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PARKO (HONG KONG) LIMITED

百豪(香港)有限公司

(Incorporated in Hong Kong with limited liability)

**QIANLONG TECHNOLOGY INTERNATIONAL
HOLDINGS LIMITED**

乾隆科技國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1236)

JOINT ANNOUNCEMENT

- (1) CONDITIONAL AGREEMENT IN RELATION TO THE SALE AND PURCHASE
OF SHARES IN
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED**
- (2) POSSIBLE MANDATORY CONDITIONAL GENERAL CASH OFFER BY
CCB INTERNATIONAL CAPITAL LIMITED
ON BEHALF OF
PARKO (HONG KONG) LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
PARKO (HONG KONG) LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**
- (3) POSSIBLE CONNECTED TRANSACTION IN RELATION TO THE
CONDITIONAL AGREEMENT IN RELATION TO THE SUBSCRIPTION OF
CONVERTIBLE BONDS
BY PARKO (HONG KONG) LIMITED**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER OF QIANLONG
TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED**
- (5) DECLARATION OF CONDITIONAL SPECIAL DIVIDEND**
- (6) RESUMPTION OF TRADING IN THE SHARES OF
QIANLONG TECHNOLOGY INTERNATIONAL HOLDINGS LIMITED**

Financial adviser to the Offeror



CCB International Capital Limited

Financial adviser to

Qianlong Technology International Holdings Limited



Independent Financial Adviser to the Independent Board Committee

**VEDA | CAPITAL
智 略 資 本**

* For identification purposes only

SHARE PURCHASE AGREEMENT

The Offeror and the Company jointly announce that on 15 July 2013, the Offeror and the Vendors entered into the Share Purchase Agreement, pursuant to which the Vendors agreed to sell and the Offeror agreed to acquire the Sale Shares, being 87,250,000 Shares in aggregate, at a total consideration of HK\$165,775,000 (representing a purchase price of HK\$1.90 per Sale Share). The Sale Shares represent (a) all the Shares held by the Vendors and (b) approximately 34.54% of the existing issued share capital of the Company, as at the date of this joint announcement.

Completion of the Share Purchase Agreement is conditional upon the conditions described in the section headed “The Share Purchase Agreement – Completion Conditions” in this joint announcement. Completion of the Share Purchase Agreement shall take place on the fifth Business Day after the day on which the last of the Share Purchase Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Vendors and the Offeror in writing.

POSSIBLE MANDATORY CONDITIONAL GENERAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in the share capital or voting rights of the Company, other than the interest in the Sale Shares under the Share Purchase Agreement and in the Convertible Bonds under the Subscription Agreement. Immediately after the Share Purchase Completion, the Offeror and parties acting in concert with it will be interested in a total of 87,250,000 Shares, representing approximately 34.54% of the existing issued share capital of the Company, and the Offeror will be required to make a mandatory conditional general cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

Subject to and upon the Share Purchase Completion, CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the terms to be set out in the composite document to be issued in accordance with the Takeovers Code on the following basis:

For each Share accepted under the Offer HK\$1.90 in cash

As at the date of this joint announcement, the Company has 252,600,000 Shares in issue. As the Offeror and parties acting in concert with it will own 87,250,000 Shares subject to and immediately after the Share Purchase Completion, 165,350,000 Shares will be subject to the Offer and the total consideration of the Offer would be HK\$314,165,000 based on the Offer Price. The principal terms of the possible Offer are summarised in the section headed “Possible Mandatory Conditional General Cash Offer” of this joint announcement.

CCBI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

WARNING: THE OFFER IS A POSSIBILITY ONLY.

THE OFFER WILL ONLY BE MADE IF THE SHARE PURCHASE AGREEMENT IS COMPLETED. THE SHARE PURCHASE COMPLETION IS CONDITIONAL UPON FULFILLMENT (OR, WHERE APPLICABLE, WAIVER) OF THE CONDITIONS REFERRED TO IN THE SECTION HEADED “THE SHARE PURCHASE AGREEMENT – COMPLETION CONDITIONS” IN THIS JOINT ANNOUNCEMENT. ACCORDINGLY, THE OFFER MAY OR MAY NOT BE MADE. SHAREHOLDERS AND/OR POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SHARES, AND IF THEY ARE IN ANY DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

ALSO, IF THE TOTAL NUMBER OF SHARES IN RESPECT OF WHICH THE OFFEROR RECEIVES VALID ACCEPTANCES UNDER THE OFFER TOGETHER WITH THE SHARES ALREADY OWNED OR TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT DURING THE OFFER PERIOD, WILL RESULT IN THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT HOLDING 50% OR LESS OF THE VOTING RIGHTS OF THE COMPANY, THE OFFER WILL NOT BECOME UNCONDITIONAL AND WILL LAPSE.

SUBSCRIPTION AGREEMENT

On 15 July 2013, the Company and the Offeror entered into the Subscription Agreement pursuant to which the Company has agreed to issue, and the Offeror has agreed to subscribe, in cash, for the Convertible Bonds.

The principal amount of the Convertible Bonds will be determined upon the closing of the Offer by deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from HK\$247,925,000 (“**Initial Principal Amount**”).

The bondholder will have the right, during the period commencing from the date of issue of the Convertible Bonds (which is expected to take place after the closing of the Offer) to the fifth anniversary of the date of issue of the Convertible Bonds to convert the whole or part of the principal amount of the Convertible Bonds. No exercise of conversion rights attaching to the Convertible Bonds is allowed if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or if such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

Based on the Initial Principal Amount, assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$1.90 per Conversion Share, a maximum of 130,486,842 Conversion Shares will be issued, representing (i) approximately 51.7% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 34.1% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

DEED OF NAV GUARANTEE

On 15 July 2013, Mr. Liao and Mr. Yang as guarantors and the Offeror executed a deed of net asset value guarantee, pursuant to which the Guarantors guarantee, among others, that the consolidated net asset value of the Operating Subsidiaries as at each of the three consecutive financial years ending 31 December 2015 shall be not less than RMB70 million.

REGULATORY REQUIREMENTS

Takeovers Code

It is the intention of the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document. Under the Takeovers Code, the composite document should be despatched to Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive. As there is a pre-condition (i.e. the Share Purchase Completion) to the making of the Offer, application will be made by the Offeror and the Company for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the composite document to within seven days from the Share Purchase Completion. The composite document will set out, among other things, details of the Offer, a letter of advice from the Independent Board Committee in relation to the Offer and a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer.

The Independent Board Committee has been established by the Company to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. In addition, as approved by the Independent Board Committee in respect of the Offer, Veda Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Listing Rules

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the date of this joint announcement. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion.

