near future with the irksome development of the trade war between the United States and the PRC as the United States government may again impose the Tariffs on the PRC products. The escalating tit for tat and the accompanying rhetoric between the two parties encompass the trade war. The 1H2019 Interim Report further mentioned that an amicable resolution remains elusive, and the lasting impacts of any trade war on the PRC economy remain uncertain. As per the Management, since products manufactured in the PRC are subject to the Tariffs, the Group has slowed down the introduction of automation system in the Shajing production facilities in the PRC considering the uncertainties arising from and the impact of the ongoing trade war between the PRC and the United States. Instead, the Group has shifted part of its production of the Branded Products to its production facilities in Vietnam. As confirmed by the Management, around 33.0% of the Group's production facilities has already been shifted to Vietnam from the PRC as at the Latest Practicable Date.

In light of the above, the Group will continue to adopt and maintain a conservative but proactive investment approach so as to bring better returns for its Shareholders. As the Tariffs are imposed, companies with manufacturing lines outside the PRC will gain an advantage on prices of products destined for sales in the United States. As the Group has production lines in Vietnam, the Group has the capacity to shift the production activities from the PRC to Vietnam and therefore avoid the Tariffs. Hence, the Group is expecting increasing demands of its products from the United States in the future under such circumstances.

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In view of (i) the Group recorded improved financial performance for 1H2019 as compared to 1H2018 despite a net loss position for FY2018 due to certain non-recurring expenses; (ii) the positive industry outlook for the network equipment products in South Korea (where over 60% of the Group's revenue is derived from) based on the increasing number of broadband subscribers; (iii) the Group's new products to be released to the market in the third and fourth quarters of 2019, which is expected by the Management to stimulate the Group's revenue and increase competitiveness of the Group; and (iv) the Group is in a position to avoid the Tariffs having already shifted approximately 33.0% of its production activities from the PRC to Vietnam giving the Group's Vietnam produced products a price advantage over other PRC produced products and more appeal to customers in the United States due to the ongoing trade tension between the PRC and the United States, thereby increasing the attractiveness of its products to clients in the United States when compared with other competitors with products manufactured in the PRC which would hopefully give rise to exploration of previously untapped business opportunities in the United States and improve the Group's financial performance, the future prospects of the Group appear to be positive.

2. Information of the Offeror

2.1 Background information of the Offeror

To provide the Independent Shareholders with basic information on the background of the Offeror, set out below is the key information on the Offeror as extracted from the "Letter from Celestial Capital" in the Composite Document.

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 has been an investor partner of Liaoning Hongxin. 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 of souvenirs.

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, (i) the executive Directors will remain as executive Directors or senior management members of the Group, and (ii) she will, 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 the business of the Group.

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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 and therefore does not have any major assets.

2.2 Intentions of the Offeror in relation to the Group

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 Latest Practicable Date, no such investment or business opportunities had been identified nor had 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. Nor does the Offeror have any current intention, understanding, negotiation or arrangement (concluded or otherwise) on downsizing, termination or disposal of the existing businesses of the Group.

2.3 Proposed change of the 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.

The Offeror will nominate Directors who will have the relevant knowledge and experience for appointment after the close of the Offer. As at the Latest Practicable Date, the Offeror had not decided on the future composition of the Board.

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Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made upon any resignation and appointment of the Directors becoming effective.

We note that (i) the Offeror had not decided on the future composition of the Board as at the Latest Practicable Date; (ii) Ms. Sui does not have any experience nor expertise related to the Group's principal business in manufacturing and sales of networking products; and (iii) the Offeror currently does not appear to have any concrete business plans for the Group's existing business. In light of the above, despite that fact that the executive Directors will remain as executive Directors or senior management members of the Group, we consider that there may be uncertainties on whether the Group is able to implement their business strategies as discussed in section 1.4 of this letter. We would like to remind the Independent Shareholders to pay attention to the possible further change(s) to the Board composition after the close of the Offer.

2.4 Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued 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.

The Offeror intends to maintain the listing of the Shares on GEM after the close of the Offer. The directors of the Offeror have jointly and severally undertaken and the new Directors to be appointed to the Board will undertake, to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Independent Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that the appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

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3. Principal terms of the Offer

The Offer is being made by Celestial Capital for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

The Offer

For each Offer Share HK\$0.2773 in cash

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

As at the Latest Practicable Date, the Company had 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.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

3.1 The Offer Price

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

- (i) A premium of approximately 0.84% over the closing price of HK\$0.275 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) 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;
- (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 five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.209 per Share;
- (iv) 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 approximately HK\$0.209 per Share;
- (v) 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

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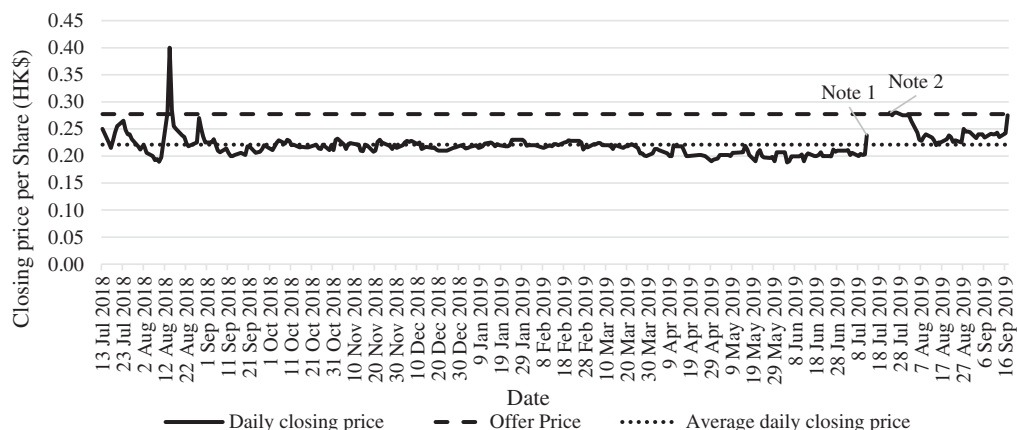
- (vi) a discount of approximately 1.67% to the unaudited consolidated net asset value attributable to the owners of the Company per Share of approximately HK\$0.282 (which is calculated by dividing the unaudited consolidated net asset value attributable to owners of the Company as at 30 June 2019 of approximately HK\$186,059,000 by 660,000,000 Shares in issue as at the Latest Practicable Date).

