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XING LIN MEDICAL INFORMATION TECHNOLOGY COMPANY LIMITED

杏林醫療信息科技有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8130)

ANNOUNCEMENT

DISCLOSEABLE TRANSACTION

On 18 February 2011, the Company, through its wholly owned subsidiary, entered into the Share Acquisition Agreement with the Vendor to acquire 100% of the total issued share capital of Target Company at a total Consideration of HK\$32,000,000 (subject to adjustment).

The Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, as one or more of the applicable percentage ratios exceed 5% but are less than 25%.

THE ACQUISITION

The Share Acquisition Agreement

Date:

18 February 2011

Parties:

- (1) Dynamic Success Holdings Ltd, a wholly-owned subsidiary of the Company as Purchaser;
and
- (2) Mak Siu Lun, an Independent Third Party as Vendor.

To the best of the information, knowledge and belief of the Directors having made all reasonable enquiries, the Vendor who is the ultimate beneficial owner of Target Company is an Independent Third Party.

Assets to be acquired

The Sale Share, representing the entire issued share capital of the Target Company.

Consideration and payment terms

The total Consideration of HK\$32,000,000 (subject to adjustment) for the sale and purchase of the Sale Share shall be paid by the Purchaser to the Vendor as follow:

- (i) a refundable deposit of HK\$16,000,000 (subject to adjustment) upon receipt by the Purchaser of the Valuation Report and;
- (ii) the remaining balance of HK\$16,000,000 (subject to adjustment) in cash upon Completion.

In the event that the fair value of the Target Company as indicated in the Valuation Report is less than HK\$32,000,000, the Consideration shall be adjusted by reducing the amount of the Consideration payable by the Purchaser to the Vendor on Completion on a dollar-for-dollar basis. For the avoidance of doubt, no adjustment shall be made to the Consideration if the fair market value of Target Company as indicated in the Valuation Report is more than HK\$32,000,000.

The Consideration of HK\$32,000,000 was arrived at after arms' length negotiations among the parties to the Share Acquisition Agreement on normal commercial terms having regards to the market size of prepaid SIM card business tailored for specific market segments in Hong Kong and anticipated sales figures.

Conditions Precedent

Completion is subject to each of the following conditions being satisfied in all respects:

- (i) the Purchaser undertaking a due diligence investigation in respect of the Target Company including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group (in particular the Consultancy Agreement) and the Purchaser being in its absolute discretion satisfied with the results of such due diligence investigation;
- (ii) receipt by the Purchaser at its own expense to its satisfaction and in its sole discretion of a valuation report issued by an independent professional valuer appointed by the Purchaser showing that showing that the fair market value of the Target Company being no less than HK\$32,000,000, subject to adjustment;

- (iii) no event having occurred since the date hereof to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Target Company and such material adverse effect shall not have been caused; and
- (iv) the warranties in the Share Acquisition Agreement remaining true, accurate and correct in all material respects.

If the above conditions have not been fulfilled on or before 5:00 p.m. on the Long Stop Date (or such later date as the Vendor and the Purchaser may agree in writing) or following the fulfillment of the conditions, the Vendor or the Purchaser shall fail to complete the sale and purchase of the Sale Share in accordance with the terms and conditions contained in the Share Acquisition Agreement and the Purchaser gives notice to terminate the Share Acquisition Agreement, the Share Acquisition Agreement shall thereupon terminate and neither party shall thereafter have further claims against the other under the Share Acquisition Agreement for costs, damages compensation or otherwise, save for antecedent breaches.

Completion

Completion of the Share Acquisition Agreement will take place within 3 Business Days after the fulfillment of the last of the conditions precedent or at such other time as the parties may agree.

After Completion, the Target Company will become a wholly-owned subsidiary of the Company. The financial statements of the Target Company will be consolidated in the accounts of the Group after Completion.

INFORMATION ON THE TARGET COMPANY

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability on 5 January 2011. The Target Company is beneficially owned by the Vendor.