The CB Subscription Completion is conditional upon, among others, the Share Purchase Completion. As the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion and therefore a connected person of the Company, the entering into of the Subscription Agreement between the Company and the Offeror constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which requires the approval of the Independent Shareholders voting by way of a poll at the EGM.

The EGM will be convened before the Share Purchase Completion to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

The Independent Board Committee has been established to recommend the Independent Shareholders in respect of the terms of the Subscription Agreement. In addition, as approved by the Independent Board Committee, Veda Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee regarding the terms of the Subscription Agreement.

A circular containing, among other things, (i) details of the Subscription Agreement; (ii) the respective letters of recommendation and advice from the Independent Board Committee and the Independent Financial Adviser in respect of the terms of the Subscription Agreement; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 August 2013.

DECLARATION OF SPECIAL DIVIDEND

On 15 August 2013, the Board has declared a Special Dividend in cash of HK\$0.098 per Share, amounting to HK\$24,754,800 in total (equivalent to approximately RMB19,719,673 (at the exchange rate of HK\$1=RMB0.7966), which is conditional upon the Share Purchase Completion. To qualify for the entitlements to the Special Dividend, the Shareholders of the Company whose name must appear on the register of members of the Company or who must be a person holding Shares through the Central Clearing and Settlement System at the Record Date, being at the close of business on the 4th business day after the date of the EGM and before the Share Purchase Completion Date.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00a.m. on 21 June 2013 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00a.m. on 19 August 2013.

THE SHARE PURCHASE AGREEMENT

Date: 15 July 2013

Parties

- Vendors:**
- (1) Mr. Yang Ching-Shou (楊慶壽), is beneficially interested in 24,500,000 Shares (representing approximately 9.70% of the existing entire issued share capital of the Company as at the date of this joint announcement) through Legend Isle Technology Limited, a company wholly-owned by him;
 - (2) Mr. Fan Ping-Yin (范平尹), is beneficially interested in 24,500,000 Shares (representing approximately 9.70% of the existing entire issued share capital of the Company as at the date of this joint announcement) through Sapphire World Investment Limited, a company wholly-owned by him;
 - (3) Mr. Chen Ming-Chuan (陳銘傳), is beneficially interested in 18,375,000 Shares (representing approximately 7.27% of the existing entire issued share capital of the Company as at the date of this joint announcement) through Star Channel Technology Limited, a company wholly-owned by him;
 - (4) Mr. Yu Shih-Pi (余世筆), is beneficially interested in 14,875,000 Shares (representing approximately 5.89% of the existing entire issued share capital of the Company as at the date of this joint announcement) through Star Orient Global Limited, a company wholly-owned by him; and
 - (5) Mr. Liao Chao-Ping (廖朝平), is beneficially interested in 5,000,000 Shares (representing approximately 1.98% of the existing entire issued share capital of the Company as at the date of this joint announcement).
- Purchaser:** The Offeror, a company incorporated in Hong Kong with limited liability and is indirectly controlled by Hebei Supply and Marketing Cooperative (河北供銷總社).

Subject of the Share Purchase Agreement

Pursuant to the Share Purchase Agreement, the Vendors as the ultimate beneficial owners agreed to sell and the Offeror agreed to acquire the Sale Shares, being 87,250,000 Shares in aggregate, representing approximately 34.54% of the issued share capital of the Company as at the date of this joint announcement, free from all encumbrances and together with all rights and benefits attaching or accruing thereto on or after the Share Purchase Completion Date (except for the Special Dividend) at the Share Purchase Price. Neither any Vendor nor the Purchaser shall be obliged to complete the purchase of any of the Sale Shares unless the sale of all of the Sale Shares is completed simultaneously.

Immediately after the Share Purchase Completion, the Vendors will not hold any Shares.

Share Purchase Price

The total purchase price for the Sale Shares of HK\$165,775,000 (equivalent to HK\$1.90 per Sale Share) was agreed between the Offeror and the Vendors after arm's length negotiations, with reference to, among others, the net asset value of the Company (on a consolidated basis) as of 31 December 2012, the Special Dividend declared and the listing status of the Company.

The Share Purchase Price is payable by the Offeror to the Vendors upon Share Purchase Completion.

Completion Conditions

Completion of the Share Purchase Agreement is subject to the following conditions being fulfilled:

- (a) the warranties, representations and/or undertakings given by the Vendors in the Share Purchase Agreement remaining true and accurate and not misleading in all material aspects as given as at the date of the Share Purchase Agreement and as at the Share Purchase Completion by reference to the facts and circumstances subsisting as at the date of the Share Purchase Agreement and the Share Purchase Completion Date respectively;
- (b) (i) the current listing of the Shares not having been withdrawn, (ii) the Shares continuing to be traded on the Stock Exchange prior to the Share Purchase Completion Date (save for any temporary suspension for no longer than seven consecutive trading days or such other period as the Offeror may agree in writing or the temporary suspension in connection with transactions contemplated under any of the Share Purchase Agreement, the Deed of NAV Guarantee and the Subscription Agreement) and (iii) neither the Stock Exchange nor the SFC having indicated before the Share Purchase Completion Date that it will object to such continued listing for reasons related to or arising from the transactions contemplated under any of the Share Purchase Agreement, the Subscription Agreement and the Deed of NAV Guarantee;

- (c) the passing by the Shareholders of such resolutions as may be necessary in accordance with the Listing Rules approving the Subscription Agreement and the issue and allotment of the Convertible Bonds thereunder in accordance with the Listing Rules, the articles of association of the Company and as required by applicable law;
- (d) the granting of approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares;
- (e) the declaration of a special cash dividend being not more than the HK\$ equivalent of RMB21 million at prevailing market exchange rate (“**Special Dividend**”) to the Shareholders with the record date being a date prior to the Share Purchase Completion Date by the Board;
- (f) the Subscription Agreement remaining in full force and effect and not terminated in accordance with its terms; and
- (g) any necessary consents and approvals (including but not limited to government or regulatory consent or approval) required for the Offeror to enter into or complete the transactions contemplated in the Share Purchase Agreement or the Subscription Agreement having been obtained on or before 31 July 2013.

The Offeror may, at its absolute discretion, waive the Share Purchase Conditions set out in paragraph (a) and (g). The Vendors may, at their absolute discretion, waive the Share Purchase Conditions set out in paragraph (e) and (g).

Each of the Vendors shall use his reasonable endeavours to procure the fulfillment of the Share Purchase Conditions (other than the Share Purchase Condition set out in paragraph (g)) on or before the Share Purchase Longstop Date. The Share Purchase Conditions set out in paragraphs (e) and (g) have been fulfilled as at the date of this joint announcement.