4. Historical price and trading volume of the Shares

Set out below is the historical price performance of the Shares as quoted on the Stock Exchange during (i) the one-year period prior to the Last Trading Day; and (ii) the period from the Last Trading Day up to the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is appropriate as (i) it reflects the general trend and recent market valuation of the Shares; (ii) a shorter period (e.g. 6 months) may not sufficiently illustrate a meaningful historical trend for a proper assessment; and (iii) a longer period (e.g. 2 years) may have been too distant in time making such historical trend less relevant within the context of the Offer and with reference to the dynamic financial markets.

4.1 Historical price performance of the Shares

Historical daily closing price per Share during the Review Period



Source: website of the Stock Exchange

Notes:

1. Trading in the Shares was halted from 15 July 2019 to 22 July 2019 prior to publication of the Joint Announcement. The closing price of Shares was HK\$0.238 per Share on the Last Trading Day.
2. The Joint Announcement was published on 22 July 2019 and trading in the Shares was resumed on 23 July 2019. The closing price of the Shares was HK\$0.280 per Share on 23 July 2019.

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As illustrated in the chart above, the closing price of Shares started from HK\$0.250 per Share in the beginning of the Review Period and decreased to HK\$0.189 per Share on 9 August 2018. We noted that the closing price of Shares increased significantly from HK\$0.280 per Share on 13 August 2018 to HK\$0.400 per Share on 14 August 2018. As advised by the Directors, the Directors were not aware of any specific event that might have caused the significant increase of Share price. Afterwards, the closing price of the Shares decreased to HK\$0.218 on 23 August 2018 and remained relatively stable. On 4 June 2019, the closing price of the Shares was HK\$0.188 per Share, being the lowest closing price of the Shares during the Review Period. After that, the Share price gradually increased to HK\$0.238 per Share on the Last Trading Day. Trading in the Shares was halted from 15 July 2019 to 22 July 2019 pending the release of the Joint Announcement. Upon resumption of trading of the Shares, the Share price gradually decreased from HK\$0.280 on 23 July 2019 to HK\$0.275 on the Latest Practicable Date.

During the Review Period, the closing price of the Shares ranged from a low of HK\$0.188 per Shares (recorded on 4 June 2019) to a high of HK\$0.400 per Shares (recorded on 14 August 2018) (the “**Price Range**”). The Offer Price (i) falls within the Price Range; (ii) represents a premium of approximately 25.48% to the average closing price of the Shares of approximately HK\$0.221 per Share during the Review Period; (iii) represents a discount of approximately 30.68% to the highest closing price of HK\$0.400 per Share recorded on 14 August 2018; and (iv) represents a premium of approximately 47.50% to the lowest closing price of HK\$0.188 per Share recorded on 4 June 2019.

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4.2 Average daily trading volume for each month during the Review Period

The table below sets out the average daily trading volume of the Shares for each month during the Review Period.

Month	Number of trading days during the Review Period	Average daily trading volume of the Shares during the Review Period (approximate)	Average daily trading volume of the Shares during the Review Period to the total number of issued Shares ³ (approximate) (%)	Average daily trading volume of the Shares during the Review Period to the total number of issued Shares ³ (approximate) (%)
2018				
July (starting from commencement of Review Period)	13	3,431,538	1.73	0.52
August	23	6,810,434	3.44	1.03
September	19	1,321,578	0.67	0.20
October	21	1,347,619	0.68	0.20
November	22	1,117,273	0.56	0.17
December	19	1,289,474	0.65	0.20
2019				
January	22	775,909	0.39	0.12
February	17	1,000,588	0.51	0.15
March	21	970,476	0.49	0.15
April	19	1,532,632	0.77	0.23
May	21	238,095	0.12	0.04
June	19	371,053	0.19	0.06
July ¹	22	6,099,375	3.08	0.92
August	22	1,305,909	0.66	0.20
September (up to the Latest Practicable Date)	12	1,520,833	0.77	0.23

Source: website of the Stock Exchange

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Notes:

1. Trading in the Share was halted from 15 July 2019 to 22 July 2019.
2. Based on 198,000,000 Shares held by the public Shareholders as at the Latest Practicable Date.
3. Based on 660,000,000 Shares in issue immediately as at the Latest Practicable Date.

We noted that trading in the Shares had been extremely thin during the Review Period except for August 2018 and July 2019, where there were 23 and 22 trading days in the respective months. As advised by the Directors, except for the publication of the Joint Announcement, the Directors were not aware of any other specific event that might have caused the relatively higher trading volume of the Shares (above 3% of the Shares held by the public Shareholders) in August 2018 and July 2019 as compared to the rest of the months during the Review Period. Excluding the trading volume anomalies in August 2018 and July 2019, the range for the average daily trading volume of the Shares in each of the months would narrow to the highest of approximately 3.4 million Shares in July 2018 to the lowest of approximately 0.2 million Shares in May 2019, representing approximately 1.73% and approximately 0.12% to the total number of issued Shares held by the public Shareholders as at the end of the respective months, and approximately 0.52% and approximately 0.04% to the total number of issued Shares as at the Latest Practicable Date.

Considering the low liquidity of the Shares of the Group as discussed above, it may be difficult for Independent Shareholders to sell a significant number of Shares in the open market without exerting downward pressure on the Share price. In the absence of other offer(s) currently available to the Independent Shareholder, the Offer can be considered as a viable exit alternative for those who wish to realise their investments in the Shares at a fixed Offer Price for any number of Shares held and without any influence by or consideration of the trading liquidity of the Shares, if the Independent Shareholders hold a pessimistic view on the Company's future performance after considering various factors and reading through the Composite Document, the 1H2019 Interim Report and the 2018 Annual Report.