The main asset of the Target Company is the Consultancy Agreement where the Target Company would provide consultancy and advisory services to AWM in relation to the rechargeable stored value SIM card business in Asia for a period of 5 years. AWM is a distributor in relation to the sale of rechargeable stored value SIM cards. The prepaid SIM cards and vouchers are tailored for specific market segments where the stored value would be used for local and international calls as well as mobile data services. The Target Company shall receive 50% of the net profit of AWM in respect of the SIM Cards business as service fee. Pursuant to conditions precedent under the Share Acquisition Agreement, the fair market value of the Target Company shall be no less than HK\$32,000,000, subject to adjustment, which the discounted cash flow shall be applied for the purpose of valuation. Further announcement will be made by the Company in compliance with Rule 19.60A and Rule 19.61 of the GEM Listing Rules.

The Target Company was a newly incorporated company and has not derived any income and profit/loss up to 17 February 2011. Save for the entering into of the Consultancy Agreement, the Target has no other business as at the date of this announcement.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in the development and provision of custom built wireless radio frequency identification medical information digitalization system (the “MIDS”) in both local area network and metropolitan area network to healthcare sector in the PRC and property investment.

With the increasing popularity and growing usage of smartphones and low cost netbooks to access the internet for social networking, online gaming and entertain contents via mobile cellular network, apart from the postpaid subscriber market based on monthly subscription fees, the prepaid mobile subscriber market also represents business potentials especially when the services and marketing of prepaid SIM cards are tailored for specific market segments. As the Company continues to seek for opportunities in order to secure a stable source of revenue and diversify the earnings base, the Directors believe that the proposed Acquisition would further enhance the future growth and profitability of the Group.

Taking into account the benefits of the proposed Acquisition, the Board is of the view that the terms the Share Acquisition Agreement are fair and reasonable and the proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, as one or more of the applicable percentage ratios exceed 5% but are less than 25%.

DEFINITIONS

“Acquisition”	the acquisition by the Company, through its wholly owned subsidiary, of a total 1 share in the Target Company pursuant to the Share Acquisition Agreement;
“AWM”	Asia Wireless Media Limited, a company duly incorporated under the laws of Hong Kong;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours;
“Company”	Xing Lin Medical Information Technology Company Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued Shares of which are listed on GEM;
“Completion”	completion of the Share Acquisition Agreement in accordance with the terms thereof;

“Connected Persons”	has the meaning ascribed thereto in the GEM Listing Rules;
“Consideration”	a sum of HK\$32,000,000 (subject to adjustment);
“Consultancy Agreement”	the consultancy agreement dated 17 February, 2011 entered into between Target Company and AWM in relation to the provisions of consultancy services by Target Company to AWM regarding stored value SIM cards;
“Director(s)”	director(s) of the Company;
“discloseable transaction”	as defined in the GEM Listing Rules;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules:	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party independent of the Company and the Connected Persons of the Company and is not a Connected Persons of the Company;
“Long Stop Date”	30 June 2011;
“Purchaser”	Dynamic Success Holdings Ltd;
“Sale Share”	One issued share of the Target Company, representing the entire issued and paid up capital of the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Share Acquisition Agreement”	the agreement dated 18 February, 2011 in relation to the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Activepart Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Vendor;
“Valuation Report”	the valuation report to be issued by independent professional valuer appointed by the Purchaser accessing the fair market value of the Target Company;
“Vendor”	Mr. Mak Siu Lun;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong;
“PRC” the People’s Republic of China; and
“%” per cent.

By Order of the Board
Xing Lin Medical Information Technology Company Limited
Lien Wai Hung
Chairman

Hong Kong, 18 February, 2011

As at the date of this announcement, the executive Director is Lien Wai Hung; the independent non-executive Directors are Leung Wai Man, Kwok Chuen Hung, Dominic and Ho Chun Ki, Frederick.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.xinglin-med.com.

* For identification purposes only