If any of the Share Purchase Conditions is not fulfilled (or, where applicable, waived) on or before the Share Purchase Longstop Date, the Share Purchase Agreement shall lapse and cease to have any effect except certain clauses specified therein and no party to the Share Purchase Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Share Purchase Agreement.

Conditional Special Dividend

On 15 August 2013, the Board has declared the Special Dividend in cash of HK\$0.098 per Share, amounting to HK\$24,754,800 in total (equivalent to approximately RMB19,719,673 (at the exchange rate of HK\$1=RMB0.7966) to Shareholders of the Company, which is conditional upon the Share Purchase Completion. To qualify for the conditional Special Dividend, the Shareholder whose name must appear on the register of members of the Company or who must be a person holding Shares through the Central Clearing and Settlement System at the Record Date. The Special Dividend is expected to be paid within 10 Business Days of the Share Purchase Completion.

After declaration of the Special Dividend, accordingly, the Share Purchase Condition set out in paragraph (e) above has been satisfied as at the date of this joint announcement.

Share Purchase Completion

Completion of the Share Purchase Agreement is conditional upon the Share Purchase Conditions having been fulfilled (or, where applicable, waived). Completion of the Share Purchase Agreement shall take place on the fifth Business Day after the day on which the last of the Share Purchase Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Vendors and the Offeror in writing.

Vendors' Obligations

The Operating Subsidiaries have surplus cash in RMB equivalent of approximately HK\$60 million (the “**Surplus Cash**”) which is currently not expected to be required for their daily operations immediately after the Share Purchase Completion. The Vendors and the Offeror have agreed that such amount shall be held in a separate bank account by a member of the Group other than the Operating Subsidiaries so as to provide comfort to the Offeror on the availability of such cash amount for utilisation by the Group after Completion, considering that the Operating Subsidiaries will continue to be managed by their existing management during the Management Period. As the Company does not have any subsidiaries established in the PRC other than the Operating Subsidiaries or any RMB bank account other than those of the Operating Subsidiaries, the Vendors have agreed to procure Ever Harvest to establish wholly-foreign owned enterprise(s) in Shijiazhuang, Hebei Province, the PRC or such other local areas in Shanghai as the Vendors and the Offeror may mutually agree (“**New WFOE(s)**”) as soon as practicable and to the extent practicable before the Share Purchase Completion, and that as soon as the New WFOE(s) is/are established, the Vendors shall procure:

- (i) the opening of a new RMB bank account in the name of the New WFOE(s) (“**New WFOE Bank Account**”) to the extent practicable before the Share Purchase Completion; and
- (ii) on or before the Share Purchase Completion, a sum of no less than the Surplus Cash be deposited into the New WFOE Bank Account, which amount comprises (a) the amount of the registered capital of the New WFOE which Ever Harvest as its shareholder shall be required to pay under the relevant PRC law (the “**Registered Capital**”); and (b) the cash balance thereof after deducting the Registered Capital from the Surplus Cash (the “**Cash Balance**”).

In the event that opening of the New WFOE Bank Account cannot be completed before the Share Purchase Completion, the Vendors shall procure the Operating Subsidiaries to remit the Cash Balance into the bank account(s) opened by the Operating Subsidiaries, pending the opening of the New WFOE Bank Account and transfer of the Cash Balance to the New WFOE Bank Account after the Share Purchase Completion as soon as the New WFOE Bank Account is opened.

POSSIBLE MANDATORY CONDITIONAL GENERAL CASH OFFER

As at the date of this joint announcement, the Offeror and parties acting in concert with it are not interested in any Shares, other than the interest in the Sale Shares under the Share Purchase Agreement and in Convertible Bonds under the Subscription Agreement. Immediately after the Share Purchase Completion, the Offeror and parties acting in concert with it will own a total of 87,250,000 Shares, representing approximately 34.54% of the existing issued share capital of the Company and the Offeror will be required to make a mandatory conditional general cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rules 26.1 of the Takeovers Code.

Warning: **The Offer is a possibility only.**

The Offer will only be made if the Share Purchase Agreement is completed. The Share Purchase Completion is conditional upon fulfillment (or, where applicable, waiver) of the conditions referred to in the section headed “The Share Purchase Agreement – Completion Conditions” in this joint announcement. Accordingly, the Offer may or may not be made. Shareholders and/or potential investors are advised to exercise caution in dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Also, if the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

The Offer, if made, will be on the terms mentioned below.

Principal terms of the Offer

Subject to and upon Share Purchase Completion, CCBI, on behalf of the Offeror and in compliance with the Takeovers Code, will make a mandatory conditional general cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms to be set out in the composite document to be issued in accordance with the Takeovers Code on the following basis:

For every Share accepted under the Offer HK\$1.90 in cash

The Offer Price is the same as the purchase price per Sale Share under the Share Purchase Agreement and was arrived at after arm’s length negotiations between the Offeror and the Vendors.

If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

The Offer Shares to be acquired under the Offer shall be fully paid and free from any liens, charges and encumbrance and together with all rights which are on the date of despatch of the composite offer document or may at any time thereafter becoming attaching to them including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made (for the avoidance of doubt, other than the Special Dividend).

Save for the Subscription Agreement, as at the date of this joint announcement, 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.

Save for the Share Purchase Agreement, the Subscription Agreement and the Financing Arrangements, the Offeror, its ultimate beneficial owner and parties acting in concert with any of them have not dealt in nor do they have any shareholding interest in or control any Shares, convertible securities, warrants or options in the Company during the six months immediately prior to the date of the Share Purchase Agreement and up to the date of this joint announcement.

Comparisons of value

The Offer Price of HK\$1.90 is equivalent to the price per Sale Share paid by the Offeror under the Share Purchase Agreement and represents:

- (i) a premium of approximately 17.284% over the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 23.698% over the average of the closing price of HK\$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 45.706% over the average closing price of HK\$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 100.846% over the average closing price of HK\$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day;

- (v) a premium of approximately 24.836% over the price of HK\$1.522 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the closing price of HK\$1.620 per Share as quoted on the Stock Exchange on the Last Trading Day);
- (vi) a premium of approximately 32.128% over the price of HK\$1.438 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$1.536 per Share as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day);
- (vii) a premium of approximately 57.546% over the price of HK\$1.206 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$1.304 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day);
- (viii) a premium of approximately 124.057% over the price of HK\$0.848 per Share (being a theoretical trading price assuming the Special Dividend of HK\$0.098 per Share had been declared and paid with reference to the average closing price of HK\$0.946 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day); and
- (ix) a premium of approximately 141.278% over the audited net asset value per Share as at 31 December 2012.