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5. Comparative analysis on the terms of the Offer

In assessing the fairness and reasonableness of the Offer Price, we have performed a comparable analysis on the terms of the Offer. We noted that the trading multiples analysis, such as price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”), are commonly adopted valuation methods in the market. As the Group was loss making for FY2018, the PER analysis would not be feasible. We consider that PBR which compares the market capitalisation of a company against its net asset value attributable to owners is a commonly used benchmark in comparing the valuations of different companies engaged in the same industry, and it is also appropriate for assessing companies engaged in manufacturing of communications equipment since the business mainly involves manufacturing and sales of such products so their respective statements of financial position would share the common characteristics of mainly involving manufacturing facilities, inventories, trade receivables and payables, etc., meaning that net asset value attributable to owners of the Company would reflect the underlying value of the Company.

As stated in section 1.1 to this letter, the Group is mainly engaged in manufacturing and sales of networking products used for communications. In that connection, we have identified an exhaustive list of 2 companies (the “**Comparable Company(ies)**”) which (i) are principally engaged in manufacturing of communication equipment related business which is similar to that of the Group; and (ii) are listed on GEM of the Stock Exchange and with similar market capitalisation. It is noted that one of the Comparable Company, namely On Real International Holdings Limited (“**On Real**”, stock code: 8245), is principally engaged in the business of two-way radios. Although On Real is not engaged in the exact same business of the Company, i.e. networking products, we have considered that (i) network equipment and two-radios are classified under the broader umbrella of communication equipment making On Real comparable; (ii) both network equipment and two-way radios only involve technologies and manufacturing techniques that are not exactly cutting-edge unlike other high technology advanced products such as advanced integrated circuits, microprocessors, deep neural networks, render farm, etc. which require massive research and development spending, therefore making On Real comparable on a technological stand point; and (iii) both the Company and On Real are listed on GEM and with similar market capitalisation also making them comparable.

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Considering the Company is listed on GEM, where GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange, the companies listed on the Main Board of the Stock Exchange are not comparable to the Company. We have not been able to obtain financial information of unlisted companies of comparable nature for conducting any meaningful comparison against the Company. As to companies listed on overseas stock exchanges, they are subject to different regulatory requirements and capital market conditions, we are of the view that companies listed on overseas stock exchanges are not comparable to the Company for the purpose of our analysis.

The Comparable Companies were selected exhaustively with a 100% coverage of all suitable Comparable Companies under an unbiased selection process with no “cherry picking” or other undue influence on our part. Although there are differences in financial conditions, geographical target markets, target customers and market capitalisation between the Company and the Comparable Companies, in light of that the Comparable Companies are engaged in similar principal activities and listed on GEM, they are likely to be influenced by similar macro-economic factors as the Group including, but not limited to, economic outlook and demand for product. In light of the above, we are of the view that the relatively small sample size only indicates the Company is in a relatively niche industry amongst its other GEM listed peers, and does not prejudice our analysis so the Comparable Companies are still considered to be the closest proxies to the Company and therefore a fair and representative sample and can serve as a reference to the fairness and reasonableness of the Offer Price.

The following table sets out our analysis on the Comparable Companies:

Company name (stock code)	Principal business	Market capitalisation/ valuation ¹ (HK\$' million)	Net assets value attributable to owners of the company ²	PBR ³ (Times)
			(HK\$' million)	
Glory Mark Hi-Tech (Holdings) Limited (8159)	Design, manufacture and sale of connectivity products mainly for computers, computer peripheral products, multi-media consumable electronic products, communication products, automobile electronics accessories, wire harness and medical equipment	124.80	123.36	1.01

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Company name (stock code)	Principal business	Market capitalisation/ valuation ¹ (HK\$' million)	Net assets value attributable to owners of the company ² (HK\$' million)	PBR ³ (Times)
On Real International Holdings Limited (8245)	Designing, manufacturing and selling two-way radios and baby monitor products on original design manufacturing basis	139.65	63.28	2.21
	<i>Average:</i>	132.23	93.32	1.61
	<i>Minimum:</i>	124.80	63.28	1.01
	<i>Maximum:</i>	139.65	123.36	2.21
The Company (8287)	Primarily 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	183.02	186.06	0.98

Source: website of the Stock Exchange and the annual/interim reports of the Comparable Companies

Notes:

1. For the Comparable Companies, the market capitalisation is calculated as total number of shares in issue times the closing price as at the Latest Practicable Date, where the total number of shares in issue is based on the latest published monthly return as at the Latest Practicable Date of the respective Comparable Companies. For the Company, the implied valuation is calculated as total number of Shares in issue as at the Latest Practicable Date times the Offer Price.
2. For the Comparable Companies, the net asset value attributable to owners of the company is extracted from their latest published annual/interim reports.
3. For the Comparable Companies, the PBR is calculated as market capitalisation divided by the net asset value attributable to owners of the Comparable Company as extracted from their latest published annual/interim reports. For the Company, the PBR is calculated as its implied valuation based on the Offer Price divided by its net asset value attributable to owners of the Company as extracted from the 2019 Interim Report.

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As illustrated in the table above, the PBRs of the Comparable Companies ranged from approximately 1.01 times to approximately 2.21 times (the “**PBR Range**”), with an average of approximately 1.61 times. Accordingly, the implied PBR of the Offer Price of approximately 0.98 times falls outside of the PRB Range and is lower than the minimum and average PBR of the Comparable Companies, respectively. This indicates that the valuation of the Company based on the Offer Price offered by the Offeror to the Independent Shareholders is lower than the PBRs of the Comparable Companies derived from their respective closing prices per share on the Latest Practicable Date.

RECOMMENDATION

In arriving at our recommendation, we have considered the aforementioned principal factors and in particular:

- (i) the apparently positive outlook for the network equipment products industry in South Korea, where over 60% of the Group’s revenue is derived from, supported by the increasing number of subscribers for broadband network services (which is the main driver behind sales of wireless routers) and high penetration rates for broadband network services in South Korea from 2012 up to the 1st half of 2018 as discussed in section 1.3 of this letter;
- (ii) the Group is in a position to avoid the Tariffs by way of already shifted around 33.0% of its existing production activities from the PRC to Vietnam which may further increase the attractiveness of its products to clients in the United States when compared with other competitors with products manufactured in the PRC, and would hopefully give rise to exploration of previously untapped business opportunities in the United States and improve the Group’s financial performance as discussed in sections 1.3 and 1.4 of this letter;
- (iii) the Group recovered from an audited net loss attributable to owners of the Company of approximately HK\$17.9 million for FY2018 which was mainly attributable to certain non-recurring expenses, to an unaudited net profit attributable to owners of the Company of approximately HK\$5.3 million for 1H2019 as discussed in section 1.2 of this letter;
- (iv) the Group expects to release new products to the market in the third and fourth quarters of 2019, which is expected to stimulate the Group’s revenue and increase competitiveness of the Group by the Management as discussed in section 1.3 of this letter; and

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- (v) the Offer Price represents a slight discount of approximately 1.67% to the unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$0.282 per Share as at 30 June 2019;

Furthermore, we have also considered the following side-factor as a point of reference in arriving our recommendation:

- (vi) the valuation of the Company based on the PBR calculated with reference to the Offer Price offered by the Offeror to the Independent Shareholders is outside of the PBR Range and lower than the minimum and average PBRs of the Comparable Companies, respectively, which indicates that the Offer represents a lower valuation of the Company than the Comparable Companies in the market which we consider is an appropriate side factor despite the different products, target markets, financial conditions, etc. between the Comparable Companies and that of the Company for the reasons that (a) PBR is an appropriate benchmark for the communication equipment manufacturing sector; and (b) the Comparable Companies represent the closest proxies to the Company identified by us exhaustively based on the selection criteria set out in section 5 of this letter.

Based on factors (v) and (vi) above, it is indicated that the Offer Price reflects a slight under valuation as compared to the Company's net assets value and that of the Comparable Companies. We considered that such undervaluation implies that the Independent Shareholders should have received a higher offer price than the Offer Price in exchange for their Shares, which outweighs the benefits of the premium of approximately 0.84% represented by the Offer Price over the closing price of HK\$0.275 per Share on the Latest Practicable Date and the uncertainties on whether the Group may be able to implement its business strategies due to an apparent lack of relevant background and experience of Ms. Sui, and the Offeror's apparent lack of concrete business plans for the Group as discussed in sections 2.2 and 2.3 of this letter. Coupled with the Group's promising outlook as discussed in factors (i) to (iv) above, we are of the view that the Offer is unattractive to the Independent Shareholders. In light of the above, we are of the view that, terms of the Offer are, on balance, not fair and not reasonable so far as the Independent Shareholders are concerned. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders not to accept the Offer.

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Despite our recommendation to the Independent Shareholders of not to accept the Offer, attention of the Independent Shareholders is also drawn to the fact that the Offer Price represents (i) a premium of approximately 0.84% over the closing price of HK\$0.275 per Share on the Latest Practicable Date; and (ii) a premium of approximately 25.48% to the average closing price of the Shares of approximately HK\$0.221 per Share during the Review Period. Based on the assumption that there are no other offer(s) currently available to the Independent Shareholders, the Offer Price appears to be the highest realisable value for the Shares as far as the Independent Shareholders are concerned. As such, the Independent Shareholders who maintain a pessimistic view on the business prospects of the Group and the future Share price performance perhaps due to the uncertainties on whether the Group may be able to implement its business strategies due to an apparent lack of relevant background and experience of Ms. Sui, and the Offeror's apparent lack of concrete business plans for the Group as discussed in sections 2.2 and 2.3 of this letter, may consider accepting the Offer after carefully considering their individual circumstances. Also, given the low liquidity of the Shares as discussed in section 4.2 of this letter, the Offer provides a viable exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the fixed Offer Price for any number of Shares held and without any influence by or consideration of the trading liquidity of the Shares.

In addition, we would also like to remind the Independent Board Committee to remind and we also remind the Independent Shareholders that there is no assurance that the Share price will continue to remain at the existing level which is lower than the Offer Price in the future. In the event that the price of the Shares on GEM increases to a level which is higher than the Offer Price during the Offer Period, the Independent Shareholders who wish to realise their investments in the Shares may consider disposing such Shares in the open market, should such sales proceeds be higher than what is receivable by way of accepting the Offer and after having considered the historically low liquidity of the Shares as discussed in section 4.2 of this letter. As the Shares are highly illiquid, disposal of large block of Shares held by the Shareholders in the open market may trigger price slump of the Shares. We therefore anticipate that the Independent Shareholders (especially those with relatively sizeable shareholdings) may encounter difficulties in selling a significant number of Shares in the open market without exerting downward pressure on the market price within a short period of time, if the same historical trading volume of the Shares persists during and shortly after the Offer Period. In such circumstance, Independent Shareholders who believe that they will be unable to sell the Shares in the open market at a price higher than the Offer Price because of their size of the shareholding may consider the Offer as a fall back exit route for their investments in the Shares. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should carefully monitor the intentions and business plans of the Offeror in relation to the Company in the future and consider the potential difficulties they may encounter in disposing of their investments in the Shares at or higher than the Offer Price in the open market after the close of the Offer. Further terms and procedures of accepting the Offer are set out in the "Letter from Celestial Capital" and Appendix I to the Composite Document.