Highest and lowest Share price

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day from 20 December 2012 to 20 June 2013 were HK\$1.66 per Share on 19 June 2013 and HK\$0.67 per Share on 3 January 2013, respectively.

Total consideration for the Offer

As the Offeror and parties acting in concert with it will own 87,250,000 Shares subject to and immediately after the Share Purchase Completion, 165,350,000 Shares will be subject to the Offer and the total consideration of the Offer would be HK\$314,165,000 based on the Offer Price.

Financial resources available to the Offeror

The Offeror intends to finance the consideration payable by the Offeror under the Offer from the PMI Facility and the CCBIS Facility. CCBI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer as described above.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven business days (as defined under the Takeovers Code) of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid or when the Offer has become or declared unconditional, whichever is later.

Condition of the Offer

The Offer will be conditional upon the Offeror having received valid acceptances of the Offer in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

Shareholders should note that if the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse. In such circumstances, pursuant to Rule 20.2 of the Takeovers Code, the Offeror is required to, as soon as possible but in any event within 10 days thereof, post the Share certificates lodged with the forms of acceptance and transfer to, or make such Share certificates available for collection by, those Shareholders who have accepted the Offer.

Effect of accepting the Offer

By accepting the Offer, Shareholders will sell their Shares free from any liens, charges and encumbrance and together with all rights which are on the date of despatch of the composite offer document or may at any time thereafter becoming attaching to them including all dividends and distributions recommended, declared, made or paid in respect of them on or after the date on which the Offer is made (other than the Special Dividend). For the avoidance of doubt, for the Shareholders who will be entitled to receive the Special Dividend(s) (if any), acceptance of the Offer shall not prejudice their entitlement to receive such Special Dividend(s).

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions (other than the Special Dividend) recommended, declared, made or paid, if any, on or after the date on which the Offer is made. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptance by the Shareholders or if higher, the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty as purchaser of the Shares and will arrange for the payment of the stamp duty in connection with such sales and purchases.

Other arrangements

The Offeror confirms that, save as disclosed in this joint announcement, as at the date hereof:

- (i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (iv) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) save for the Share Purchase Agreement and the Subscription Agreement, there is no agreement or arrangement to which the Offeror, 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; and
- (vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any person acting in concert with any of them has borrowed or lent.

THE SUBSCRIPTION AGREEMENT

On 15 July 2013, the Company and the Offeror entered into the Subscription Agreement pursuant to which the Company has agreed to issue, and the Offeror has agreed to subscribe, in cash, for the Convertible Bonds. The principal terms of the Convertible Bonds are summarised as below:

Principal amount: To be determined upon the close of the Offer, equivalent to the balance after deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer, being the number of Shares represented by such acceptances multiplied by the Offer Price, from HK\$247,925,000.

Depending on the level of valid acceptances under the Offer, the principal amount would be in the range of HK\$0 (in case of the Offeror acquiring all the Offer Shares) to HK\$247,925,000 (in case of no Independent Shareholder accepting the Offer or lapse of the Offer (in the event that the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period results in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, therefore the Offer does not become unconditional)).

Maturity date: The fifth anniversary of the date of issue of the Convertible Bonds.

Interest: The Convertible Bonds will bear interest on the outstanding principal amount thereof from the date of issue at a rate equal to 3% per annum.

Conversion rights: The bondholder will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bonds to the Maturity Date to convert the whole or part of the principal amount of the Convertible Bonds (in amount of not less than HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be converted) into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the conversion rights attaching to the Convertible Bonds shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) such conversion is prohibited under the Takeovers Code.

The Conversion Shares shall rank pari passu with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date of conversion.

- Conversion Price: The initial Conversion Price will be equal to HK\$1.90 per Conversion Share, subject to adjustment provisions as summarised below.
- Anti-dilution adjustments: The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:
- (i) consolidation, sub-division or re-classification of the Shares;
 - (ii) capitalisation of profits or reserves;
 - (iii) capital distribution to holders of Shares;
 - (iv) offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;
 - (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
 - (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal;
 - (vii) when the Company issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue; and
 - (viii) when the Company issue Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.
- Voting: The bondholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the bondholder.

- Transferability: The Convertible Bonds may be assigned or transferred by the bondholder (whether in whole or in part(s)) at any time before the Maturity Date, provided that (i) the assignee or transferee of the Convertible Bonds shall not be a connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange, and (ii) such assignment or transfer of the Convertible Bonds shall be in compliance with the conditions under the terms and conditions of the Convertible Bonds and further subject to (where applicable) the conditions, approvals, requirements and any other provisions or under (1) the Stock Exchange (and any other stock exchange on which the Shares may be listed at the relevant time) or its rules and regulations; and (2) the Listing Rules and applicable laws and regulations. Any assignment or transfer of the Convertible Bonds may be in respect of the whole or part of the principal of the Convertible Bonds (which should be in at least HK\$1,000,000 or in integral multiples of HK\$1,000,000, unless the amount of outstanding Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be transferred or assigned).
- Events of default: If any of the following events occurs, the Convertible Bonds shall on the giving of notice by the bondholder to the Company become due and payable at its principal amount then outstanding, together with any accrued outstanding interest:
- i. the Company defaults in its material obligations in the Subscription Agreement which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default from the bondholder to the Company;
 - ii. an encumbrancer takes possession or a receiver, manager or other similar officer is appointed of the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries;
 - iii. the Company or any of its principal operating subsidiaries becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or any of its principal operating subsidiaries or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or any of its principal operating subsidiaries or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them;
 - iv. an order is made or an effective resolution passed for the winding-up, insolvency, administration or dissolution of the Company or any of its principal operating subsidiaries;

- v. insolvency of the Company;
- vi. a moratorium is agreed or declared in respect of any indebtedness of the Company or any of its principal operating subsidiaries or any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company or any of its principal operating subsidiaries;
- vii. listing of the Shares on the Stock Exchange ceases or the trading of the Shares on the Stock Exchange is suspended for a continuous period of 10 Business Days or more due to the default of the Listing Rules or applicable laws by any member of the Group or any of its directors, officers, employees or agents;
- viii. the Company or of its principal operating subsidiaries consolidates or amalgamates with or merge into any other corporation, or the Group sells or transfers all or substantially all of its assets;
- ix. the Company fails to pay the principal amount or any interest on the Convertible Bonds when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 10 Business Days of the due date;
- x. any amounts of principal repayment or interest payment in relation to bank borrowings of the Company or any subsidiaries are not paid when due, or within the grace period and the bank notifies the Company or the subsidiary that such non-payment constitutes an event of default under the terms of the loan; or
- xi. the Company or any subsidiaries fails to pay when due or expressed to be due any amounts payable or expressed to be payable by it under any present or future guarantee for any moneys borrowed from or raised through a financial institution and it notifies the Company or the subsidiary that such failure to pay constitutes an event of default under the terms of the guarantee or the loan.