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As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting or not accepting the Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Philip Chau
Managing Director

Yours faithfully,
For and on behalf of
Grand Moore Capital Limited
Kevin So
Director – Investment Banking Department

Note:

Mr. Philip Chau is a licensed person under the SFO to undertake types 1 and 6 regulated activities (dealing in securities and advising on corporate finance respectively) and is a responsible officer in respect of Grand Moore's type 6 regulated activity (advising on corporate finance). Mr. Chau has over 30 years of experience in banking and corporate finance in Hong Kong.

Mr. Kevin So is a licensed person under the SFO to undertake type 6 regulated activity (advising on corporate finance) and is a responsible officer in respect of Grand Moore's type 6 regulated activity (advising on corporate finance). Mr. So has over 16 years of experience in the corporate finance industry in Hong Kong.

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand, to the Registrar at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong marked "Zioncom Holdings Limited – Offer" on the envelope as soon as possible but in any event the aforementioned documents shall reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in compliance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar marked "Zioncom Holdings Limited – Offer" on the envelope; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar marked “Zioncom Holdings Limited – Offer” on the envelope; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar marked “Zioncom Holdings Limited – Offer” on the envelope together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Celestial Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar marked “Zioncom Holdings Limited – Offer” on the envelope together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) Acceptance of the Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Registrar on or before the latest time for acceptance of the Offer and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (v)); or
 - (iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, to be valid, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date.
- (b) If the Offer is extended, the Offeror will issue an announcement in relation to any extension of the Offer, which announcement will state either the next Closing Date or, a statement that the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the relevant Offer before the Offer is closed. If, in the course of the Offer, the Offeror revise the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offer. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or expired. The announcement will state the following:
- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror and any parties acting in concert with it have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules respectively.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “3. Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the Independent Shareholder(s).

5. SETTLEMENT UNDER THE OFFER

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are duly completed and have been received by the Registrar on or before 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Shareholders who accept the Offer less seller’s ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days 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 Registrar to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller’s ad valorem stamp duty of the Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

6. OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by the accepting Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offer.

7. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, parties acting in concert with it, the Company, Celestial Capital, Celestial Securities, the Independent Financial Adviser, the Registrar and (as the case may be) their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

- (a) All communications, notices, Form of Acceptance, certificate(s), share certificate(s), transfer receipt(s), other document(s) of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offer will be delivered by or sent to or from the Independent Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, the Company, Celestial Capital, Celestial Securities, the Independent Financial Adviser, the Registrar, other parties involved in the Offer and (as the case may be) their respective ultimate beneficial owners, directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.
- (e) Due execution of the Form of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, Celestial Capital or such person or persons as the Offeror or Celestial Capital may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Celestial Capital that the Shares tendered under the Offer are sold by such person or persons free from all Encumbrances and together with all rights accruing or attaching to them as at the date of this Composite Document or subsequently being attached to them, including, without limitation, the rights to receive all future dividends and other distributions, declared, made or paid, if any, by the Company on or after the date of this Composite Document.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (h) If no number is inserted or a number inserted is greater than your registered holding of Share(s), or is greater or smaller than that represented by those physical Share(s) tendered for acceptance of the Offer and you have signed this form, this form will be returned to you for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before 4:00 p.m. on the Closing Date.
- (i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.
- (j) In making their decisions, Shareholders must rely on his/her/its/their own examination of the Offeror and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendations contained therein, and the Form of Acceptance are not to be construed as legal or business advice. Shareholders could consult with his/her/its/their own professional advisers for professional advice.
- (k) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is the summary of (i) the unaudited consolidated financial results of the Group for the six months ended 30 June 2019 as extracted from the interim report of the Company for the six months ended 30 June 2019; and (ii) the audited consolidated financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 as extracted from the annual reports of the Company for the three years ended 31 December 2016, 2017 and 2018, respectively.

	For the six months ended 30 June 2019 HK\$'000 (unaudited)	For the year ended 31 December 2018 HK\$'000 (audited)	2017 HK\$'000 (audited)	2016 HK\$'000 (audited)
Revenue	329,838	573,709	578,358	512,192
Cost of sales	<u>(276,087)</u>	<u>(482,577)</u>	<u>(488,478)</u>	<u>(432,250)</u>
Gross profit	<u>53,751</u>	<u>91,132</u>	<u>89,880</u>	<u>79,942</u>
(Loss)/profit before income tax	7,065	(15,240)	3,906	16,793
Income tax (expense)/credit	<u>(1,140)</u>	<u>(2,648)</u>	<u>(3,186)</u>	<u>(2,925)</u>
(Loss)/profit for the period/year	<u>5,925</u>	<u>(17,888)</u>	<u>720</u>	<u>13,868</u>
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
– Surplus on revaluation of properties	–	2,866	2,654	3,229
– Deferred tax liabilities arising from revaluation of properties	<u>–</u>	<u>(247)</u>	<u>(612)</u>	<u>(300)</u>
	–	2,619	2,042	2,929
Items that may be reclassified subsequently to profit or loss:				
– Currency translation differences	(648)	(6,805)	7,755	(6,219)
– Gain arising from changes in fair value of available-for-sale financial assets	<u>–</u>	<u>–</u>	<u>120</u>	<u>32</u>
	(648)	(6,805)	7,875	(6,187)
Other comprehensive (loss)/income for the year	<u>(648)</u>	<u>(4,186)</u>	<u>9,917</u>	<u>(3,258)</u>
Total comprehensive (loss)/income for the year	<u>5,277</u>	<u>(22,074)</u>	<u>10,637</u>	<u>10,610</u>

	For the six months ended 30 June 2019 <i>HK\$'000</i> (unaudited)	For the year ended 31 December		
		2018 <i>HK\$'000</i> (audited)	2017 <i>HK\$'000</i> (audited)	2016 <i>HK\$'000</i> (audited)
(Loss)/profit for the period/year, attributable to				
– Owners of the Company	5,326	(17,888)	720	13,868
– Non-controlling interests	<u>599</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>5,925</u>	<u>(17,888)</u>	<u>720</u>	<u>13,868</u>
Total comprehensive income/(loss) attributable to:				
– Owners of the Company	4,762	(22,074)	10,637	10,610
– Non-controlling interests	<u>515</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>5,277</u>	<u>(22,074)</u>	<u>10,637</u>	<u>10,610</u>
Earnings per share attributable to the owners of the Company				
Basic and diluted (<i>HK cents</i>)	<u>0.81</u>	<u>(2.75)</u>	<u>0.16</u>	<u>3.00</u>

The Group did not make any payment of dividends for the year ended 31 December 2016, 2017 and 2018 and for the six months ended 30 June 2019.

The Group's consolidated financial statements as at and for each of the three years ended 31 December 2016, 2017 and 2018 had been audited by the Company's independent auditor, HLB Hodgson Impey Cheng Limited, with unqualified and unmodified opinions issued.

Listing expenses of HK\$5.42 million, HK\$13.41 million and HK\$0.48 million were incurred in the year ended 31 December 2016, 2017 and 2018 respectively.

Save as disclosed above, there were no items of any income or expense which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2018

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are contained in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) which was published on 29 March 2018 on the websites of the Company (<http://www.zioncom.net>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0329/gln20190329527.pdf>).

(i) Consolidated Statement of Financial Position as at 31 December 2018

Please refer to pages 59 to 60 of the 2018 Annual Report.

(ii) Consolidated Statement of Cash Flows for the year ended 31 December 2018

Please refer to pages 62 to 63 of the 2018 Annual Report.

(iii) Other Consolidated Financial Statements for the year ended 31 December 2018***(a) Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018***

Please refer to page 58 of the 2018 Annual Report.

(b) Consolidated Statement of Changes in Equity for the year ended 31 December 2018

Please refer to page 61 of the 2018 Annual Report.

(iv) Summary of Significant Accounting Policies and Notes to the Consolidated Financial Statements for the year ended 31 December 2018

Please refer to pages 64 to 147 of the 2018 Annual Report.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Company is required to set out or refer to in this Composite Document the consolidated statement of profit or loss and the consolidated statement of financial position as shown in the unaudited financial results of the Group for the six months ended 30 June 2019, together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The interim report of the Company for the six months ended 30 June 2019, which was issued on 14 August 2019, is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://zioncom.net>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0814/gln20190814233.pdf>

The interim report of the Company for the six months ended 30 June 2019 is incorporated by reference into this Composite Document and form part of this Composite Document.

4. INDEBTEDNESS STATEMENT

As at 30 June 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$63,456,000, obligations under finance leases of approximately HK\$3,292,000 and lease liabilities of approximately HK\$17,756,000, details of which are set out below:

	Secured and guaranteed HK\$'000 (Unaudited)	Unsecured but guaranteed HK\$'000 (Unaudited)	Unsecured and unguaranteed HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Borrowings				
– Bank borrowings	33,429	23,329	6,698	63,456
Obligations under finance leases	3,292	–	–	3,292
Lease liabilities	–	–	17,756	17,756
Total	36,721	23,329	24,454	84,504

Saved as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not, at the close of business on 30 June 2019, have any outstanding loan capital, bank overdrafts, charges or debentures, mortgages, term loans, debt securities or any other similar indebtedness or any finance lease commitments, hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptable credits or any guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirmed that save for the Group having recorded an unaudited net profit attributable to owners of the Company of approximately HK\$5.3 million for the six months ended 30 June 2019 after an audited net loss attributable to owners of the Company of approximately HK\$17.9 million for the year ended 31 December 2018 as disclosed in the interim report of the Company for the six months ended 30 June 2019, there had been no material changes in the financial or trading position or outlook of the Group for the period commencing from 31 December 2018 (the date to which the latest audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and the parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion 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 Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

As at the Latest Practicable Date *HK\$*

Authorised:

50,000,000,000 Shares of HK\$0.01 each 500,000,000.00

Issued:

660,000,000 Shares of HK\$0.01 each 6,600,000.00

All the existing Shares in issue are fully paid and rank *pari passu* with each other in all respects, including all rights in respect of capital, dividends and voting.

Since 31 December 2018 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no Shares had been issued by the Company.

As at the Latest Practicable Date, save as disclosed above, the Company had no other outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares, and had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. DISCLOSURE OF INTERESTS

(i) Interests and short positions in the securities of the Company and its associated corporations of the Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange; or (d) to be disclosed under the Takeovers Code, were as follows:

Name of Director	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
Mr. Kim Byung Kwon ("Mr. Kim") (Note)	Interest of a controlled corporation	198,000,000	30.00%

Note: Mr. Kim, Mr. Kim Jun Yeob and Mr. Koo Ja Chun directly and respectively owns 81.8%, 9.1% and 9.1% of the Vendor, Lincats (BVI) Limited, which directly held 198,000,000 Shares. As such, Mr. Kim is deemed to be interested in the 198,000,000 Shares held by Lincats (BVI) Limited pursuant to Section 361 of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; (iii) notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules; or (iv) disclosed under the Takeovers Code.

Pursuant to the Irrevocable Undertaking, the Vendor has irrevocably undertaken to the Offeror that it will not accept the Offer in respect of its own beneficial shareholding in the Shares.