Redemption:

Save for occurrence of any events of default, the Convertible Bonds are not redeemable prior to the Maturity Date and the Company shall repay the outstanding principal amount of the Convertible Bond to the bondholder together with all interests accrued thereon on the Maturity Date.

The initial Conversion Price is the same as the purchase price per Sale Share under the Share Purchase Agreement and was arrived at after arm's length negotiations between the Offeror and the Company.

Based on the Initial Principal Amount, assuming the conversion rights attaching to the Convertible Bonds have been exercised in full at the initial Conversion Price of HK\$1.90 per Conversion Share, a maximum of 130,486,842 Conversion Share will be issued, representing (i) approximately 51.7% of the issued share capital of the Company as at the date of this joint announcement; and (ii) approximately 34.1% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares.

The Conversion Shares will be issued under the specific mandate proposed to be sought from the Independent Shareholders by way of poll at the EGM.

No application will be made for a listing, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

Conditions precedent of the Subscription Agreement

CB Subscription Completion is conditional upon:

- (i) the Share Purchase Completion;
- (ii) the closing of the Offer;
- (iii) the representations, warranties and undertakings under the Subscription Agreement given by the Company remaining true and accurate in all material respects and not misleading in any material respect as of the date of the Subscription Agreement and the CB Subscription Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the CB Subscription Completion Date respectively;
- (iv) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares;
- (v) any necessary consents and approvals (including but not limited to government or regulatory consent or approval) required by the Offeror to enter into or complete the transactions contemplated in the Share Purchase Agreement or the Subscription Agreement having been obtained on or before 31 July 2013.

The Offeror may, at its absolute discretion, waive the CB Subscription Condition set out in paragraph (iii).

The Company shall use its reasonable endeavours to procure the fulfilment of the CB Subscription Conditions (other than the CB Subscription Condition set out in paragraph (v)) on or before the CB Subscription Longstop Date. The CB Subscription Condition set out in paragraph (v) has been fulfilled as at the date of this joint announcement.

If any of the CB Subscription Conditions is not fulfilled (or, where applicable, waived) on or before the CB Subscription Longstop Date, the Subscription Agreement shall lapse and cease to have any effect except certain clauses specified therein and no party to the Subscription Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Subscription Agreement.

CB Subscription Completion

Completion of the Subscription Agreement is conditional upon the CB Subscription Conditions having been fulfilled (or, where applicable, waived). Completion of the Subscription Agreement shall take place on the fifth Business Day after the day on which the last of the CB Subscription Conditions is fulfilled (or, where applicable, waived) or such other date as may be agreed by the Company and the Offeror in writing.

Company's Obligations

The Company shall procure Ever Harvest to establish the New WFOE(s) as soon as practicable and to the extent practicable before the Share Purchase Completion.

As soon as the New WFOE(s) is/are established, the Company shall procure:

- (i) the opening of the New WFOE Bank Account to the extent practicable before the Share Purchase Completion; and
- (ii) on or before the Share Purchase Completion, a sum of no less than the Surplus Cash be deposited into the New WFOE Bank Account, which amount comprises (a) the Registered Capital; and (b) the Cash Balance.

In the event that opening of the New WFOE Bank Account cannot be completed before the Share Purchase Completion, the Company shall procure the Operating Subsidiaries to remit the Cash Balance into the bank account(s) opened by the Operating Subsidiaries, pending the opening of the New WFOE Bank Account and transfer of the Cash Balance to the New WFOE Bank Account after the Share Purchase Completion as soon as the New WFOE Bank Account is opened.

Reasons for the CB Subscription

The Directors consider that the issue of the Convertible Bonds will provide the Company with immediate funding without immediate dilution of the shareholding of the existing Shareholders and, if the conversion rights attaching to the Convertible Bonds are exercised, the capital base of the Company will be enlarged.

The maximum amount of net proceeds from the issue of the Convertible Bonds will be approximately HK\$247,925,000 which will be used for new investments which the Group may from time to time identify and for general working capital purposes.

The Directors consider that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

THE DEED OF NAV GUARANTEE

On 15 July 2013, Mr. Liao and Mr. Yang as guarantors and the Offeror executed a deed of net asset value guarantee.

Net asset value guarantee

Subject to the Share Purchase Completion and the compliance of post-completion undertakings by the Offeror set out below, in the event that the consolidated net asset value of the Operating Subsidiaries as at each of the three consecutive financial years ending 31 December 2015 is less than RMB70 million (“**Guaranteed NAV**”), the Guarantors undertake with the Offeror that they shall compensate the Company the amount of such shortfall on a dollar for dollar basis. The amount of the Guaranteed NAV in respect of any subsequent financial year shall be reduced by an amount equivalent to the aggregate compensation paid by the Guarantors to the Company (if any) in respect of the preceding financial year.

Post-completion undertakings of the Offeror

Subject to the Share Purchase Completion, the Offeror undertakes with the Guarantors that, during the Management Period, it shall procure to use its voting right as a shareholder of the Company and the voting rights of directors as nominated by it in any boards of directors of the Group, that the relevant member of the Group shall not unilaterally terminate or remove certain existing management personnel from his/her employment or office, unless such personnel shall have become guilty of any serious misconduct, become guilty of conduct which materially adversely affect the reputation of the Group as a whole, or shall have committed any criminal offence relating to integrity or honesty or of market abuse or insider dealing.

The Offeror also undertakes not to appoint any director, legal representative and other senior management positions to any Operating Subsidiaries.

Appointment of observer

Subject to the Share Purchase Completion, an Observer shall be appointed who shall report to the Company on matters in respect of the Operating Subsidiaries during the Management Period. The Observer shall have right of notice of and attend board meetings of the Operating Subsidiaries as an observer (without voting right in such meetings), right to the provision of unaudited monthly management accounts of the Operating Subsidiaries, and right of access to information relating to the Operating Subsidiaries as he/she may reasonably request.