(ii) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the total number of issued Shares carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholders	Capacity	Number of Shares held	Percentage of the issued share capital of the Company
The Vendor	Beneficial owner	198,000,000	30.00%
The Offeror	Beneficial owner	264,000,000	40.00%
Ms. Sui (<i>Note</i>)	Interest in controlled corporation	264,000,000	40.00%

Note: Ms. Sui beneficially owns the entire issued share capital of the Offeror. Therefore, Ms. Sui is deemed, or taken to be, interested in 264,000,000 Shares held by the Offeror for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the total number of issued Shares carrying rights to vote in all circumstances at general meetings of any member of the Group, or which would be required to be disclosed pursuant to the requirements of the Takeovers Code.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES

During the Relevant Period,

- (a) save for the sale of the Sale Shares under the Sale and Purchase Agreement, none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) none of the Company and the Directors had owned or controlled, or had dealt for value in, any shares or any securities, convertible securities, warrants, options or derivatives in respect of the shares or securities of the Offeror;
- (c) none of the subsidiaries of the Company or the pension funds of the Company or any member of the Group or any persons who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) had owned or controlled, or had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and
- (e) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

As at the Latest Practicable Date:

- (a) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (b) save for Mr. Kim who was interested in 198,000,000 Shares which were directly held by the Vendor, none of the Directors held any Shares which would otherwise entitle them to accept or reject the Offer, and the Vendor does not intend to accept the Offer; and

- (c) there is no understanding, arrangement or agreement or special deal between any Shareholders on the one hand, and the Offeror and any parties acting in concert with it, or the Company, its subsidiaries or associated companies on the other hand.

5. ARRANGEMENT AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Sale and Purchase Agreement, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) save for the Sale and Purchase Agreement, no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

- (a) the service agreements dated 18 December 2017 entered into between the Company and each of the executive Directors, namely Mr. Kim Byung Kwon, Mr. Kim Jun Yeob, Mr. Koo Ja Chun, and Mr. Xiao Jingen, pursuant to which each of the executive Directors was appointed as an executive Director for a period of three years from 18 January 2018 to 17 January 2021 and entitled to receive a salary of HK\$100,000 per month which is subject to review each year, and a discretionary year-end bonus as may be determined by the Board in its absolute discretion. The total amount of bonus together with the total salary and benefits to be paid to all executive Directors in each financial year shall not exceed 5% of the audited consolidated net profit after taxation but before extraordinary items of the Group for the relevant year (and before deducting such discretionary bonus, salary and benefits);
- (b) the letter of appointment dated 18 December 2017 entered into between the Company and Mr. Ko Ming Tung, Edward, pursuant to which Mr. Ko Ming Tung, Edward was appointed as an independent non-executive Director for a period of three years commencing from 18 January 2018 to 17 January 2021 and entitled to receive an annual remuneration in the sum of HK\$300,000 or pro-rata amount for any incomplete year;

- (c) the letter of appointment dated 20 December 2018 entered into between the Company and Mr. Shin Dongmin, pursuant to which Mr. Shin Dongmin was appointed as an independent non-executive Director for a period of three years commencing from 28 December 2018 to 27 December 2021 and entitled to receive an annual remuneration in the sum of HK\$84,000 or pro-rata amount for any incomplete year; and
- (d) the letter of appointment dated 26 June 2019 entered into between the Company and Mr. Kwong Chun Man, pursuant to which Mr. Kwong Chun Man was appointed as an independent non-executive Director for a period of three years commencing from 26 June 2019 to 25 June 2022 and entitled to receive an annual remuneration in the sum of HK\$144,000 or pro-rata amount for any incomplete year.

There is no variable remuneration payable under each of the letters of appointment as referred to under (b) to (d) above.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract/letter of appointment with any member of the Group or the associated companies of the Company which:

- (a) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period;
- (b) are continuous contracts with a notice period of 12 months or more; or
- (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed below, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) had been entered into by any member of the Group within the two years prior to the commencement of the Offer Period and ending on the Latest Practicable Date which are or may be material:

- (a) the deed of indemnity dated 18 December 2017 and executed by the then controlling shareholders of the Company as indemnifiers in favour of the Company (for itself and as trustee for its subsidiaries) in respect of, among others, certain indemnities regarding taxation and non-compliance matters;
- (b) the deed of non-competition dated 18 December 2017 and executed by the then controlling shareholders of the Company as covenantors in favour of the Company (for itself and as trustee for its subsidiaries from time to time);

- (c) the underwriting agreement dated 27 December 2017 and entered into among the Company, its executive Directors, its then controlling shareholders, Lego Corporate Finance Limited, Lego Securities Limited, Ping An Securities Limited, Ruibang Securities Limited, and CLC Securities Limited relating to the offer of 19,800,000 new Shares (the “**Public Offer Shares**”) initially being offered by the Company for subscription by the public in Hong Kong at the commission rate of 9% of the total offer price for the Public Offer Shares, on the terms and subject to the conditions described in the Company’s prospectus dated 28 December 2017;
- (d) the underwriting agreement dated 10 January 2018 and entered into among the Company, its executive Directors, its then controlling shareholders, Lego Corporate Finance Limited, Lego Securities Limited, Ping An Securities Limited, Ruibang Securities Limited, and CLC Securities Limited, relating to the placing of 178,200,000 new Shares (“**Placing Shares**”) at the commission rate of 9% of the total offer price for the Placing Shares, further details of which are disclosed in the prospectus of the Company dated 28 December 2017; and
- (e) the conditional capital contribution agreement dated 27 February 2019 entered into among Zioncom (Hong Kong) Technology Limited, an indirect wholly-owned subsidiary of the Company, Noontec Ltd. and Mr. Fu Kai Ping in relation to the proposed increase of the charter capital of Công Ty TNHH Zioncom (Vietnam) (Zioncom (Vietnam) Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, in the aggregate amount of US\$2,100,000 as referred to in the announcement of the Company dated 27 February 2019.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance were known to the Directors to be pending or threatened against any member of the Group.