Post-completion undertakings of the Guarantors

The Guarantors undertake to procure that during the Management Period, each of the Operating Subsidiaries shall:

- (i) comply with all applicable laws;
- (ii) promptly provide access and all information relating to the Operating Subsidiaries and all assistance reasonably required by the Company from time to time to enable the Company to comply with all applicable laws or respond to any enquiries by any relevant authorities;
- (iii) promptly notify the Company and provide all relevant details in writing in relation to any matter relating to the Operating Subsidiaries which may give rise to compliance or disclosure obligations on the part of the Company under any applicable laws so as to enable the Company to comply with such obligations; and
- (iv) procure the Operating Subsidiaries to keep proper financial and other records in respect of its business and operations which shall remain within the Operating Subsidiaries upon the expiry of the Management Period;

and shall not, without the prior written consent of the Offeror and unless pursuant to any law or regulation, do any of the following:

- (aa) change any of the authorities of certain RMB bank accounts opened by the Operating Subsidiaries in the PRC;
- (bb) be in breach of any contractual or other legal obligation, or otherwise carry out any activities or omissions which materially adversely affect other members of the Group or the reputation of the Group;
- (cc) amend the accounting policies or reporting policies adopted by the Operating Subsidiaries before the Share Purchase Completion except for requirement by relevant laws;
- (dd) carry on any businesses which constitutes a deviation from the business carried on by it as at the Share Purchase Date; and
- (ee) enter into any transaction which may require disclosure by the Company or approval by the Shareholders or otherwise do anything which may result in or require a suspension in the trading of the Shares on the Stock Exchange under any applicable laws.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; (ii) immediately after the Share Purchase Completion (and assuming there are no changes to the issued share capital of the Company from the date of this joint announcement to the Share Purchase Completion); (iii) immediately after completion of the Offer (assuming the Offeror acquired all the Offer Shares and no conversion rights under the Convertible Bonds are exercised); and (iv) immediately after conversion the whole of the principal amount of the Convertible Bonds by the Offeror (assuming there is no Independent Shareholder accepting the Offer):

Name of Shareholders	(i) As at the date of this joint announcement		(ii) Upon Share Purchase Completion		(iii) Upon completion of the Offer (assuming the Offeror acquired all the Offer Shares and no conversion rights under the Convertible Bonds are exercised)		(iv) Upon conversion the whole of the principal amount of the Convertible Bonds (assuming there is no Independent Shareholder accepting the Offer or lapse of the Offer (note 2)) (note 3)	
	Approximate %		Approximate %		Approximate %		Approximate %	
	Number of Shares held	of Shares in issue	Number of Shares held	of Shares in issue	Number of Shares held	of Shares in issue	Number of Shares held	of Shares in issue
Mr. Chou Shih-Chung	32,948,000	13.04	32,948,000	13.04	–	–	32,948,000	8.60
The Offeror and parties acting in concert with it	–	–	87,250,000	34.54	252,600,000	100.00	217,736,842	56.84
The Vendors	87,250,000	34.54	–	–	–	–	–	–
Public Shareholders	132,402,000	52.42	132,402,000	52.42	–	(note 1)	132,402,000	34.56
Total	252,600,000	100.00	252,600,000	100.00	252,600,000	100.00	383,086,842	100.00

Note 1: In the event that the public float of the Company falls below 25% after the completion of the Offer, the new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible.

Note 2: If the total number of Shares in respect of which the Offeror receives valid acceptances under the Offer together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period, will result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of the Company, the Offer will not become unconditional and will lapse.

Note 3: Pursuant to the terms of the Convertible Bonds, no exercise of conversion rights attaching to the Convertible Bonds is allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules, or (ii) such conversion is prohibited under the Takeovers Code, including Rule 31.1(a) which prohibits the bondholder to convert the Convertible Bonds within 12 months from the date on which the Offer is withdrawn or lapsed (as the case may be), except with the consent of the Executive.

INFORMATION ON THE COMPANY

The Company is a company incorporated in the Cayman Islands with limited liability and its Shares are listed on the main board of the Stock Exchange. The principal activities of the Company is investment holding and the principal activities of its subsidiaries are research, development and distribution of software, and provision of related maintenance, usage and information services.

The following table is a summary of certain audited financial information of the Group for the two financial years ended 31 December 2011 and 31 December 2012, respectively.

	Year ended 31 December 2011 <i>RMB'000</i>	Year ended 31 December 2012 <i>RMB'000</i>
Turnover	116,730	105,747
Gross profit	82,894	75,628
Profit before taxation	22,134	8,186
Profit for the year	20,970	4,765
Consolidated net asset value	163,924	158,452

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability on 17 June 1993. The Offeror is an investment holding company. Its entire issued share capital is beneficially and indirectly controlled by Hebei Supply and Marketing Cooperative (河北供銷總社). Hebei Supply and Marketing Cooperative is an administrative body of the People's Government of Hebei Province of the PRC. It is empowered by the PRC Government to formulate development policies and supervise the supply and marketing cooperatives in Hebei Province. It is also responsible for the coordination, management and reservation of resources important to society such as fertilisers, cotton, wool and other agricultural products.

FUTURE INTENTIONS OF THE OFFEROR IN RELATION TO THE COMPANY

Business

The Offeror intends to continue the existing businesses of the Company. Besides, the Offeror will explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate in order to enhance its growth. The Offeror will, following the completion of the Offer, conduct a more detailed review of the operations of the Group with a view to developing corporate strategy to broaden its income stream, which may include further securities investment and expansion of the scope of business of the Company should appropriate opportunities arise. In the event that any of such opportunities materialises, further announcements will be made as and when required by the Listing Rules. As at the date of this joint announcement, the Offeror has no concrete plan for any acquisition of assets and/or business by the Company.

Maintaining the listing status of the Company

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

In the event that after the completion of the Offer, the public float of the Company falls below 25%, the new Directors who are nominated by the Offeror to be appointed as Directors and the then directors of the Offeror will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

Proposed change of board composition of the Company

The Board is currently made up of nine Directors, comprising six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Min-Yin Angela, and three independent non-executive Directors, being Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy. Pursuant to the terms of the Share Purchase Agreement, subject to the Share Purchase Completion, the Vendors shall cause such Directors as may be notified by the Purchaser to the Vendors to give notice to resign after the Share Purchase Completion with effect from the earliest time permitted under the Takeovers Code or by the SFC.

Pursuant to the terms of the Share Purchase Agreement, the Vendors shall cause such Directors and/or directors of the Group (other than the Operating Subsidiaries) as may be notified by the Offeror to the Vendors to give notice to resign as Directors or directors of the Group (other than the Operating Subsidiaries) with effect from the Share Purchase Completion Date or the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC. In addition, the Vendors shall cause such persons as the Offeror may nominate to be validly appointed as Directors and directors of the members of the Group (other than the Operating Subsidiaries) with effect from the Share Purchase Completion Date or the earliest time permitted under (or pursuant to any dispensation from) the Takeovers Code or by the SFC. Such resignation will not take effect earlier than the date of the close of the Offer Period, and such appointment will not take effect earlier than the date of posting of the composite document in relation to the Offer, subject to the requirements of the Takeovers Code. A further announcement will be made on any further proposed change of the composition of the Board.

Any changes to the Board composition will be made in compliance with the Takeovers Code and the Listing Rules.

GENERAL

Independent Board Committee in respect of the Offer

An Independent Board Committee (comprising all the independent non-executive Directors) has been established by the Company to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. In addition, as approved by the Independent Board Committee in respect of the Offer, Veda Capital Limited has been appointed by the Company as the independent financial adviser to the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Availability of the composite document

It is the intention of the Offeror and the Company that the offer document and the offeree board circular be combined in a composite document. Under the Takeovers Code, the composite document shall be despatched to Shareholders within 21 days of the date of this joint announcement or such other date as may be approved by the Executive. As there is a pre-condition (i.e. the Share Purchase Completion) to the making of the Offer, application will be made by the Offeror and the Company for the Executive's consent under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for despatch of the composite document to within seven days from the Share Purchase Completion. The composite document will set out, among other things, details of the Offer, a letter of advice from the Independent Board Committee in relation to the Offer and a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer.

Listing Rules

Pursuant to the Share Purchase Agreement, the Offeror has agreed to acquire the Sale Shares, which represent approximately 34.54% of the issued share capital of the Company as at the date of this joint announcement. As such, the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion.

The CB Subscription Completion is conditional upon, among other things, the Share Purchase Completion. As the Offeror will become the controlling shareholder of the Company upon the Share Purchase Completion and therefore a connected person of the Company, the entering into of the Subscription Agreement between the Company and the Offeror constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules which requires the approval of the Independent Shareholders voting by way of a poll at the EGM.

EGM

The EGM will be convened before the Share Purchase Completion to approve, among other things, the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares.

A circular containing, among other things, (i) details of the Subscription Agreement, (ii) the respective letters of recommendation and advice from the Independent Board Committee and the Independent Financial Adviser in respect of the terms of the Subscription Agreement, and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 30 August 2013.

Independent Board Committee in respect of the Subscription Agreement

The Independent Board Committee has been established to recommend the Independent Shareholders in respect of the terms of the Subscription Agreement. In addition, as approved by the Independent Board Committee, Veda Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee regarding the terms of the Subscription Agreement.

Disclosure of dealings in the Shares

The respective associates of the Offeror and the Company are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code.

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

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than \$1 million.

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

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

Any associates (including persons holding 5% or more of a class of relevant securities of a company) of the Company, any Vendor, the Offeror or parties acting in concert with any of them are reminded to disclose their dealings in any securities of the Company.

IMPORTANT NOTE TO SHAREHOLDERS OUTSIDE HONG KONG

The Offeror intends to make the Offer (or any mandatory conditional general cash offer referred to herein) available to all Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. The availability of the Offer (or any mandatory conditional general cash offer referred to herein) to persons not resident in Hong Kong and the ability of Shareholders outside of Hong Kong to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It will be 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 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).

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading of Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 21 June 2013 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:00 a.m. on 19 August 2013.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“associates”	has the meaning ascribed to it in the Takeovers Code;
“Board”	the board of Directors;
“Business Day”	a day on which the banks in Hong Kong are open for business, other than: (a) a Saturday or a Sunday; or (b) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00a.m. and 5:00p.m.;

“CB Subscription”	the subscription of the Convertible Bonds by the Offeror pursuant to the Subscription Agreement;
“CB Subscription Completion”	the completion of the CB Subscription;
“CB Subscription Completion Date”	the date of CB Subscription Completion, which shall take place fifth Business Day after the fulfillment (or, where applicable, waiver) of the last of the CB Subscription Conditions (or such other date as may be agreed by the Company and the Offeror in writing);
“CB Subscription Condition(s)”	condition(s) precedent to CB Subscription Completion, further details of which are set out in the section headed “Subscription Agreement – Conditions precedent of the Subscription Agreement” of this joint announcement;
“CB Subscription Longstop Date”	30 November 2013, or such later date as may be agreed between the Offeror and the Company in writing;
“CCBI”	CCB International Capital Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities for the purposes of the SFO and which is the financial adviser to the Offeror in respect of the Offer;
“CCBIS”	CCB International Securities Limited, a fellow subsidiary of CCBI;
“CCBIS Facility”	a loan facility of up to HK\$200 million granted by CCBIS to the Offeror, for which the Offeror and CCBIS will also enter into the CCBIS Financing Arrangement;
“CCBIS Financing Arrangement”	the securities to be granted by the Offeror in favour of CCBIS in connection with the CCBIS Facility, including charges over Shares and Convertible Bonds, together with warrant(s) to acquire certain Shares (at a price equivalent to the Offer Price) from the Offeror during a period of 2 years. If CCBIS elects not to exercise or to partially exercise the warrant(s), at the end of the aforesaid period, the Offeror shall redeem all the outstanding warrant(s) at a price calculated with a fixed rate of return;
“Company”	Qianlong Technology International Holdings Limited (乾隆科技國際控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1236);

“connected person”	has the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules;
“Conversion Price”	HK\$1.90, being the initial conversion price at which the Conversion Shares will be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds;
“Conversion Shares”	the Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;
“Convertible Bonds”	the convertible bonds in the maximum aggregate principal amount of HK\$247,925,000 to be issued by the Company to the Offeror pursuant to the Subscription Agreement as described in this joint announcement;
“Deed of NAV Guarantee”	the deed of net asset value guarantee dated 15 July 2013 executed by Mr. Liao and Mr. Yang as guarantors and the Offeror;
“Director(s)”	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;
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of, among other things, approving the Subscription Agreement and the transactions contemplated thereunder, including the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares;
“Ever Harvest”	Ever Harvest Inc Limited (禾恒有限公司), a wholly-owned subsidiary of Qianlong Computers Company Limited and an indirect wholly-owned subsidiary of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director;
“Financing Arrangements”	the CCBIS Financing Arrangement and the PMI Financing Arrangement;
“Group”	the Company and its subsidiaries;