9. EXPERT’S QUALIFICATIONS AND CONSENT

The followings are the qualifications of the expert who has given opinions or advice contained in this Composite Document:

Name	Qualification
Grand Moore Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser to the Independent Board Committee in respect of the Offer

Grand Moore Capital Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter and references to its name, in the form and context in which they are included.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (<http://www.zioncom.net>); (ii) on the website of the SFC (www.sfc.hk); and (iii) during normal business hours from 9 a.m. to 5 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business in Hong Kong of the Company at Office A, 9/F, Kings Wing Plaza 2, No.1 On Kwan Street, Shatin, New Territories, Hong Kong from the date of this Composite Document up to and including the Closing Date:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual report of the Company for the year ended 31 December 2017;
- (iii) the annual report of the Company for the year ended 31 December 2018;
- (iv) the interim report of the Company for the six months ended 30 June 2019;
- (v) the “Letter from the Board”, the text of which is set out on pages 10 to 15 of this Composite Document;
- (vi) the “Letter from the Independent Board Committee” to the Independent Shareholders, the text of which is set out on pages IBC-1 to IBC-3 of this Composite Document;
- (vii) the “Letter from the Independent Financial Adviser”, the text of which is set out on pages IFA-1 to IFA-28 of this Composite Document;
- (viii) the written consents referred to under the paragraph headed “Expert’s Qualification and Consent” of this Appendix III;
- (ix) material contracts as referred to in the paragraph headed “Material Contracts” in this Appendix III;
- (x) the service contracts and letters of appointment referred to in the paragraph headed “Directors’ Service Contracts” in this Appendix III; and
- (xi) the Sale and Purchase Agreement.

11. MISCELLANEOUS

- (i) The principal share registrar and transfer office of the Company in the Cayman Islands is Eterra Trust (Cayman) Limited, which is situated at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands.
- (ii) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Ltd. at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (iii) The registered office of Grand Moore Capital Limited is situated at Unit 1607, 16/F, Silvercord Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

* *For identification purposes only.*

1. RESPONSIBILITY STATEMENT

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

2. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

Save for the 264,000,000 Sales Shares acquired under the Sale and Purchase Agreement, none of the Offeror or parties acting in concert with it has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

As at the Latest Practicable Date, the Offeror was interested in 264,000,000 Shares, representing 40% of the entire issued share capital of the Company and the Vendor was interested in 198,000,000 Shares, representing 30% of the entire issued share capital of the Company.

Save as disclosed above, the Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the Irrevocable Undertaking, the Offeror and/or parties acting in concert with it have not received any irrevocable commitment to accept or reject the Offer;
- (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them;
- (c) there are no conditions to which the Offer are subject;
- (d) save for the Offer Facility Agreement, the Offer Facility Share Charges (as amended or supplemented) and the Irrevocable Undertaking, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (e) save for the Sale Shares, none of the Offeror and/or 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;
- (f) there is no agreement or arrangement to which the Offeror and its ultimate beneficial owner 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 pre-condition or a condition to the Offer;

- (g) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and its ultimate beneficial owner and/or any person acting in concert with it has borrowed or lent;
- (h) save for the Offer Facility Agreement and the Offer Facility Share Charges (as amended or supplemented), there was no agreement, arrangement or understanding that any securities of the Company acquired in pursuant of the Offer would be transferred, charged or pledged to any other persons;
- (i) no benefit (other than statutory compensation required under the applicable laws) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;
- (j) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror and/or parties acting in concert with it on the one hand and any of the Directors, recent Directors, and Shareholders or recent Shareholders on the other hand which had any connection with or dependence upon the Offer;
- (k) no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror and/or parties acting in concert with it and/or its associates and any other person;
- (l) save for the Sale Shares held by the Offeror, there is no shareholding in the Company in which the director of the Offeror is interested;
- (m) apart from the consideration for the Sale Shares, there is no other consideration, compensation nor benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it (excluding the Vendor) to the Vendor or parties acting in concert with it (excluding the Offeror) in relation to or in connection with the sale and purchase of the Sale Shares;
- (n) 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 the one hand, and the Vendor and parties acting in concert with it (excluding the Offeror) on the other hand; and
- (o) there is no understanding, arrangement or agreement or special deal between (1) any Shareholders; 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.

3. MARKET PRICES**Market Prices of the Shares**

The table below shows the closing prices per Share on the Stock Exchange on (i) the last trading day of each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
31 January 2019	0.219
28 February 2019	0.217
29 March 2019	0.20
30 April 2019	0.193
31 May 2019	0.207
28 June 2019	0.21
12 July 2019 (being the Last Trading Day)	0.238
31 July 2019	0.275
30 August 2019	0.244
17 September 2019 (being the Latest Practicable Date)	0.275

Highest and Lowest Share Prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange was HK\$0.28 per Share on 23 July 2019, 25 July 2019 and 26 July 2019 and HK\$0.188 per Share on 4 June 2019, respectively.

4. EXPERT AND CONSENTS

In addition to those listed in paragraph headed “9. Expert’s Qualifications and Consents” of Appendix III to this Composite Document, the following are the qualifications of the professional adviser whose letter, opinion or advice are contained or referred to in this Composite Document:

Name	Qualification
Celestial Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Celestial Capital has given and has not withdrawn its written consent to the issue of this Composite Document with inclusion of the text of its letter and the references to its name included herein in the form and context in which it appears.

5. MISCELLANEOUS

- (a) The Offeror is a company incorporated in Samoa and principally engages in investment holding. The Offeror is beneficially and wholly owned by Ms. Sui who is also a director of the Offeror. The registered office of the Offeror is situated at Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.
- (b) The registered office of Celestial Capital and Celestial Securities is situated at 9/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
- (c) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

6. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to the document set forth in paragraph headed "10. Documents Available for Inspection" of Appendix III to this Composite Document, copies of the following documents are available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business in Hong Kong of the Company at Office A, 9/F, Kings Wing Plaza 2, No.1 On Kwan Street, Shatin, New Territories, Hong Kong and (ii) on the website of the Securities and Futures Commission at www.sfc.hk, and the Company's website at <http://www.zioncom.hk> during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Celestial Capital, the text of which is set out on pages 1 to 9 of this Composite Document;
- (c) the written consent(s) from each of the parties referred to in the section headed "Experts and Consents" in this appendix;
- (d) the Irrevocable Undertaking (as set out in the Sale and Purchase Agreement); and
- (e) the Sale and Purchase Agreement.