“Guarantors”	Mr. Liao and Mr. Yang;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy which has been established by the Company to make recommendations to the Independent Shareholders in respect of the Offer and the CB Subscription;
“Independent Financial Adviser”	means Veda Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Offer and the CB Subscription. Veda Capital Limited is a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO;
“Independent Shareholders”	Shareholders other than (i) the Vendors, their associates and parties acting in concert with any of them; (ii) the Offeror, its ultimate beneficial owner and any parties acting in concert with any of them; and (iii) any Shareholders who are involved in or interested in the Share Purchase Agreement, the Subscription Agreement and/or the transactions contemplated therein;
“Initial Principal Amount”	HK\$247,925,000, being the initial principal amount of the Convertible Bonds before deducting the total consideration payable by the Offeror to the Independent Shareholders who have validly accepted the Offer at the close of the Offer;
“Last Trading Day”	20 June 2013, the last full trading day for the Shares prior to the suspension of trading in the Shares;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Management Period”	the period commencing from the Share Purchase Completion until 31 December 2015;
“Maturity Date”	the fifth anniversary of the date of issue of the Convertible Bonds;
“Mr. Liao”	Mr. Liao Chao-Ping (廖朝平), a substantial Shareholder holding 5,000,000 Shares and an executive Director of the Company;

“Mr. Yang”	Mr. Yang Ching-Shou (楊慶壽), a substantial Shareholder holding 24,500,000 Shares through Legend Isle Technology Limited and an executive Director of the Company;
“New WFOE(s)”	wholly-foreign owned enterprise(s) to be established by Ever Harvest in Shijiazhuang, Hebei Province, the PRC or such other local areas in Shanghai as the Vendors and the Offeror may mutually agree according to the terms of the Share Purchase Agreement and the Subscription Agreement;
“New WFOE Bank Account”	a RMB bank account in the name of the New WFOE(s) with a designated bank in the PRC
“Observer”	a nominee of the Company acceptable to the Offeror to be appointed as an observer to the Operating Subsidiaries;
“Offer”	the mandatory conditional cash offer to be made by CCBI on behalf of the Offeror to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code as a result of (and subject to and upon) the Share Purchase Completion;
“Offeror” or “Purchaser”	Parko (Hong Kong) Limited (百豪 (香港) 有限公司), a company incorporated under the laws of Hong Kong with limited liability, being the purchaser under the Share Purchase Agreement and the subscriber under the Subscription Agreement, and which is indirectly controlled by Hebei Supply and Marketing Cooperative (河北供銷總社);
“Offer Period”	has the meaning ascribed to it under the Takeovers Code;
“Offer Price”	the cash amount of HK\$1.90 payable by the Offeror for each Share in respect of the Offer;
“Offer Share(s)”	Share(s) in respect of which the Offer is made, being Share(s) not already owned or agreed to be acquired by the Offeror and parties acting in concert with it and the Shares beneficially owned by Hebei Supply and Marketing Cooperative immediately after the Share Purchase Completion;
“Operating Subsidiaries”	Qianlong Computers Company Limited (乾隆電腦有限公司) and its current and future subsidiaries, including Shanghai Qianlong Advanced Technology Company Limited (上海乾隆高科技有限公司), Shanghai Xin Long Information Technology Company Limited (上海信龍信息科技有限公司) and Shanghai Qianlong Network Technology Company Limited (上海乾隆網絡科技有限公司);

“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside of Hong Kong;
“PMI”	Precursor Management Inc., an independent third party who is independent from the Offeror and the parties acting in concert with it;
“PMI Facility”	a loan facility of up to HK\$280 million granted by PMI to the Offeror, for which the Offeror and PMI will also enter into the PMI Financing Arrangement;
“PMI Financing Arrangement”	rights to acquire certain Shares and/or Convertible Bonds to be acquired by the Offeror as described in this joint announcement at a price equivalent to the Offer Price granted by the Offeror in favour of PMI and charges over Shares to be granted by the Offeror in favour of PMI if PMI so requests;
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Registered Capital”	an amount equivalent to the registered capital required to be injected to the New WFOE(s) under the relevant PRC Laws to be remitted to an account controlled by Ever Harvest
“Record Date”	the record date for ascertaining the eligibility to qualify for entitlement for the declaration and distribution of the conditional Special Dividend, being at the close of business on the 4th business day after the date of the EGM and before the Share Purchase Completion Date;
“RMB”	Renminbi, the lawful currency in the PRC;
“Sale Share(s)”	a total of 87,250,000 Shares agreed to be acquired by the Offeror from the Vendors pursuant to the terms of the Share Purchase Agreement, representing approximately 34.54% of the existing issued share capital of the Company as at the date of this joint announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“Share(s)”	the share(s) having a par value of HK\$0.10 each in the Company as at the date hereof;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Purchase Agreement”	the share purchase agreement dated 15 July 2013 entered into between the Vendors and the Offeror in relation to the sale and purchase of the Sale Shares;
“Share Purchase Completion”	completion of the sale and purchase of the Sale Shares under the Share Purchase Agreement;
“Share Purchase Completion Date”	the date of the Share Purchase Completion, which shall be the fifth Business Day after the fulfillment (or, where applicable, waiver) of the last of the Share Purchase Conditions (or such other date as may be agreed by the Vendors and the Offeror in writing);
“Share Purchase Condition(s)”	condition(s) precedent to the Share Purchase Completion, further details of which are set out in the section headed “Share Purchase Agreement – Completion Conditions” of this joint announcement;
“Share Purchase Longstop Date”	30 September 2013, or such later date as may be agreed among the Vendors and the Offeror in writing;
“Share Purchase Price”	HK\$165,775,000, being the total consideration payable by the Offeror to the Vendors for the purchase of the Sale Shares;
“Special Dividend”	a special dividend in cash declared by Board on 15 August 2013, details of which are set out in the section headed “The Share Purchase Agreement – Special Dividend” of this joint announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the subscription agreement dated 15 July 2013 (as supplemented by a supplemental agreement dated 16 August 2013) entered into between the Company and the Offeror in respect of the subscription and issue of the Convertible Bonds;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;

“Vendors”

Mr. Yang, Mr. Fan Ping-Yin (范平尹), Mr. Chen Ming-Chuan (陳銘傳), Mr. Yu Shih-Pi (余世筆) and Mr. Liao;

“%”

per cent.

For and on behalf of
**Qianlong Technology International
Holdings Limited**
Liao Chao-Ping
Chairman

By order of the Board
Parko (Hong Kong) Limited
Chen Li-Jun
Director

Hong Kong, 16 August 2013

As at the date of this joint announcement, the Board of the Company comprises six executive Directors, being Mr. Liao Chao-Ping, Mr. Fan Ping-Yi, Mr. Yang Ching-Shou, Mr. Chen Ming-Chuan, Mr. Yu Shih-Pi and Ms. Liao Min-Yin Angela, and three independent non-executive Directors, being Ms. Chiu Kam-Hing Kathy, Mr. Tsai Jeng-Yang and Mr. Hsieh Shao-Ven Billy.

As at the date of this joint announcement, the director(s) of the Offeror are Mr. Chen Li-Jun and Mr. Zhang Yanhui.

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

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